

## 2011 IT INDUSTRY COMPETITIVENESS INDEX

# Mexico

### OVERALL RANKING

| COUNTRY       | 2011 RANK | 2011 SCORE  | 2009 RANK | 2009 SCORE  |
|---------------|-----------|-------------|-----------|-------------|
| United States | 1         | 80.5        | 1         | 78.9        |
| Canada        | 7         | 67.6        | 4         | 71.3        |
| Chile         | 32        | 43.2        | 27        | 46.1        |
| India         | 34        | 41.6        | 44        | 34.1        |
| China         | 38        | 39.8        | 39        | 36.7        |
| Brazil        | 39        | 39.5        | 40        | 36.6        |
| <b>Mexico</b> | <b>44</b> | <b>37.0</b> | <b>48</b> | <b>32.0</b> |
| Argentina     | 45        | 36.2        | 41        | 36.5        |
| Russia        | 46        | 35.2        | 38        | 36.8        |
| Colombia      | 49        | 33.7        | 52        | 28.4        |
| Peru          | 55        | 25.5        | 55        | 26.0        |
| Venezuela     | 58        | 24.5        | 57        | 24.4        |
| Ecuador       | 59        | 23.1        | 60        | 22.7        |
| OECD          | —         | 57.3        | —         | 57.1        |

### HIGHLIGHTS

- > Improved performance in all but one category of indicators has resulted in a rise of four places for Mexico in the overall IT Industry Competitiveness Index.
- > Significant advances have been registered in the R&D environment, the legal environment for technology firms and in the overall business environment.
- > Although enrolment in tertiary science programs is down, Mexico boasts the second largest IT workforce in Latin America and is considered an attractive IT offshoring destination.

Mexico has improved its IT industry competitiveness performance significantly since 2009, boosting its rank in all but one Index category. Its position in the overall Index in 2011 has risen four places to 44th. It ranks 3rd in the Latin American region behind Chile and Brazil, and ahead of Argentina.



## ABOUT THE INDEX

The IT Industry Competitiveness Index gauges the information technology (IT) industry environment of 66 countries by assessing the enablers of competitiveness and determining their relative importance in IT sector performance. Now in its fourth year, it is the centerpiece of a major program of research, created by the Economist Intelligence Unit for the Business Software Alliance, into the forces that drive the competitiveness of countries' IT industries.

A complete description of the Index indicators, scoring methodology, and definitions, as well as written analysis, case studies, video interviews and other content, can be found at [www.bsa.org](http://www.bsa.org).

**Business environment:** A streamlining of regulation when it comes to the establishment of new businesses has boosted the country's score in the government regulation indicator, and is the main contributor to a two-rank improvement in Mexico's business environment performance in 2011, to 38th worldwide. More progress is expected in the coming years, as a streamlining of public administration should also facilitate a simplification of the tax system, an improvement in competitiveness and a reduction in red tape.

**IT infrastructure:** Although its rank and score improved slightly from 2009, Mexico's IT infrastructure lags behind in global terms (rank: 48th) and in the region; Chile, Argentina and Brazil all perform significantly better in this category. Broadband penetration levels remain in the single digits, and mobile adoption is the second lowest of the eight Latin American countries in the Index. PC penetration has been increasing but is a low 24% according to the ITU. Mexico's e-government services initiatives have been thwarted by low rates of Internet access.

**Human capital:** Mexico has dropped one position to 47th place in the human capital category, where it is tied with Brazil. Although overall enrolment in higher education has increased slightly, the most recent numbers are down for enrolment in science and engineering courses, according to UNESCO data. In its favour is a relatively large IT workforce, estimated by the Economist Intelligence Unit to be over 300,000. Mexico is now among the top five countries in the world for 'nearshore'/offshore services, according to a recent study by Gartner.

**R&D environment:** A significant boost in the country's patent filing data is the main reason for a signal improvement in the R&D category — up 15 places since 2009 to 41st place. According to the World Intellectual Property Organization, IT-related patent applications were 7% of total applications from country sources in the most recent data available, a substantial increase from previous levels. Receipts from royalty and license fees are also up, as is private sector R&D, but Mexican levels in these indicators remain low in global comparison.

**Legal environment:** Mexico's legal environment has improved, with the country moving up five places to 36th globally in this category. A new data protection law was passed in 2010, boosting the score in this indicator. Efforts to combat cybercrime have also earned Mexico a score increase here; the country was also invited to join the Council of Europe Convention on Cybercrime, although it has yet to begin the entry process. Its score for enforcement of intellectual property (IP) rules has also increased; recent changes in Mexican law bring stiffer penalties for violations of IP rights.

**Support for IT industry development:** Although its score in this category remains essentially unchanged from 2009, Mexico ranks two places higher than previously, at 31st. Access to investment capital is rated by the Economist Intelligence Unit as 'fair'. IT firms established in Mexico are able to get cash grants of up to 50% of the total cost of their project and tax credits of up to 30% of the R&D expense. However, tighter controls on government IT spending have led to a drop in public procurement of IT. The government remains relatively even-handed towards suppliers for procurement.