

2011 IT INDUSTRY COMPETITIVENESS INDEX

Russia

OVERALL RANKING

COUNTRY	2011 RANK	2011 SCORE	2009 RANK	2009 SCORE
United States	1	80.5	1	78.9
United Kingdom	5	68.1	6	70.2
Germany	15	64.1	20	58.1
France	21	59.3	17	59.2
Italy	23	50.7	24	48.5
Czech Republic	27	46.1	26	47.0
Poland	30	44.6	35	40.8
India	34	41.6	44	34.1
China	38	39.8	39	36.7
Brazil	39	39.5	40	36.6
Turkey	41	38.7	46	33.8
Bulgaria	43	38.1	47	33.6
Russia	46	35.2	38	36.8
OECD Average	—	57.3	—	57.1

HIGHLIGHTS

- > Russia has fallen eight places in this year's ranking mainly due to score declines in the categories of R&D environment and government support for IT industry development.
- > Areas of improvement include IT infrastructure, where broadband and mobile adoption continue to grow strongly, as well the legal environment (although the latter remains weak in global comparison).
- > Russia performs most strongly in terms of its human capital environment, thanks to a large and well-established system of science and engineering training, and one of the biggest IT workforces in the world.

Russia ranks 46th in the 2011 IT Competitiveness Index, a drop of eight places from 38th in 2009. This is mainly due to score declines in two categories: the R&D environment and support for IT industry development. Russia ranks 12th of the 15 Eastern European and Central Asian countries in the Index, behind Bulgaria and ahead of Ukraine.



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.

Business environment: Although languishing at 59th position globally in the quality of its business environment for IT producers, Russia managed to improve its performance slightly, rising two places from 2009. This is thanks to an upgrade in its score for government regulation, based on a perceived easing in recent years of licensing and other procedures involved in setting up new businesses. All in all, however, the barriers to investing and competing freely in the Russian market remain formidable for many companies.

IT infrastructure: This is the area of greatest improvement for Russia since the previous study, with its category ranking rising two places to 36th. Broadband subscriptions have risen, driven by better infrastructure and demand for social networking services. PC ownership has also been on the rise. Internet security has also improved when measured by the number of secure servers in use. Finally, the mobile market has experienced explosive growth in recent years: Russia boasts a mobile penetration rate of almost 160%, one of the highest in the world.

Human capital: Russia has maintained its position as the 11th-ranked country on this measure. Enrolment in both higher education and tertiary-level science programmes have both increased, according to UNESCO data. (Russia has the largest contingent of science and engineering students in the world.) Employment in the IT sector is also substantial, and anecdotal evidence suggests the technology skills of recruits are improving. However, despite its traditional strengths in science and mathematics, advanced technology education receives a low assessment in terms of providing well-rounded skills.

R&D environment: Russia suffered a steep decline in this area of IT industry competitiveness, falling to 42nd globally from 23rd in 2009. Public and private sector spending on R&D have increased, as have receipts from royalty and license fees. These gains were more than offset, however, by a drop-off in the generation of IT-related patent applications. This is partly the result of a change in the source of patent data used in the Index (to the World Intellectual Property Organization, from the European Patent Office in the previous study), but data from both sources point to a fall in patent activity in the sector after 2005. Large IT players nonetheless continue to view the country favorably, with plans to set up R&D centers there.

Legal environment: Russia ranks 54th in the world on this measure, up from 58th in 2009. This is mainly due to improvements in intellectual property protection and enforcement, as well as data privacy laws. The Economist Intelligence Unit upgraded Russia in the two IP-focused indicators due to ratification in 2010 of its adherence to the WIPO Copyright Treaty (WCT) and Performance and Phonograms Treaty (WPPT), as well commitments made to improving IPR enforcement. Nonetheless, the legal environment for IT firms remains relatively weak in global comparison.

Support for IT industry development: Russia fell three places to 65th in the world in this category. This is explained partly by a decrease in government spending on IT, in per capita terms. Russia's score was also downgraded in terms of government technology neutrality (maintaining an open playing field for all players and technologies), reflecting increased government intervention in the industry. Access to investment capital continues to be restricted, and Russia's e-government strategy receives lower marks than most other countries in the Index.