

Information Technology Services

Global Industry

The IT services market reported a **793,000 million USD** in 2010 representing an increase of **3.1%** over the previous year.¹

It is estimated that in 2013, global spending on IT and Business Process Outsourcing (BPO) services will reach a value of 292,000 and 148,000 million USD, respectively.²

The United States of America (USA) is the country with the largest share of spending on IT services representing **36%** of the global market. Its major suppliers are: India, Canada and the Philippines.

Software

Global spending on software was valued at **245,000 million USD** in 2010, representing an increase of **8.5%** compared to 2009.¹

The **United States** of America accounts for the largest number of companies specializing in software and generates over **40%** of the global value. Other leading countries in the industry are Japan, Germany, France and the United Kingdom.³

In recent years, cloud computing has grown tremendously, replacing traditional software. In 2010¹, the overall value of cloud computing was estimated at **68,300 million USD**.¹

Items Considered Part of the Sector

Software. Companies specializing in the design, production and engineering of software applications.

IT Services. Companies engaged in the provision of training services, maintenance, operation and program support.

BPOs and Call Centers.

Major Companies⁴

Listed among the largest companies in the provision of IT services are: IBM, HP, Accenture, Fujitsu and Computer Sciences Corporation (CSC). These five companies account for almost 20% of total revenues.

The major software companies in terms of revenue volumes are Microsoft, IBM and Oracle and the five companies with the largest investment in Research and Development (R&D) are Microsoft, Oracle, SAP, Symantec and CA.

Mexico

Market Value

In **Mexico**, the value of the **IT services market** reached an amount of **3,988 million USD** in 2010. The estimated value of the **software market** totaled **1,546 million USD**.

Segment	2010 Market Value Million USD	Growth
IT Services	3,988.26	15%
Software	1,546.14	12%

Source: SNIITI*

Business Monitor estimates that IT services and software markets **will grow** at a rate of **11% annually** over the next five years.

Mexico has **more than 25 IT clusters** throughout the country comprised of more than **700 companies**. Additionally, the academy, government and some private companies have jointly developed **24 technology parks** all over the country.⁵

Some Companies Established in Mexico



Certifications

Some of the certifications required by the sector include: Capability Maturity Model Integration (CMMI), Certification for Meeting Management (CMM) and the Processing Model for Industrial Software (MOPROSOFT).

There are **302** registered development centers **evaluated** by a quality process in 21 States of Mexico.⁵

* National Indicator System of the IT Industry (SNIITI). Información

1. Source: Gartner 2010

2. Source: International Data Corporation [IDC] Nasscom Strategic Review 2010

3. Source: Datamonitor

4. Source: 2010 Industrial Research and Development [R&D] Investment Scoreboard, Software Top 100 and Services Top 100

Services Top 100

International Trade

In 2010, the export of IT and BPO services increased by 12% reaching a value of **4,150 md**.

Export of IT services (million USD)				
Year	BPO	IT Services	Total	Growth
2005	0.86	0.89	1.75	N.A.
2006	0.98	1.02	1.99	0.14
2007	1.23	1.28	2.51	0.26
2008	1.55	1.62	3.16	0.26
2009	1.92	1.80	3.72	0.18
2010	2.17	1.98	4.15	0.12

Source SNIITI

Foreign Direct Investment (FDI)⁶

156 software projects were registered in **Latin America** and the Caribbean between January 2003 and October 2010. The three main countries of origin of these projects were the United States (53%), India (15%) and Spain (6%).

In 2010 **Mexico ranked 2nd place** in Latin America as an **investment destination** with 23% of the total in software projects in the region. The projects were located mainly in Monterrey, Guadalajara and Mexico City.

Success Stories⁷



This year, the company opened a service center in Querétaro to provide services to the Bajío region.



In August 2010, this company opened its 4th development center in Mexico. This new center headquartered in Guadalajara, created close to 800 jobs.

5. Source: Secretariat of Economy.

6. Source: ECLAC - Economic Commission for Latin America and the Caribbean, 2010

7. Source: Bonded Assembly Portal [Maquila Portal].

Mexico's Advantages



Competitiveness

Mexico is the **best destination** in the Americas for the establishment of **IT service companies**, according to the "2011 A.T. Kearney's Service Index".

Country	Financial Attractiveness	Human Capital	Business Environment	Index
1 India	3.1	2.8	1.1	7
2 China	2.6	2.6	1.3	6.5
3 Malaysia	2.8	1.4	1.8	6
4 Egypt	3.1	1.4	1.4	5.8
5 Indonesia	3.2	1.5	1	5.8
6 Mexico	2.7	1.6	1.4	5.7
7 Thailand	3	1.4	1.3	5.7
8 Vietnam	3.3	1.2	1.2	5.7
9 Philippines	3.2	1.3	1.8	5.7
10 Chile	2.4	1.3	1.8	5.5

Source: 2011 A.T. Kearney's Service Index

Mexico stands out in terms of government support, cultural affinity and human capital, as outlined in the 2010 Gartner study on IT service providers.

Evaluation Criteria	Mexico
Language	Good
Government support	Very Good
Human capital	Very Good
Infrastructure	Good
Education system	Good
Costs	Very Good
Political and economic environment	Good
Cultural affinity	Very Good
Legal maturity	Good Bueno
IP Security and data privacy	Very Good

Source: Gartner 2010

8. 1.4% annual average in the period 2000-2010, National Institute for Statistics and Geography (INEGI)

9 Source: Doing Business, The World Bank [WB], 2010

According to the World Bank, **Mexico is the best** country in **Latin America** for doing business, and also is ranked 35th in the world.

Only **9 days** and **6 processes** are required to start a new business, and this performance is demonstrably better compared to all Latin America region and the BRICs (Brazil, Russia, India and China).⁹

In the past decade, the average annual **growth rate** of engineering graduates in Mexico was **7%**, which places the country above the population growth rate.⁸ In 2010; the number of engineering graduates in the country totaled approximately **114,000**.¹⁰

A Message for Investors

Mexico ranked **4th place** as a **leading supplier** of IT services (Gartner, 2010).

In our country, there are approximately **500,000 IT professionals**, 121 universities linked to Prosoft and an average attrition rate of 5%.¹¹



Geographical and cultural affinity with the world's largest IT market and being in the same time zone allows for the provision of solutions in real time and ease client communication.

Brown Wilson found that clients of companies offering IT services were more satisfied when help was available nearby. Considering this, Mexico is the ideal supplier for the American market.¹²

IT companies established in Mexico are eligible to get **subsidies** up to 50% of the total cost of the project or up to 30% of its total expenditure in Research and Development (R&D).¹¹

The growing automation of small and medium-sized enterprises (SMEs) which are more than 90% of total companies, guarantees an increasing demand for IT services in the short- and long-run.

10. Source: The National Council on Science and Technology (CONACYT).

11. Source: Mexico IT

12. Source: The State of Outsourcing Industry Report 2008, Brown Wilson.

As a result of free trade agreements (FTAs) with **more than 40 countries**, Mexico has access to a **potential market** of more than one thousand million consumers, and 63% of the world GDP.

México is a safe place for foreign investment. Our country has signed **28 IPPAs** (Investment Promotion and Protection Agreements) and **DTTs** (Double Taxation Treaties) with more than 40 countries.¹³

Mexico is the **8th most attractive** country for foreign investors at the worldwide.¹⁴

Support Programs

prosoft Established by the Secretariat of Economy with the purpose of providing financial support for investment and IT development projects.

mexicoIT Established by the National Chamber for Electronics, Telecommunications and Information Technologies (CANIETI), with the support of the Secretariat of Economy, its objective is to promote Mexico as the ideal center for the establishment of IT enterprises.

MEXICO FIRST Support program for the certification and development of human resources specializing in the country's IT sector.

ITlink Agency within the IT industry whose objective is to establish a business network among participants in the industry in the industry to increase the commercial coverage of IT companies.

Chambers & Associations

Mexican Association for the Information Technologies Industry (AMITI)

National Chamber for Electronics, Telecommunications and Information Technologies (CANIETI)

National Association of IT and Communication Distributors (ANADIC)

Mexican Institute of Teleservices (IMT)

13. Source: Secretariat of Economy/Secretariat of Finance and Public Credit.

14. Source: Foreign Direct Investment (FDI) Confidence Index, A.T. Kearney, 2010