Information Technology Industry in Mexico

Market Value

Mexico ranked fourth place globally as a leading supplier of information technology (IT) services in 2010, according to Gartner.

Business Monitor estimates that the IT services market sector will reach 10,000 million USD in 2013.

The value of IT services in Mexico reached a value of 3,988 million USD in 2010. The software market had an estimated value of 1,546 million USD.

<table>
<thead>
<tr>
<th>Segment</th>
<th>2010 Market Value (million USD)</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Services</td>
<td>3,988.26</td>
<td>15%</td>
</tr>
<tr>
<td>Software</td>
<td>1,546.14</td>
<td>12%</td>
</tr>
</tbody>
</table>

Business Monitor estimates that IT and BOP services will grow in Mexico at a rate of 10% annually between 2009 and 2013. Meanwhile, the software market is estimated to grow at a 9% annual rate over the same period.

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

Market Structure

Mexico has 33 IT clusters in 20 states that group more than 700 companies.

In 2008, the Ministry of Economy revealed the national competitiveness index of the IT technology clusters in Mexico was 4.75. The IJALTI cluster was the most competitive, followed by the CSOFTMTY and MIT Cluster. Please note the study included 22 of the 33 clusters currently in existence.

The academy, private and public sectors have developed 24 technology parks through the country.

The Monterrey Institute of Technology and Higher Education (ITESM) has invested in the creation of technology parks throughout the country, seeking the creation and development of IT enterprises. In 2010, its network had 11 technology parks and 8 additional parks were in process.
Mexico has more than 2,000 companies providing IT services and 93 institutions involved in the development of the industry.

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.

The largest companies in IT services include IBM, HP, Accenture, Fujitsu and Computer Science Corporation (CSC), which account for approximately 20% of total global revenues. These companies, except CSC, have offices in Mexico.

Regarding human capital, Mexico has approximately 600,000 IT professionals, of which 400 thousand specialize in software. Most Mexican professionals and technicians have English as a second language. It is estimated that 65,000 IT professionals graduate each year.

Currently, 121 universities are linked to Prosoft.

Certifications

Some of the certifications required by the sector at a global level include the Capability Maturity Model Integration (CMMI), Certification for Meeting Management (CMM) and the Processing Model for Industrial Software (MoProsoft).

In Mexico, there are 302 registered development centres evaluated by quality processes in 21 states.

International Trade

In 2010, the exports of IT and BPO services increased by 12%, reaching a value of 4,150 million USD.

<table>
<thead>
<tr>
<th>Year</th>
<th>BPO</th>
<th>IT Services</th>
<th>Total</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>0.86</td>
<td>0.89</td>
<td>1.75</td>
<td>N.A.</td>
</tr>
<tr>
<td>2006</td>
<td>0.98</td>
<td>1.02</td>
<td>1.99</td>
<td>0.14</td>
</tr>
<tr>
<td>2007</td>
<td>1.23</td>
<td>1.28</td>
<td>2.51</td>
<td>0.26</td>
</tr>
<tr>
<td>2008</td>
<td>1.55</td>
<td>1.62</td>
<td>3.16</td>
<td>0.26</td>
</tr>
<tr>
<td>2009</td>
<td>1.92</td>
<td>1.80</td>
<td>3.72</td>
<td>0.18</td>
</tr>
<tr>
<td>2010</td>
<td>2.17</td>
<td>1.98</td>
<td>4.15</td>
<td>0.12</td>
</tr>
</tbody>
</table>

Foreign Direct Investment

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

In 2011, IBM opened a service centre in Queretaro to provide services to the Bajio region.

In August 2010, TATA opened its fourth development centre in Mexico. This centre, headquartered in Guadalajara, created 800 jobs.

**Federal Programmes**

**PROSOFT** (Programa para el Desarrollo de la Industria del Software) – Created in 2004 by the Ministry of Economy, jointly with state funds and industry associations, to provide financial support in the investment and development of IT projects. In 2008, it supported 494 companies.

**TechBA** – Created in 2004 by the Ministry of Economy and the Mexico-United States Science Foundation (FUMEC) to offer different services, including financial, consulting and operational, to technology-based Mexican companies. Its objective is to promote their growth and prepare them to export.

**MexicoIT** – Programme created by the National Chamber for Electronics, Telecommunications and Information Technologies (CANIETI), with support from the Ministry of Economy, whose objective is to promote Mexico as an ideal centre to establish IT companies.

**MexicoFirst** – Initiative supported by the Ministry of Economy and the World Bank. Its main objective is the certification and development of human resources in the IT sector in Mexico. This programme will invest 40 million USD over the next five years to certify approximately 12,000 people a year.

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