MÉXICO:
America's IT Sourcing Country of Choice

Leading industry analysts highlight the advantages of nearshoring to México that you should consider for your next global IT sourcing project

mexicoIT

Years ago, IT outsourcing literature talked about the BRIC countries as the locations global companies should consider for their IT offshoring projects. México was, in the words of a leading analyst, "the IT sourcing best kept secret." But this is rapidly changing.

WHY MÉXICO
A recent report by Gartner identifies 10 categories that are important when looking at a potential location for IT or business process services. Each category has been rated on a five-point scale from "poor," through "fair," "good" and "very good" to "excellent."

Table 1 shows México's Outsourcing Rating as included in the Gartner Analysis of México report.

TABLE 1.
México: Outsourcing Rating

CRITERION	RATING
Language	Good
Government support	Very good
Labor pool	Very good
Infrastructure	Good
Educational system	Good
Cost	Very good
Political and economic environment	Very good
Cultural compatibility	Very good
Global and legal maturity	Good
Data and intellectual property security and privacy	Very good

Source: Gartner (November 2007)

México has an added advantage that none of the other countries, except Canada, have: México is a true nearshore outsourcing destination. U.S. companies outsourcing to México benefit from the advantages of real geographical proximity, shared time-zone, familiar culture, similar values, education programs and a large pool of highly skilled professionals. In fact, México has a current workforce of about 500,000 IT professionals and that number is growing at a rate of approximately 65,000 new professionals every year. The cost of labor, real estate, infrastructure and tele-communications is much lower in México than in Canada.

Additional country advantages are derived from México being part of NAFTA, the North America Free Trade Agreement, thus providing the business benefit that comes with political stability and a defined framework providing legal and IP protection. Software and hardware procurement is easy, and there are almost no visa restrictions.

There are 2,095 IT companies in México and the IT Services industry is growing at 8.9% per annum. Global players that have invested in México include IBM, EDS, CSC, HP, Microsoft, Genpact, Perot Systems, Tata Systems and Infosys.

GOVERNMENT SUPPORT
The ProSoft program, created by the Ministry of Economy of México, aims to support México's leadership in the information technologies sector and to foster its use in the economic sectors. The ProSoft strategies include promoting software and IT services exports, attracting investors, and defining a legal framework that strengthens and promotes the local IT industry. Under the program, global sourcing companies and investors, both local and foreign, can avail cash grants that can be used to cover up to 50% of the total cost a project.

MEXICOIT
MexicoIT is a program to broaden the awareness of the capability of the Mexican IT industry. The program has been designed and is executed by México's National Chamber of the Electronics, Telecommunications and Information Technology Industry (CANIETI). "American companies who want to leverage the time and financial efficiencies of outsourcing closer to home cannot waste time gathering information to make better sourcing decisions," said Rogelio Garza, Director General of CANIETI. "At MexicoIT, we can provide them with all the information they need, direct them to additional sources and help them establish contacts with companies and government authorities.

WHERE IN MÉXICO?
THE MEXICAN STATES
The number of states participating in government-sponsored IT initiatives has increased from four in 2002 to 30 in 2006. The decision of where to invest in México depends on the investing firm's strategy. Some companies prefer the states with the largest population of IT professionals, such as México City, Jalisco, and Nuevo Leon. Others prefer locations with a fast-growing IT industry, such as Aguascalientes, Coahuila, Sinaloa, and Sonora. In states like Puebla, the presence of good universities and the friendly local environment were the defining factors.

MÉXICO: YOUR NEXT
OUTSOURCING DESTINATION
If you are in the US and considering offshoring, México is your best option because of the country's proximity, shared time-zone, highly-skilled labor pool, cultural affinity, data and intellectual property protection, government support and cash grants, and NAFTA derived benefits. Learn more about the advantages of México as a nearshore destination at www.mexico-it.com or call 1-866-639-4248.

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