

mexico An IT Services Outsourcing Country Guide

States and Cities that Offer Unique IT Business Opportunities

By Daniel Tkach

Mexico City

Mexico City (Population: 8,890,000, 19.3 million metro area included,) is the capital city of Mexico and the economic heart of the country. Greater Mexico City (the metropolitan area) has a population of 19.2 million. Mexico City has a per capita income of more than 23,000 USD (purchasing power parity adjusted 2006) and ranks as the eighth-richest urban agglomeration in the world. From 1999 to 2007, the city has received 106 billion USD in foreign direct investment—mainly in sectors such as financial services, retail, pharmaceutical, and tourism.

Higher Education and Professional Workforce: The National Autonomous University of Mexico (UNAM) is the largest (with 269,000 students) university in the Americas. Other major higher-education institutions are the National Polytechnic Institute, the Metropolitan Autonomous University (UAM), the ITAM, the ITESM, the Universidad Panamericana (UP), and the Universidad La Salle. **13,000 IT professionals graduate every year.**

Why Invest in Mexico City: Mexico City is a very attractive place for foreign investment due to its high infrastructure and human capital standards, as well as the robustness of its internal market. The city welcomes investments and productive projects in the IT field and provides incentives and grants for relevant projects.

State of Mexico

The State of Mexico (Population: 14,000,000) surrounds Mexico City, with which it has practically merged. The main cities in the state are **Toluca (the capital), Naucalpan and Tlalnepantla.**

The IT companies of the State of Mexico offer a large variety of services including IT consulting, data centers, infrastructure management, and application development and testing. Industry solutions focus on the automotive, biotechnology and pharmaceutical sectors. BPO services include contact centers, data mining, help desk, market analysis, F&A services and loan application processing.

Higher Education and Professional Workforce: The State of Mexico is the home of three of the most prestigious universities in Mexico: the National Autonomous University, the State of Mexico University and a campus of the Monterrey Technology Institute. **5,200 IT professionals graduate every year.**

Why Invest in the State of Mexico: The State of Mexico has a large number of already established multinational companies. The state population enjoys a high quality of life. There is significant availability of qualified human resources, and the state has an excellent infrastructure. The government of the state actively supports foreign investments in IT, and offers a rich set of incentives and tax exemptions for investors.

State of Jalisco

The State of Jalisco (Population: 6,800,000) strongly supports the growth of IT Mexican companies. It has developed a robust infrastructure for global companies to conduct business in- and- from Jalisco and created advanced technology centers. Jalisco's main cities are **Guadalajara, Chapala and Puerto Vallarta.**

Guadalajara is known as the Mexican Silicon Valley. Over 70 international companies, such as General Electric, IBM, Intel, Hitachi, Hewlett Packard, Siemens, Flextronics and Solectron have established facilities in Guadalajara. IT companies in Guadalajara offer advanced IT services including application design, development and testing, embedded software for the automotive and aerospace industries, wireless applications, printers, medical devices, and multimedia.

Higher Education and Professional Workforce: Guadalajara is a very important center of universities and educational centers with national and worldwide prestige that include the Universidad Panamericana, ITESO, Universidad de Guadalajara, Monterrey Institute of Technology and the Universidad Autónoma de Guadalajara (U.A.G.). **3,200 IT professionals graduate every year.**

Why Invest in Jalisco: Many leading IT and BPO companies conduct operations in the state because of its advantages such as a convenient geographic location, qualified IT human resources, excellent infrastructure and state investment incentives.

State of Nuevo Leon

The State of Nuevo Leon (Population: 4,500,000) shares a 9 miles border with the US state of Texas. It features a secure high-bandwidth communications network and research and technology parks. The main cities in the state are **Monterrey, (the capital), Guadalupe, and Apodaca.**

Monterrey is well known in the global IT marketplace and many large Mexican and Indian IT service providers have established their delivery centers in the city.

Higher Education and Professional Workforce: Monterrey is home to two of the nation's most prestigious universities, the National Autonomous University of Nuevo Leon and the Instituto Tecnológico de Estudios Superiores de Monterrey (Monterrey Institute of Technology and Higher Education). Other reputed universities include the University of Monterrey (UDEM) and the Universidad Regiomontana. The state has 44 higher education institutions from which **3,000 IT professionals graduate every year.**

Why Invest in Nuevo Leon: Nuevo Leon borders the US, and investors are attracted by an American-style business culture, the availability of highly educated professionals, an excellent infrastructure and a high quality of life. The state government offers incentives and tax exemptions to investors.

“Nearshore” outsourcing to Mexico for U.S. buyers offers the advantages of proximity, cultural affinity, time-zone alignment, relatively lower costs, fast and simple visa attainment, ease of software and hardware procurement, and the legal and IP protection provided by the NAFTA treaty. The decision of where to conduct business in Mexico, however, depends on your firm’s strategy. Some companies prefer the states with the largest population of IT professionals, such as Mexico City, Jalisco, and Nuevo Leon. Others prefer locations with a fast-growing IT industry, good universities and a friendly local environment such as Baja California, State of Mexico, Puebla, Sinaloa, Sonora and Veracruz.

State of Puebla

The State of Puebla (Population: 5,600,000) is located in the center east of Mexico. Puebla is a strategic state for trade between Europe and the Americas. The main cities in the state are: **Puebla (the capital), Tehuacan and Cholula.**

The most dynamic sectors in Puebla are the automotive, textile and apparel, metalworking, furniture, and chemical industries. The state is home to a competitive workforce specialized in industry and services.

Higher Education and Professional Workforce: Puebla is a national and international center for higher education that features many universities and technical schools such as the Universidad de las Américas, Universidad Iberoamericana, Benemérita Universidad Autónoma de Puebla, Universidad Popular Autónoma del Estado de Puebla and the Monterrey Institute of Technology and Higher Education. **1500 IT professionals graduate in Puebla every year.**

Why Invest in the State of Puebla: Puebla is rated as “an excellent destination for foreign direct investment” by Standard & Poor’s and Fitch Ratings. The main foreign companies with operations in Puebla are of German, Brazilian, Canadian, Swiss, French and American origin. The Government of Puebla offers attractive incentives for IT investments.

State of Sinaloa

The State of Sinaloa (Population: 2,700,000) is located in the north west of the Mexican Republic. The main cities in the state are: **Culiacán (the Capital), Mazatlan and Los Mochis.**

The technology sector of the state of Sinaloa is growing at a yearly rate of 300%. The main focus of the IT industry in Sinaloa is on Contact Centers and nearshoring of application development services. The state has one of the largest IT clusters in Mexico that gathers fifty-five companies of advanced IT maturity level.

Higher Education and Professional Workforce: Sinaloa features 48 Universities and multiple specialization schools. **3000 IT professionals graduate every year**, and a large percentage of them are English – Spanish bi-lingual.

Why Invest in the State of Sinaloa: Sinaloa is an excellent location for IT industry investments for global IT providers that want to establish a nearshore delivery center in Mexico with the low cost environment offered by a tier-2 location. The state is conveniently located very close to the US, and its time zone is CST. The state government offers generous incentives for investors in technology.

State of Sonora

The State of Sonora (Population: 3,100,000) shares an extensive border with the U.S. state of Arizona and a shorter one with New Mexico. The main cities in the state are: **Hermosillo (the capital), Ciudad Obregón and Nogales.**

The industry in Sonora has been oriented to automotive, aerospace and electronics and is now growing fast in Information Technology. Sonora has built a Technology Park designed specifically for the IT Industry, and two additional Technology Parks are in the planning stage.

Higher Education and Professional Workforce: Sonora features 48 Universities and multiple specialization schools. The main institution of higher education is the University of Sonora (UNISON), There are 17 universities in Sonora, including two campuses of the ITESM (Monterrey Institute of Technology). **1000 IT professionals graduate every year.**

Why Invest in the State of Sonora: The state’s proximity to the US, the availability of talented professionals (usually educated in the USA), the high use of English language and the significant lower operations costs make Sonora a very attractive location for IT investments, and a natural option to serve the U.S. West Coast. The government of Sonora actively supports foreign investments in IT through its “soft-landing” program.

State of Veracruz

The State of Veracruz (Population: 7,200,000) is located in the east-central part of the Gulf of Mexico. The main cities in the state are: **Xalapa (the capital), and the port cities of Veracruz and Coatzacoalcos.**

The state’s principal natural resource and dominant industry is oil: it is the main extraction, processing, and transport hub for much of the country’s oil reserves and is a leading producer of agricultural products. The ver@cluster is a regionally highly competitive IT cluster.

Higher Education and Professional Workforce: Veracruz has 49 universities that offer degrees in information technology. The main universities are Universidad Veracruzana, Universidad Autónoma de Veracruz and Universidad Mexicana, plantel Veracruz. **1100 IT professionals graduate every year.**

Why Invest in the State of Veracruz: The government of Veracruz is strongly committed to the growth of the state and provides incentives and tax breaks, creating excellent opportunities for investment. The environment is friendly and the cost of living, conducting business and building infrastructure is very low.

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