

Why Mexico is a top 5 Global IT Services Provider



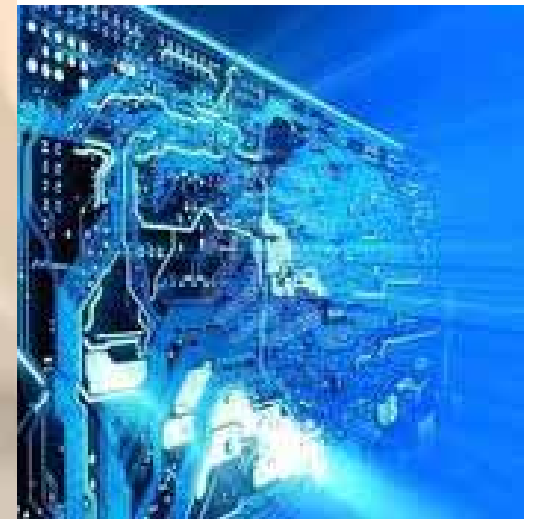
What is MexicoIT?

MexicoIT is a joint effort between the Federal Government and the private sector:

- Country brand position.
- Build awareness: Mexican IT industry, the most important nearshore provider to the US.

MexicoIT is operated by the Chamber for the Electronics, Telecomm and IT Industries:

- Private sector organism that represents the interests of High Technology Mexican industry.
- Works closely with the Federal Government: Public Policy design, funding to develop ICT, HR development, Industry and vertical development programs, worldwide events.



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Mexico as a global IT services provider



- According to analyst firms, the sourcing global market is around 100 billion USD, annually.
- These analyst firms have indicated that Mexico is a top 5 global IT services provider.
- MexicoIT's projections for 2013 are for India to stay put at #1, China 2nd, and **Mexico 3rd**.

Why is Mexico a leading IT Services Provider?

- Reduce cost of IT operations.
 - Much lower cost of labor, facilities, infrastructure, housing.
 - Public policy incentives program (cash grants).
- Get needed talent - human capital, scale projects when needed.
 - Over 500,000 IT professionals available.
 - 65,000 graduate every year, more than any other country in LATAM.



Why is Mexico a leading IT Services Provider?

- Maintain control of the projects and reduce travel costs.
 - Geographical vicinity allows frequent visits and face to face meetings.
 - Mexico's IT attrition rate is 5% average (Other countries', 25%).
 - Average hourly cost of \$35 USD.
 - Inflation annual rate of +/- 5% (cost of labor).



Why is Mexico a leading IT Services Provider?

- Reduce work on overtime - after hours meetings.
 - Mexico City, Guadalajara and Monterrey, just to mention a few cities, are all on CST.
- Get visas for foreign talent
 - No need for H1-B visas. TN1 visas can be granted in less than one month and are renewable annually (part of the NAFTA benefits).



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Why is Mexico a leading IT Services Provider?

- Ensure security and IP protection.
 - Ensured by NAFTA.
- Reduce Risk of Engagement.
 - Mexico is less than a 4 hour flight away.
 - Global Delivery Capabilities.
 - A high number of Mexican global IT companies have already operations in the US and a proven track record with US clients.

Mexico's Public Policy

IT services companies operating in Mexico are eligible for a series of benefits from the government, thus reducing the total cost of projects up to 50%.

In 2010 alone, the government gave away cash grants for more than \$770 MUSD.

This public policy has helped Mexico attract global companies like TCS, Infosys, etc. and, in some other cases, like Intel, HP, IBM, etc., they have expanded operations thanks in part to these programs.

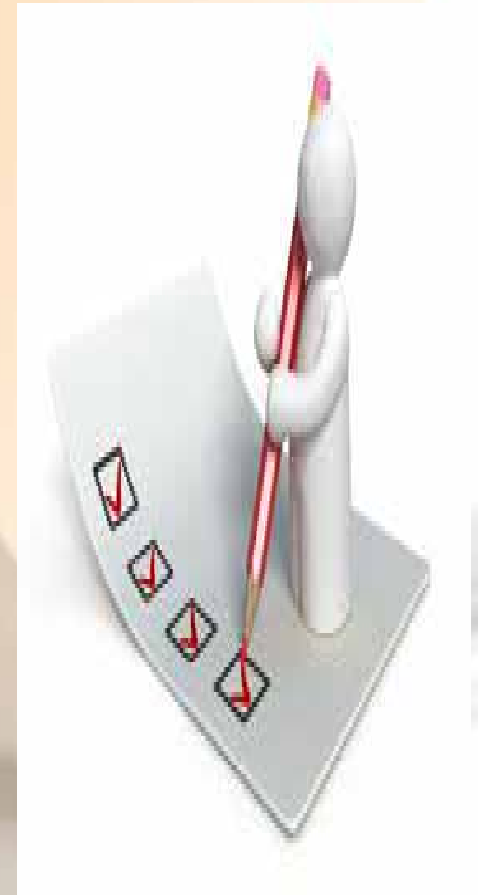


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Human Capital

The Federal Government and the private sector are committed to building and fostering its human capital capabilities through a program called Mexico FIRST, which is also supported by the World Bank.

Since 2008, Mexico FIRST has helped achieved around 20,000 certifications that include names like Microsoft, Java, Multimedia, English, etc.



THANK YOU

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Global Companies in Mexico

More than
17,000 across
the country.



CompuCom



IBM



Intel



HP



Microsoft



Source: Gartner's Analysis of Mexico as an Offshore Services Location, 2010.

About Mexico

In an absolute comparison of labor costs, Mexico is slightly more expensive than other sourcing destinations (like India and China), but lower than Brazil and many Eastern European locations.

Mexico ranks 1st in LATAM as the country that has attracted the largest number of foreign IT services organizations to open facilities (many times their LATAM headquarters).



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About Mexico

Is your investment safe in Mexico?

- The Mexican Government is engaged in a vital effort to disrupt and dismantle drug cartels.
- The result is an unprecedented number of arrests, extraditions, prosecutions and large scale seizures of drugs, weapons, cash and assets.
- Over 90% of the people who have died were cartel members; 7% soldiers, police or agents and less than 3% innocent bystanders.
- According to the UN, Mexico's homicide rate of 11.6 per 100,000 residents is much lower than Russia and LATAM.

Source: American Chamber of Commerce of Mexico



About Mexico

IT INDUSTRY PROFILE 2000 - 2010e

2,095

IT Firms

2,500 +

12.5

% of State Governments with IT policies

100

-1%

IT industry Growth rate

11%

4

IT Firms with Quality Certifications

250+

0

IT Clusters & Tech Parks

35+

5 BUSD

Industry Production Level

16.5 BUSD

50 MUSD

IT Exports and BPO

3.7 BUSD

58

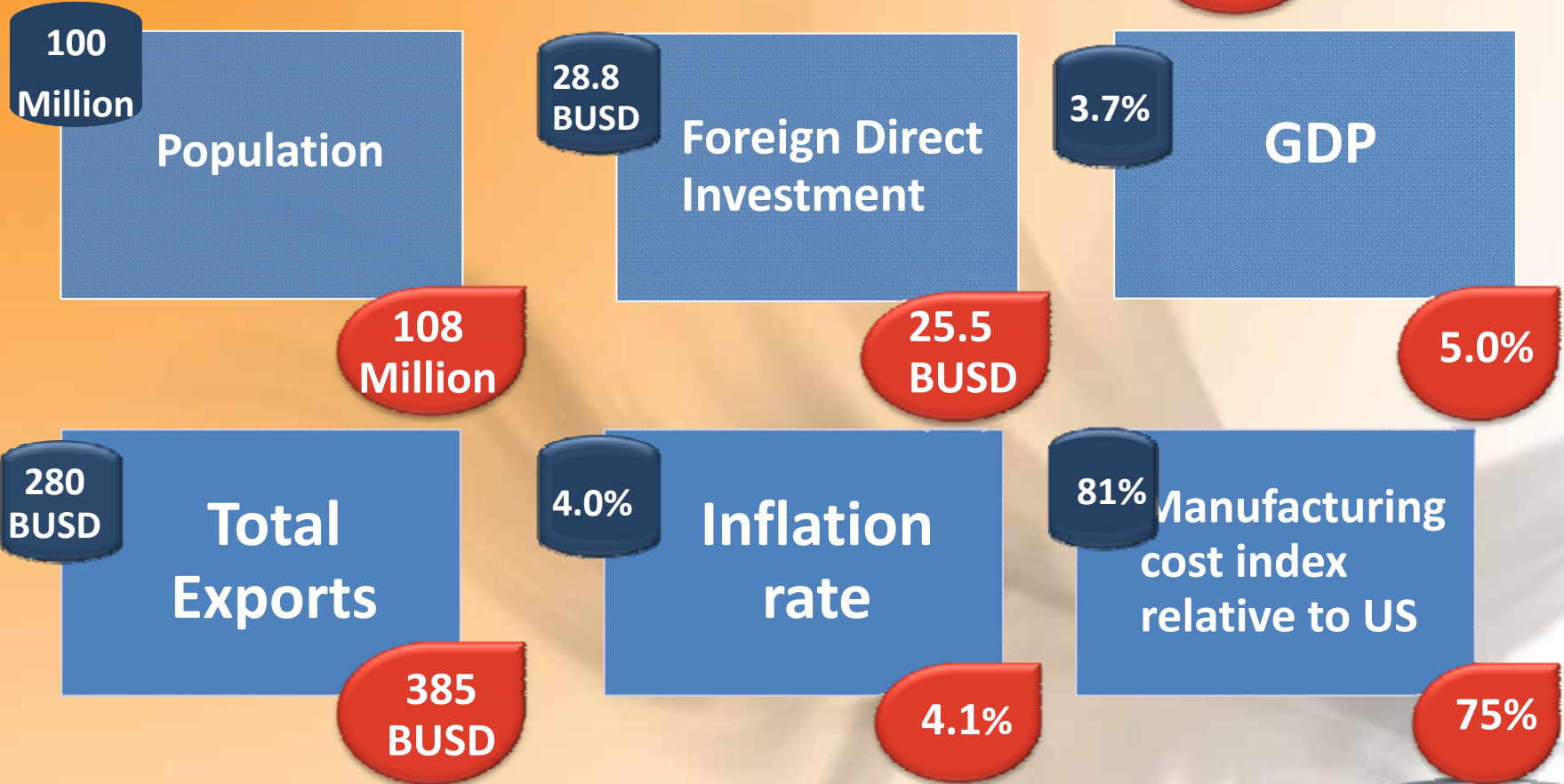
ICT Universities

150+

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About Mexico

ECONOMIC PROFILE 2007 - 2010e



Source: PROMEXICO - Economics Ministry, 2009

