

## NASSCOM Delegation to Mexico (Digital Economy Show)

Guadalajara, Mexico || 14<sup>th</sup> – 16<sup>th</sup> June, 2017

It is always challenging to position a (far away) region like Mexico, especially if it is located just next to the market (US) which contributes 61% of the total revenue for the Indian IT industry. But the LATAM region is fast rising on the business index, so it was worth exploring the region for business and partnership for member companies.



NASSCOM organized its first delegation to Mexico and participated in a local IT event – called the Digital Economy Show (DES) in Guadalajara, Mexico. The DES was organized by the Mexican Confederation of Industrial Chambers and supported by CANIETI (National Chamber of the Electronic Industry of Telecommunications & IT) and the Govt. of JALISCO.

The economic prosperity in the Latin America region and the adoption of technology by the countries in the region is slowly but surely creating opportunity for Indian IT industry. The region is on a transformational path with greater spending on emerging technology areas such as Cloud, Big Data, Mobile, Cognitive Computing, and Internet of Things (IoT). According to IDC, the IT Market in Latin America was at \$124 billion in 2012 and is forecasted to grow to \$166 billion by 2018.

Mexico is a key player for the Indian IT-BPM players of India with its Spanish speaking population. Mexico has the second-largest information technology (IT) market in Latin America, after Brazil.

### Key highlights of the NASSCOM participation at the DES 2017

- The NASSCOM delegation received special mention throughout the entire event – was mentioned even in the speech by Ministers/ moderator of session/MC etc. acknowledging the presence of NASSCOM.
- For NASSCOM - it was also an opportunity to connect directly with industry people on ground and gain insights about the LATAM region/ know about the challenges, business opportunities etc.

- NASSCOM members companies appreciated NASSCOM and acknowledged its efforts – for a far but an important emerging geography...which can be harnessed to yield huge business potential for India, not only as a market but also as a near shore location to serve the US.
- Education and skill development has huge potential for the region.
- It was also good to see peer to peer networking

## **Participation at the Digital Economy Show**

It was the first time the event itself was organized. The organizers were industry veterans like Amado Espinosa. The event was well organized with 'Digital' as its theme. It was well supported and attended by the Government also. Especially day 2 and 3 was very well attended.

1. A separate theme was created around the NASSCOM delegation – with mention of that session as NASSCOM- Mex in the program itself.
2. NASSCOM and its members were invited as speakers to a couple of sessions
  - a. Infosys - The Inclusion of Mexico in the Global Context of the Digital Transformation – and learnings and sharing from India (enclosed)
  - b. Aptech - Human Talent Development
  - c. NASSCOM – to speak on creating a NASSCOM like body in Mexico (enclosed)

## **The Digital Economy Show 2017 in Guadalajara, Mexico**



**Meeting with Minister of Innovation, Science and Technology of the Government of Jalisco - Mr. Jaime Reyes**  
Minister shared all the important initiatives being taken by the government and the priority being given to the IT sector. The Minister also stressed upon the importance on Quality Education/ importance of R&D, Innovation. Also informed about the biggest hackathon with 25K students.

## **Meeting with Alejandra Luzardo from Banco Interamericano de Desarrollo (BID)**

The Inter-American Development Bank (IADB or IDB or BID) is the largest source of development financing for Latin America and the Caribbean. Alejandra informed the companies about the various projects of the IDB and how these projects can be bid for with partnership with local companies.

## **Meeting with The Guadalajara Chamber of Commerce hosted by Carlos David Ibarra Rubio, Director General**

The Guadalajara Chamber of Commerce is an apex body representing various sectors. The Chamber has agreed to host the NASSCOM delegation for an interactive session and has also invited its members from different sectors to meet with the NASSCOM delegation. This is one of the best networking sessions and companies did inform that they have got some good leads from this meeting

## **Briefing on Creative City**

This again is a very massive project by the Government and is wanting to create a silicon valley like atmosphere with similar facilities. And not only in terms of the infrastructure but also in terms of the investment in R&D and human capital.

## **Meeting with Minister of Innovation, Science and Technology of the Govt. of Jalisco - Mr. Jaime Reyes**



## **Visit to HCL – curation to create a NASSCOM Chapter in Mexico as the base for the Latam region**

HCL was extremely hospitable and hosted the NASSCOM delegation for lunch. Members had a heart to heart discussions and at a peer to peer level was also surprised that 1. They will be hosted by HCL and that HCL had allowed for them to visit the HCL office. The peer to peer networking among the Indian companies, was heartening to see and there was some serious knowledge exchange/learnings/experience among the companies.

Discussions were on, on creating NASSCOM Chapter in Mexico – Companies like HCL, Infosys, Cognizant and Persistent have already given consent to becoming a part of the chapter. TCS and Wipro will also be invited, along with other companies which have a presence there.

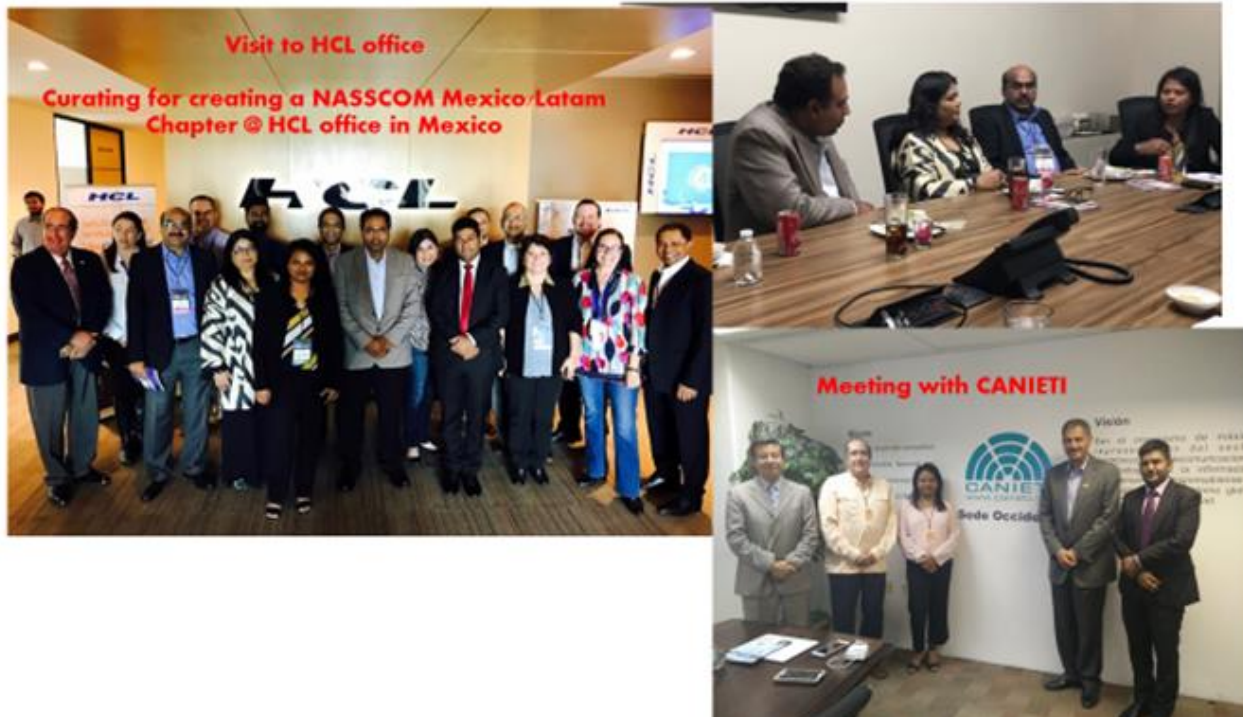
1. Share information about the issues being faced by Indian companies in the region
2. Give inputs on policy matter
3. Have decided to do collective participation in events in Mexico under the aegis of NASSCOM for creating a better impact
4. NASSCOM to help in a creating a 'Positioning' for the Indian IT industry as a company of choice or stability and career growth.

The visit was well supported by the Indian Embassy in Mexico and the visit was also advertised about on its facebook page – [click here](#)

### **Meeting with CANIETI**

Mexico's IT, telecoms and electronics chamber Canieti promotes the sector development in a global environment, aiming to reach a competitive development of the national industry. The Chamber brings together more than 1,000 affiliated companies in Mexico. It was discussed as to how NASSCOM and Canieti can work together and facilitate business interaction among the members. The presentation given by Canieti reflected the focused mindset of the organization and also showed that it has very apt and accurate information about its

members. Though this time the meeting was only among the two associations, next time a major interactive platform would be created for members.



NASSCOM and Canieti will also sign a MoU for further co-operation at the next opportune time.

## Synopsis of the member meeting on 15<sup>th</sup> June – Guadalajara, Mexico

- Its proximity with North America, India's major market.
  - o Very good near shore option
- Abundance of trainable human resources
- Cost structure that is comparable to India
- Multi lingual capabilities
  - o Spanish
  - o Portuguese
- Decent infrastructure
- GDC for serving European markets

### **Adapt to the LATAM market...**

- Customize products & services as per needs of LAC customers
- Invest in increasing local operations
- Create local 'brand' that customers can associate with
- Create a 'Position' of Company of Choice, so as to retain employees for long term
- Emphasis on having as many locals fill in very many positions

### **Issues faced in LATAM...**

1. HR issues –
  - a. Business visa & Work permits – have cumbersome & time consuming process. In some cases it takes 2-3 months of processing time
  - b. Labour laws that lead to increase on cost of employee (CTC)
  - c. Resourcing – finding right people in new territory
  - d. Training & Development costs
2. Taxation issues
  - a. WHT (Withholding taxes should be abolished)
  - b. Totalisation treaty between nations
3. Infrastructure issues
  - a. Real Estate identification, Vendor network, Telecommunication facilities – should be under one roof.
  - b. Creative City is being built in downtown Mexico – not sure if that would attract employees
4. Security issues
  - a. Is that a concern?

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