

## **Hungary continues to hold rank 28 in Global Index of IT Competitiveness, Study Says**

*Our under performance is especially aching in the field of IT infrastructure*

**BUDAPEST, 16 September 2008** – Hungary ranks 28 in the world in the 2008 IT industry competitiveness index, thus keeping its last year position. The country's current ranking in the middle of the ranking could be improved considerably, if focus was put on the development of the IT infrastructure. These are among the findings of a new study issued by the Economist Intelligence Unit and sponsored by the Business Software Alliance (BSA).

The study, now in its second year, assesses and compares the information technology (IT) industry environments of 66 countries to determine the extent to which they enable IT sector competitiveness. Although the top 20 economies remain the same from one year ago, nine countries moved up and 11 went down in the rankings. Three countries in the top five are new: Taiwan, Sweden and Denmark. The top five countries in the Central Eastern European region are Estonia, Slovenia, Hungary, Czech Republic and Slovakia.

"This year's index shows that a country's IT competitiveness rankings can move upward or downward very quickly," said Gabor Sarlos, spokesperson of BSA in Hungary. "The ability of local governments and IT industries to deliver jobs and a better quality of life through information technology is strongly affected by how they handle the six drivers of competitiveness. Looking at the figures, it becomes clear that Hungary performs quite well in the field of human capital development; in fact we are on the 20<sup>th</sup> position of the 66 countries in the research. An especially important factor of this is the educational system's ability to train technologists with business skills. With our 34<sup>th</sup> position we lag behind however in the area of IT infrastructure where a lot of development is needed. According to the study, a considerably larger market spending would be needed on IT hardware, services and software, which, together with wider access to desktop and laptop products, as well as broadband internet would improve Hungary's position considerably. These tasks require action both from government and the market players."

"Policymakers and business leaders need to address the full combination of factors that enable competitive IT industries," maintains Denis McCauley, Director, Global Technology Research with the Economist Intelligence Unit. "Few countries can hope to build strong IT production sectors without strong business and legal environments, deep pools of talent, support for innovation, and the widespread use of technology throughout society."

### **Six Key Competitiveness Enablers**

According to the Economist Intelligence Unit, six factors work together to create a sound environment for the IT sector, including: an ample supply of skills; an innovation-friendly culture; world-class technology infrastructure; a robust legal regime that protects intellectual property, such as patents and copyrights; an open, competitive economy; and government leadership that strikes the right balance between promoting technology and allowing market forces to work.

Those countries that perform well in these six 'competitiveness enablers' generally are home to high-performance IT industries. High performing IT sectors directly contribute more than 5% to the gross domestic product of most advanced nations. They also drive momentum in the wider economy by helping organisations and workers to be more efficient and productive.

Other findings of the research include:

- **Investing in people is mission-critical for domestic IT industries.** Sourcing talent will be among the toughest challenges IT producers will face in the coming years.
- **Competitive broadband markets help cultivate strong IT sectors.** Without fast, reliable, and secure Internet access, technology firms cannot interact effectively with partners and the research community, nor can they sell their services online.
- **A legal environment that protects intellectual property rights (IPR) and takes a robust approach to cybercrime is essential.** The US, Australia and Western European countries have the most effective systems in place to address IP protection and cybercrime, but gradual improvements are also evident in tough places like China.
- **Globalisation and the Internet will 'liberate' R&D.** Ecosystems, online or otherwise, that bring together talent, technology, venture capital, and good universities, supported by a risk-taking ethos, will be the best incubators of innovation.

For more information on the index results and the methodology, see "How technology sectors grow: Benchmarking IT industry competitiveness 2008," available free of charge at [www.eiu.com](http://www.eiu.com) or [www.bsa.org/globalindex](http://www.bsa.org/globalindex).

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**About the Economist Intelligence Unit**

The Economist Intelligence Unit is the business information arm of The Economist Group, publisher of *The Economist*. Through our global network of over 650 analysts, we continuously assess and forecast political, economic and business conditions in 200 countries. As the world's leading provider of country intelligence, we help executives make better business decisions by providing timely, reliable and impartial analysis on worldwide market trends and business strategies.

**About the Business Software Alliance**

The Business Software Alliance ([www.bsa.org](http://www.bsa.org)) is the foremost organisation dedicated to promoting a safe and legal digital world. BSA is the voice of the world's commercial software industry and its hardware partners before governments and in the international marketplace. Its members represent one of the fastest growing industries in the world. BSA programmes foster technology innovation through education and policy initiatives that promote copyright protection, cyber security, trade and e-commerce. BSA members include: Adobe, Altium, Apple, Attachmate, Autodesk, Avid, Babylon, Bentley Systems, Centennial Software, CNC, Corel, Cyberlink, Dassault Systemes SolidWorks Corporation, Enteo Software, Famatech, Graphisoft, LINSERVICE, Materialise Software, Microsoft, Mindjet, Monotype Imaging, O&O Software, Quark, Quest Software, Ringier-Informatik, Scalable Software, Siemens, Staff& Line, Symantec, Tekla and The MathWorks.

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