

EMBARGOED FOR RELEASE: Tuesday, 16 September 2008

UK Ranks Third in Global Index of IT Competitiveness

Business Software Alliance-sponsored study recognises the strong availability of human capital and government support for the UK's IT industry

LONDON, 16 September 2008 – The UK ranks third in the world for its information technology (IT) competitiveness, according to an Economist Intelligence Unit study released today. The report, which assesses and compares the IT industry environments of 66 countries to determine the extent to which they enable IT sector competitiveness, recognises the support given to the industry by the UK government and the strong human capital available.

The UK outperforms many other nations in creating robust and open business environments, which recognise the sanctity of private property and demonstrate high-level commitment to open competition and receptiveness to foreign trade and investment. Areas for improvement include investment in research & development (R&D) and IT-related patents.

Julie Strawson, Chair of the BSA UK Country Committee, said, "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. The UK has proven particularly adept at successfully striking a balance between investing in technology, supporting sector growth and allowing market forces to work."

"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."

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 Europe are the United Kingdom, Sweden, Denmark, Netherlands and Switzerland.

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 or 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) 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, Enteo Software, Famatech, LINKService, Materialise Software, Microsoft, Mindjet, Monotype Imaging, O&O Software, Quark, Quest Software, Ringler-Informatik, Scalable Software, Siemens PLM, SolidWorks, Staff & Line, Symantec, Tekla, and The MathWorks.

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