

Connectivity Scorecard 2009

Chile – Leading Latin American performer in Scorecard; outstanding business infrastructure

Overview

Chile is one of the clear success stories of Connectivity Scorecard 2009. Included for the first time, the South American nation stands third in the ranks of resource and efficiency-driven¹ economies. With a score of 6.59, Chile has a far stronger position than its nearest Latin American peers – Mexico and Argentina with 5.39 and 5.14 respectively.

Chile's strength in the Scorecard is underpinned by its strong infrastructure – it has one of the highest scores in the resource and efficiency rankings in business infrastructure, and also scores well for consumer infrastructure.

While usage and skills scores are reasonable compared to some peers, improvements in these areas, particularly in the business arena, would lift Chile closer to the Scorecard's outstanding performer in the resource and efficiency-driven portion of the Scorecard, Malaysia.

| | Score | Weight |
|-------------------------------------|--------------|--------|
| Consumer Infrastructure | 0.73 (0.81)* | 0.14 |
| Consumer Usage & Skills | 0.65 (0.84)* | 0.14 |
| Business Infrastructure | 0.70 (0.73)* | 0.31 |
| Business Usage & Skills | 0.64 (0.74)* | 0.36 |
| Government Infrastructure | 0.59 (0.93)* | 0.03 |
| Government Usage & Skills | 0.33 (0.92)* | 0.03 |

* The score of the leading performer for this component

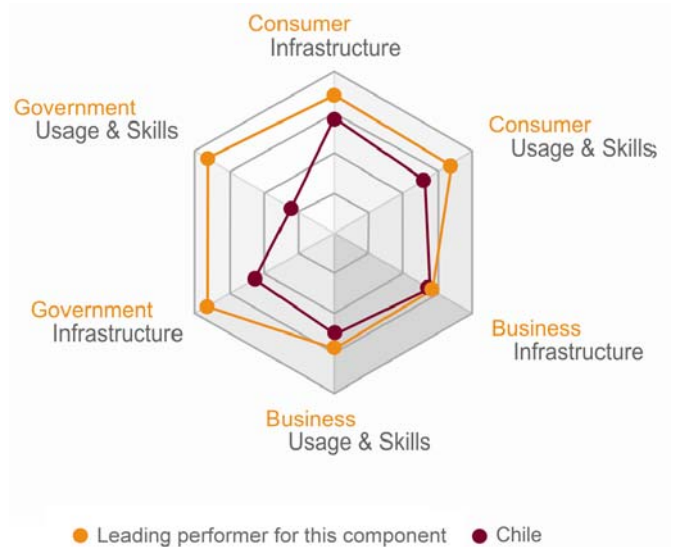
¹ As defined by the World Economic Forum



Strengths

As the CIA World Factbook reports, Chile has “the most advanced telecommunications infrastructure in South America.” This is reflected in its position close to the top of broadband penetration ratings and population coverage by mobile telephony in its peer group. Although mobile phone penetration is perhaps not as high as might be expected in such a strong performer, fixed and mobile penetration is fairly strong.

In terms of business infrastructure, Chile also performs strongly. It top scores on availability of international bandwidth, and PC penetration is high. In terms of complementary factors, Chile has a high secondary school enrolment rate.



Weaknesses

There are few significant weaknesses in Chile's performance, although its score in the government usage and skills segment is low – but given the light weighting attributed to this segment, it is not influential in terms of the overall score.

In more specific areas, business spending on hardware and software is relatively moderate and traffic levels in international communications are low compared to high-scoring Malaysia.

Analysis

Chile is often held up as a model of economic stability in a Latin American context, and this is reflected in the country's relatively high-performing telecommunications industry.

Liberalization of the industry began in Chile in the late 1980s and by the mid-1990s liberalization was well underway. Following that a number of major foreign operators, such as Telefónica, Telecom Italia and BellSouth, entered the market and helped to develop the relatively advanced infrastructure at the heart of Chile's strong showing.

Overall a market characterized by the wide availability of both ADSL and cable services contributes to a dynamic and promising environment for connectivity, which will be interesting to track in future Scorecard versions.

Despite its strong performance, it is worth noting that while Chile performs well in a comparative ranking of resource and efficiency-driven (mostly poorer) economies, it would not look as favorable if compared to economies such as the US in the innovation rankings; and as such Chile has some distance to travel before it can truly be described as an information-driven economy.

APPENDICES

About Connectivity Scorecard

Connectivity Scorecard is a global ICT index, which measures the extent to which governments, businesses and consumers make use of connectivity technologies to enhance social and economic prosperity. Unlike other research available, Connectivity Scorecard also measures “usage and skills,” such as literacy, the use of enterprise software and the accessibility of women to ICT.

Nokia Siemens Networks has commissioned the study, which is the first of its kind to rank countries not only on their deployment of ICT infrastructure but also on the extent to which people, governments and businesses put this infrastructure to economically productive use.

The study is created by Leonard Waverman, Fellow of the London Business School and Dean and Professor at the Haskayne School of Business at the University of Calgary, and conducted under his direction by international economic consulting firm LECG.

For more information on Nokia Siemens Networks’ Connectivity Scorecard, visit www.connectivityscorecard.org

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