



Connectivity Scorecard 2009

Spain – weighed down by systemic deficiencies

Overview

Spain is among the poorest performers within its peer group of 25 innovation-driven¹ economies on Connectivity Scorecard 2009. With a score of 3.49 it ranks 21st, lagging behind neighbors France and Italy, which come in at the 15th and 19th positions respectively, but even more tellingly, perhaps, it finds itself in the company of the eastern European countries included in the Scorecard, behind the Czech Republic and not too far ahead of Hungary and Poland.

An analysis of Spain's performance does not highlight areas that call for particular attention, but rather a consistent need for improvement. In common with most of its southern European counterparts, Spain's scores reflect the general state of its development, and systemic deficiencies within it.

	Score	Weight
Consumer Infrastructure	0.36 (0.88)*	0.13
Consumer Usage & Skills	0.30 (0.69)*	0.13
Business Infrastructure	0.35 (0.89)*	0.32
Business Usage & Skills	0.34 (0.72)*	0.34
Government Infrastructure	0.51 (0.93)*	0.04
Government Usage & Skills	0.37 (0.94)*	0.04

* The score of the leading performer for this component

Strengths and weaknesses

To look at the findings in a positive light, Spain's relative strength is its government segment, in which it achieves its best scores across the six sub-categories² of the Connectivity Scorecard. In terms of government infrastructure the country scores a moderate 0.51 influenced by indicators such as broadband access in schools, which is relatively high. The country's government usage and skills score, however, is 0.37, and together both scores carry a very low weight on the Scorecard, thus having a minimal impact on the country's overall performance.

Spain's consumer segment with its higher weighting is a little more influential but the country scores a mere 0.36 and 0.30 on consumer infrastructure and usage and skills respectively. The country's broadband penetration is at respectable levels, but on other metrics Spain tends to be persistently below

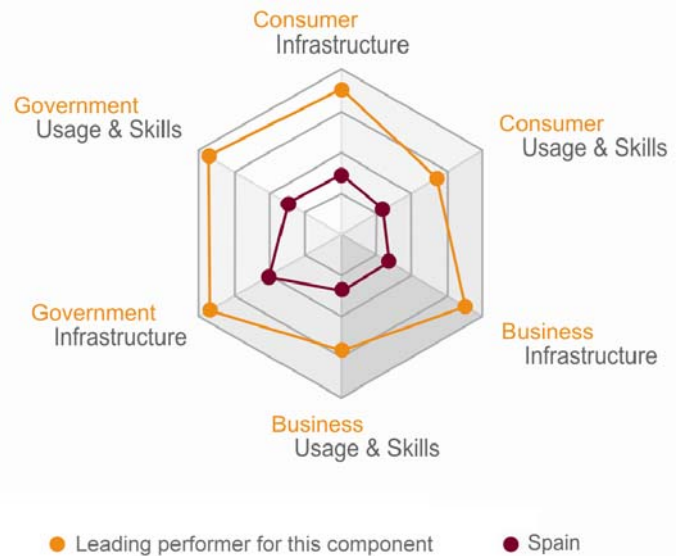
¹ As defined by the World Economic Forum

² The three major components – government, business and consumer – are divided into six sub-categories: consumer infrastructure, consumer usage and skills, business infrastructure, business usage and skills, government infrastructure and government usage and skills.



the OECD average. In many cases, Spain's performance is not "disastrous" and definitely not the worst, but in most of them, it is comparable to the worst, and not the best.

The business segment spells a similar story. Spain earns a score of 0.35 for business infrastructure and 0.34 for usage and skills. The country scores reasonably well in the measure of business telephony lines, and Spain also achieves relative scores of greater than 0.5 on the proportion of workers with ICT user and specialist skills. But overall its business scores are mediocre at best and because both sub-categories have the highest weightings across all segments, they have a significant negative influence on Spain's overall performance.



Analysis

Spain's disappointing performance on Connectivity Scorecard 2009 is not surprising, as the country finishes rather low on most similar indices. As with Italy, there appear to be systemic issues in Spain regarding the innovative capabilities of the economy, and these issues cannot be addressed through a telecom-sector oriented "quick fix." For example, Spain currently has a population profile that matches the EU average, but the education and skills levels of older workers may lag behind those of other advanced European nations reflecting Spain's relative under-development prior to the 1970s.

Like other West European countries, Spain's regulatory framework comprises a sector-specific regulator (the CMT) which works alongside a national and European competition law framework, and there is significant activity in the telecommunications sector. Spain's leading telecommunications operator, Telefonica, has been expanding overseas, and foreign operators such as Vodafone are active in the Spanish telecommunications market. Spain also has relatively strong prospects in its ability to attract foreign investment. However, an appropriate policy response might need to channel both foreign and domestic investment into ICT-intensive areas of the economy.

That said, as is the case with most other Eurozone countries, it is hard to create any concrete link between sector-specific regulation and performance on the Connectivity Scorecard.

Spain shows many signs of the same weaknesses that beset Italy and other Southern European economies. These include a low share of ICT in total investments, below-average production of science and engineering graduates, and low investment in R&D and knowledge. The Connectivity Scorecard simply mirrors the widespread evidence of these underlying deficiencies.

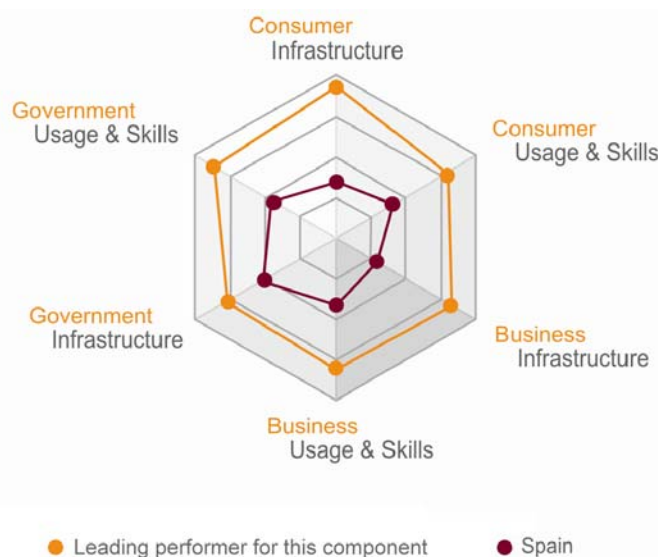


APPENDICES

2009 compared to 2008

We have repeatedly stressed the fact that the Connectivity Scorecard is designed to provide a comparison of how countries rank in relation to each other at a given point in time. As with other indices of relative rankings, it is hard to interpret absolute scores and it is hard to make comparisons of absolute scores over time.

In addition, we substantially expanded and revamped the information base for the current version of the Scorecard, and we also expanded greatly the list of countries that we included for consideration in 2009. These factors mean that it is not possible to generate very direct comparisons between absolute scores over time and to easily interpret these as “improvements” or “deteriorations.”



Roughly speaking, Spain's performance in Connectivity Scorecard 2009 is very similar to its performance in Connectivity Scorecard 2008. (For Spain's 2008 performance see also the comparative star diagram on this page.) The country is generally weak across the board, as it was in 2008. This means that even to the extent that Spain might have improved its absolute performance on certain measures, so have most of its competitor nations, and in relative terms (which is what the Connectivity Scorecard is measuring) it pretty largely remains where it was – well down the list of innovation-driven economies on most measures of ICT prowess.

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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