

## Watch Out World, Here Comes Finland

Switzerland may have overtaken the U.S. in the World Economic Forum's global competitiveness ranking last week, but the U.S. still owns bragging rights in the Economist Intelligence Unit's IT Industry Competitiveness Index.

According to the study, conducted annually by the Economist Group's research unit and sponsored by the Business Software Alliance, the U.S. is still number one in enabling competitiveness in the technology sector. That's not surprising, given that the tech sector was one of the few bright spots in the WEF's report. A little more shocking is who placed second in the EIU's ranking.

Finland was the runner-up, with a score of 73.6, while the U.S. garnered 78.9 points. Home to Nokia, Finland was the big winner this year, rising from 13th place in 2008. The report attributes the gains to Finland's "strong performance in the R&D environment category, particularly patents, and improvement in its overall business environment."

The U.S., meanwhile, saw a dip in the study's IT infrastructure ranking, falling from second to seventh. Countries with pervasive broadband have a big advantage in this category (led by Denmark, Switzerland and the Netherlands), notes the report.

"Broadband availability is clearly a prerequisite for many parts of the IT industry, as more and more IT offerings get delivered over the Internet," said Ken Juster, who as EVP of law, policy and corporate strategy at software-as-a-service titan Salesforce.com should know a thing or two about that. Juster was one of several IT executives interviewed for the study.

Emerging markets like India, Brazil and Russia, which have large IT industries, could be held back by slow broadband adoption, says the report. And while the U.S. isn't a total slouch in that regard, the report authors note that only \$7 billion of the \$800 billion earmarked for economic stimulus is being invested in broadband, and they fret that "it remains to be seen whether funding commitments are sufficient to make a difference."

The report also warns against the kind of protectionism that tends to pop up during hard economic times. "As a multinational company we want to see a level playing field and not support for protectionist policies, whether from the U.S. or other governments," said Scott Taylor, legal counsel for Symantec, a security vendor that's also a member of the Business Software Alliance. "More and more international transactions happen over the Internet and are supported by IT infrastructure, so we're obviously worried about protectionist barriers to this."

The U.S. ranked second in government support of the IT industry (behind Norway), and second in overall business environment (behind Finland).

In terms of available talent, the U.S. finished first, followed by South Korea, the U.K., China and Australia. But, says the report, the U.S. and Europe "each face long-term challenges in cultivating the science and technical engineering skills of its younger students." But, always even-handed with the criticism, the EIU points out that, "For all the IT graduates being churned out of Asian economies, there are still concerns that education systems in the region put too much focus on pure IT skills and not enough on IT in a business context."

While the U.S. held up reasonably well in this year's index, despite the recession, Taiwan and South Korea weren't so lucky. Last year's runner-up, Taiwan fell to 15th; South Korea dropped from eighth to 16th. The report attributes the dips to deteriorating R&D environments.

Rounding out the top ten this year, behind the U.S. and Finland, were Sweden (71.5), Canada (71.3), the Netherlands (70.7), the U.K. (70.2), Australia (68.7), Denmark (68.6), Singapore (68.2) and Norway (67.1). Switzerland, in case anyone's curious, was 14th.