



## **World Economic Forum on Latin America**

Securing a Place in an Uncertain  
Economic Landscape

Media and Entertainment, IT and Telecom  
Private Session

Is Latin America Ready to Be a Winner in  
the Digital Ecosystem?

**Cancún, México 14 April 2008**

# Is Latin America Ready to Be a Winner in the Digital Ecosystem?

## The Numbers Describe the Global Story

The numbers describe a fast-paced and accelerating story:

- Internet traffic worldwide is set to double every two years through 2011. Online sales are doubling every three to five years.
- In 2007, 161,000 new domains were registered every day – 10,800 during the course of this session.
- YouTube is attracting 2 million visitors a day. User generated content (UGC) accounts for more than 10% of all Web visits and captures visitor attention for 27 minutes, compared to non-UGC sites that capture attention for just 10 minutes.
- Peer-to-peer networks are surging in popularity – 15% of the world's 1 billion Internet users generate 40-50% of the traffic. And these 150 million users live on peer-to-peer networks.

## Latin America: Not Ready ... Yet

Against this backdrop, participants worked together to answer the question: "Is Latin America ready to be a winner in the Digital Ecosystem?" The answer is: not yet.

## Latin Americans Have an Opportunity

Moderator Alec Oxenford, Co-Chief Executive Officer and Co-Founder, OLX.com, Argentina, pointed out that, despite the existence of key industry players in the industry (Yahoo, Google, MSN and MySpace.com), the "phenomenal pace of change" in the digital economy still leaves room for new champions to disrupt and intervene. Brazil is the worldwide leader in the penetration of social networking.

Clearly, there is much work to do if Latin America is to be a winner in the Digital Ecosystem— a landscape where the greatest change is seen at the intersection of the IT, Telecommunications and Media & Entertainment industries. Participants generally agreed that the success of Latin America's digital economy depends on partnership and collaboration among multiple key players and stakeholders.

## The Latin American Opportunity

Two major trends are appearing:

- 1) The growing global importance of the Spanish language: the Spanish-speaking diaspora, e.g. immigrants to the US, is taking Spanish abroad, thereby creating a greater global market for Spanish-language content
- 2) The increase in the number of Latin American entrepreneurs creating local content for local consumption: participants are seeing, for example, a sharp rise in the number of local online newspapers

The argument of global versus local content continues; it is increasingly obvious that content is "always more successful" when it is local. In Africa, for example, the best content is being created by and for Africans. The same holds true for Latin America. "People want to not only preserve their language, they want to extend it and make it more vibrant," Oxenford commented. "Localized content, localized services and support are generating local resources."



### **The Key Role of Government**

Participants unanimously called on governments to create an enabling framework and, critically, universal access to broadband and wireless technologies. One executive outlined the challenge facing Latin American entrepreneurs: “People are doing innovative things, but the regulatory environment is not ready yet. The challenge we have is to advance that environment as quickly as Latin America deserves. It is holding Latin America back from doing something really great.” This challenge opens a window of opportunity for the region to leapfrog in terms of communications infrastructure, content and use of technology.

## **Looking Ahead**

### **What Governments Must Do**

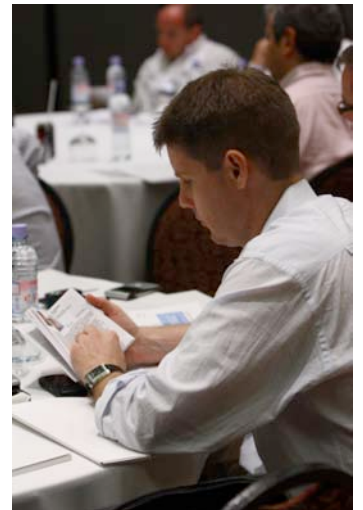
The role – and obligation – of governments is to foster the development of an effective Digital Ecosystem in Latin America. In terms of what governments must do, participants agreed that the main outcomes include the following:

- Get people connected: access is paramount; broadband and wireless infrastructure is needed
- Make access affordable; some suggested the target of free universal access
- Access must be accompanied by education
- Connectivity must be accompanied by a transparent regulatory framework that fosters growth; keep the regulations simple and consistent both online and offline
- Reduce barriers to entry and promote competition in the IT sector
- Create regulations that will attract more investment and keep capital flowing into the region

### **What Business Must Do**

Businesses have a critical role to play, both in developing the sector and lobbying governments to create an enabling framework. Business must:

- Change the mentality of governments to start thinking about IT as a strategic enabler
- Promote local innovation
- Provide new services through existing technology (e.g. Internet access on mobile phones)
- Invest in local entrepreneurs, among other things, to create localized content and platforms
- Invest in education and skills training, not leave it to governments to fund
- Better understand the needs and new behaviours of consumers
- Create key alliances to build on synergies that could contribute to social development



## **Conclusion**

The *leitmotif* of this meeting was “opportunity”. Business participants as well as international observers keenly point out that Latin America has a very strong culture of innovating with minimal resources to answer particular local needs and challenges.

With almost 22% of the region’s population online, there are significant signs that Latin Americans are turning to the Internet as a powerful tool to drive this innovation.

All agreed that success in creating a more robust business environment will determine the success of Latin America in the Digital Ecosystem.

## Participants

### Moderator

**Alec Oxenford**, Co-Chief Executive Officer and Co-Founder, OLX.com, Argentina

### Industry Participants

**Juan Pablo Andrade Frich**, Chief Executive Officer, Tresalia, Mexico

**Gustavo Antonetti**, President, Motorola de Mexico, Mexico

**María Asunción Aramburuzabala**, President, Tresalia, Mexico

**Scott Blacklin**, Vice-President, Emerging Markets - Public Sector, Cisco Systems, USA

**Ruben Bravo**, Managing Director, LATAM Public Sector, Microsoft, USA

**Ricardo Carreon**, President, LAR Region, Latin America, Intel Semiconductores do Brazil, Brazil

**Jennifer Corriero**, Co-Founder and Executive Director, TakingITGlobal, Canada

**Idalia Cruz**, Director, Strategy, TV Azteca, Mexico

**Cameron Dow**, Vice-President, Marketing, Canada and Latin America, SAS Institute, Canada

**Paul Excell**, Group Technology Officer and Chief, Operations, BT, United Kingdom

**Carl Farrell**, President, Canada and Latin America, SAS Institute, Canada

**Elizabeth Garcia**, Vice-President, Caribbean and Latin America, Avaya, USA

**Robin Gilthorpe**, Senior Vice-President, Americas, TIBCO, USA

**Rafael Aguirre Gómez**, President of the Trustee, Grupo Radio Centro SA de CV, Mexico

**Juan Alberto Gonzalez**, General Manager, Microsoft Mexico, Mexico

**Shami Khorana**, President, HCL America Inc., USA

**Flavio Mansi**, Vice-President, Business Development, Latin America, Qualcomm, Mexico

**Paul Meyer**, Co-Founder, Chairman and President, Voxiva, USA

**Juan Mijares**, Senior Legal Counsel, Microsoft Mexico, Mexico

**Ann Newman**, Executive Vice-President, Latin America, WPP Group, USA

**Tero Ojanpera**, Executive Vice-President, Entertainment and Communities, and Member of the Executive Board, Nokia Corporation, Finland

**Mauricio Ramos**, President, Latin America, Liberty Global, USA

**Sergio Rosengaus**, Chief Executive Officer, Kio Networks, Mexico

**Luis M. Saguier**, Chief Executive Officer, La Nación, Argentina

**Javier Santiso**, Director and Chief Development Economist, Organisation for Economic Co-operation and Development (OECD), Paris

**Sergio Sarmiento**, Editor-in-Chief and Vice-President, Editorial Board, TV Azteca, Mexico

**Tim Scerba**, Chief Executive Officer, Edelman Mexico SA de CV, Mexico

**Eduardo Schvinger**, Vice-President, Technical Sales, Latin America, CA, USA

**Dan Shine**, Vice-President, 50x15 Initiative, AMD (Advanced Micro Devices), USA

**Gary Teelucksingh**, Senior Vice-President, Satyam Computer Services, Canada

**Peter Wiegandt**, Vice-President, Latin America, Dell Mexico, Mexico

### World Economic Forum

**Diana El-Azar**, Associate Director, Media & Entertainment Industries; Global Leadership Fellow

**William Hoffman**, Senior Community Manager, Telecommunications Industry

**Ana Karinna Sepúlveda**, Community Manager, Information Technology Industry; Global Leadership Fellow