

LECG



Connectivity Scorecard 2009: Chile

Chile: Basic data

GDP/Capita (PPP, 2009)	\$15,470
Population	16,900,000
2009 Connectivity Score (Rank)	6.59 (Rank = 3 rd)
IBM E-Readiness Ranking	32nd
ITU Ranking	41st
Human Development Index Ranking	40 th (0.708)

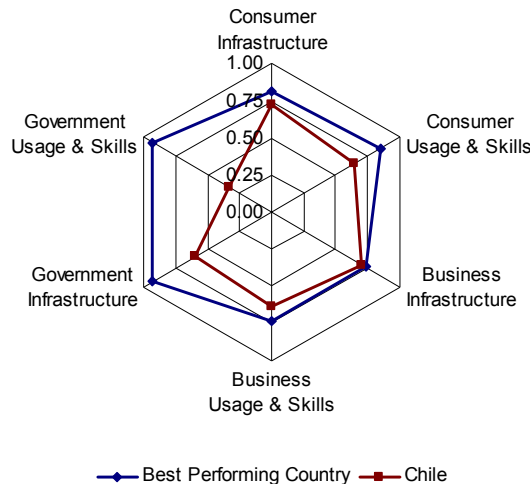
1 Chile: Summary of 2009 results

- 1.1 The following table and accompanying radar chart summarise Chile's performance across the six major sub-categories of the 2009 Connectivity Scorecard.

Chile

Component	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



- 1.2 Chile’s high score on the Connectivity Scorecard is no surprise. The country registers respectable to strong scores on all the consumer and business sub-categories that account for 94 percent of the weight in the Scorecard.
- 1.3 Chile is close to a top performer on broadband penetration and coverage of the population by mobile telephony. It is also a respectable performer on fixed-line and mobile penetration, although it does not score as highly as one might expect on mobile penetration. This may, however, reflect a lower “multiple SIM” phenomenon in Chile which has had a CDMA legacy. Chile scores well on most measures of consumer usage as well.
- 1.4 Turning to business metrics, PC penetration is high, and Chile top scores on availability of international bandwidth as well as data revenue per capita; however, business spending on hardware and software is at a surprisingly moderate level. On the business usage measures, Chile’s score on international traffic levels is low relative to top-scoring Malaysia’s, pulling down its overall performance somewhat. The country has a relatively high secondary school enrolment rate, consistent with its high human development score.
- 1.5 The strong aspects of the Chilean performance include: broadband penetration, mobile penetration, mobile network coverage, PSTN penetration, and Internet usage. Again one does not usually think of Chile as a country with strong broadband services, but the household penetration rate of broadband in Chile is around the 20% mark, comparable to the penetration rates in Eastern European

nations like Poland, and close to the top of the “Resource and Efficiency Driven” economies we considered.¹ On the usage front, Chile appears to be a strong performer in terms of voice minutes generated on PSTN and mobile networks.

- 1.6 On the business metrics that we utilise, Chile is a top performer on the penetration rate of secure Internet servers, which is consistent with the evidence on broadband suggesting that demand for Internet-driven services and applications exists, as does the infrastructure to support and grow that demand. Business spending levels on software and hardware are also very strong with Chile; among the top-performing nations on these metrics.
- 1.7 Chile gets a high score in terms of its “e-government” rating, but not perhaps as high a score as one might have expected: the relative score of 0.86 is below that of Brazil and Malaysia.

2 Chile: Background and context

- 2.1 Chile has often been hailed as a “model” Latin American nation in terms of economic stability. This is reflected by Chile’s relatively high-performing telecommunications industry.
- 2.2 Chile was one of the first countries in Latin America to liberalise its economy, and the telecommunications sector was liberalised in the early and middle 1990s. Following that there have been significant entries by major foreign operators, most notably Telefonica, Telecom Italia and BellSouth. The country has both cable modem and ADSL services widely available, contributing to the general impression that Chile is one of the most promising and dynamic telecommunications environments in Latin America.
- 2.3 It is something of a surprise that business spending levels on computer hardware and software seem relatively modest in Chile, although this may just reflect annual data for 2007 rather than a more pronounced trend. As Chile is new to the Scorecard, one would have to reserve judgment until further data are available before pronouncing definitively on the need for improvement.

¹ Conversely, Chile does not perform especially well on the measure of Internet subscribers per 100 inhabitants published by the ITU. We have included both the household penetration rate of broadband and the ITU data to balance out the consequences of bias or inaccuracy in a given source. It should be noted that Internet subscriber counts may reflect dial-up subscribers.



- 2.4 Again we have benchmarked Chile against its neighbours and against a set of mostly poorer countries. The Chilean performance would not look nearly as favourable if one compared Chile to North American nations or the more affluent Caribbean islands. Thus, as with Malaysia and Turkey, Chile has its sights set higher and has a long way to go before it can truly be described as an information economy.