Mexico

Type of Market: Moderate/Growing

Mexico represents an important Health IT market opportunity for U.S. companies, as evidenced by its sizable market, the absence of regulations inhibiting innovation and expansion, and several recent trade missions organized by ITA that have demonstrated interest in U.S. products and services. However, Mexico does not have a Health IT roadmap or work plan in place. It also has incomplete availability of 3G and 4G mobile technologies, and has several agencies that will play a role in overseeing the sector, meaning that policy coordination will be an issue as regulations and procedures are promulgated. Engagement with Mexican public and private sector stakeholders on their Health IT plans, and offering to assist as appropriate, will go a long way to creating strong market opportunities in the future for U.S. Health IT companies in Mexico.

Overall Rank

42

The Mexican Health IT market is currently estimated at more than $200 million, not as large as other markets (Brazil, Germany, and Japan) included in this report, but one with significant potential for U.S. companies. Mexico's Report ranking is influenced by low R&D and healthcare expenditures, an extremely young population, and relatively low mobile phone and Internet subscriptions. It should be noted, however, that the youthful population of Mexico today will translate, by 2050, into a society where approximately 32 percent of Mexicans will be 60 years of age or older.

Challenges in the Market

Few barriers to entry currently exist for U.S. Health IT companies; however, firms will have to carefully consider several factors when preparing for market entry into Mexico.

One consideration is the evolving regulatory landscape. There are several governmental institutions involved in developing a legal framework for Health IT in Mexico, including the Secretariats of Health and Economy; the Secretariat of Communications and Transportation; social security institutions; and private organizations such as industry chambers and academic institutions. Representatives from each of these stakeholder groups are reportedly working in committees to develop the legal framework and coordinate their activities, but policy jurisdiction and coordination could still be an issue as this process continues.

In a separate but related initiative, President Enrique Peña Nieto announced Mexico's National Digital

Strategy ("Strategy") in November 2013 with the intention of improving the level of digital inclusion. The Strategy rests on improvements in five key areas: connectivity, inclusion and digital skills, interoperability, legal framework and open data (see Figure 1).

By developing these aspects of the ICT sector, it is hoped that the Strategy will promote Mexico's move into the digital age, increasing the interaction between government and citizens, as well as contributions to the overall economy. The Office of National Digital Strategy (in the Office of the Presidency) is coordinating all efforts related to the implementation of the Strategy, which includes development of the Health IT legal framework. The Strategy provides some ideas and intent as to the future direction of ICT and digital inclusion for Mexico, but has largely not been translated into policies or implementation plans to date.

Local competition is presently not a major concern for U.S. companies, although Peña Nieto issued a national ICT strategy in 2014 (Prosoft 3.0) that would take several policy steps to increase local ICT competition over the next 10 years. About $133 million has been budgeted for this initiative. Some of the provisions in the Prosoft 3.0 plan that might impact U.S. Health IT companies by 2024 include:

- Increase IT market value from $14.4 billion (2013) to $58 billion
- Move from number 3 to number 2 in export of IT services
- Double the number of IT companies to more than 8,000

Figure 1: Five Pillars of an Effective Export Promotion Strategy (Mexico)

Pillar	Description
Connectivity	Network developed and increased deployment of better infrastructure in the country, expanding capacity of the existing networks and the development of competition in the ICT sector to encourage lower prices.
Inclusion and Digital Skills	Equitable development of skills to operate technologies and gender equity.
Interoperability	Share information across different technical and organizational platforms.
Legal Framework	Harmonization of the legal framework with the ability to foster a favorable environment for the adoption and promotion of ICT.
Open Data	Availability of useful government information to foster civic entrepreneurship and promote transparency, thereby improving public services and creating more accountability.

Source: BMI, President's Office

- Develop five additional IT hubs (existing hubs are in Mexico City, Monterey and Guadalajara)
- Move Mexico from the fifth to third largest IT market in Latin America
- More than double the IT workforce from 625,000 to 1.6 million, with 90 percent of the skilled workforce (up from 50 percent in 2014) coming from Mexico
- Increase broadband coverage to 85 percent, reaching the OECD average[28]

The Mexican market has fairly widespread coverage of 2G and 3G ICT service, along with mobile broadband, reflecting a readily available market for basic and moderately advanced mobile health and telehealth services. However, 4G service can presently be found only in large cities. In August 2015, a tender will be issued for a national broadband LTE network that, once installed, is expected to cover 98 percent of the Mexican population, which should expand the range of possible mobile health and telehealth services available.

Mobile phone subscriptions have increased in recent years. However, Mexico has low penetration in relation to other countries, meaning that not all Mexicans will be able to access mobile health and telehealth services. Affordability concerns (see below in relation to personal computers) may also be an issue with mobile phones.

Opportunities for U.S. companies

The Mexican government has instituted policies and programs to get citizens online. For instance, the government's e-Mexico plan aims to provide Internet access to 98 percent of all Mexicans. According to surveys, however, the main barrier for non-PC-owning households is cost, with 60 percent saying they were unable to afford a computer. The latest survey data show household PC penetration reached 38.3 percent in 2014, up from 35.8 percent in 2013.

Software sales in Mexico are expected to continue rising at mid-single digit levels throughout the remainder of the decade, as the public and private sectors are expected to continue modernizing their computer systems. The estimated $4.6 billion Mexican software market in 2014 is expected to reach $6.3 billion by 2019. Healthcare and ICT are expected to be two of the primary sectors seeing software investment during this period, with private sector health providers seeking to increase efficiency, while the public sector wants to develop infrastructure and raise health sector standards.[29]

The disease profile of Mexicans is another driver for introduction of mobile health and telehealth services. Over 90 percent of private healthcare expenditure in Mexico occurs out-of-pocket, making some chronic diseases financially catastrophic for households. Chronic diseases such as diabetes, cancer and cardiovascular conditions are prevalent (and expected to become more so over time), and mobile health and

telehealth services can help out in important ways. For example, the Mexican government has stated that the country's inability to control diabetes represents a major economic burden to the country, and could bankrupt the entire healthcare system. In 2012, expenditures for treating diabetes increased by more than 30 percent.

According to IDF, approximately 12 percent of Mexico's population (9 million) has diabetes. The IDF also estimates that 2.2 million Mexicans are living with undiagnosed diabetes, while nearly 69,000 people died from diabetes-related diseases in 2014. The number of diabetics in Mexico is expected to grow from 9 million in 2014 to 16 million in 2035.[30]

In 2012 and 2013, ITA organized two healthcare and medical trade missions to Mexico, with Health IT a featured sector in both cases. Comments by companies and ITA specialists from both missions indicated a significant opportunity for Health IT exports to Mexico. Most of this interest centered around using software to simplify administrative activities and for electronic health records. At least two companies reported success in entry and/or increased exports due to the two trade missions. Greater progress on policies to promote Health IT and mobile health/telehealth will certainly be welcomed by U.S. companies seeking to increase their presence in Mexico.

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