

## EXECUTIVE SUMMARY

### STRATEGIC ANALYSIS OF COMPETITIVENESS AND INNOVATION IN THE TELECOMMUNICATIONS AND TOURISM INDUSTRIES OPPORTUNITIES AND CHALLENGES IN LATIN AMERICA AND THE CARIBBEAN (LAC)

**Author: Celso Garrido**

This paper analyzes innovation and competitiveness trends and challenges for the telecommunications and tourism industries in Latin America and the Caribbean (LAC) both from a global and strategic perspective. The main objective is to identify the conditions and opportunities for these industries, SMEs, and the economic development of the region.

Of special interest in the first section is the study of these two industries, along with the acknowledgment that they will both record positive global growth trends during this decade, which is the timeframe corresponding to this strategic analysis. This is a positive scenario for the actors of these industries in LAC; however, to be successful they must understand the conditions of operating in a global context so as to adopt suitable strategic decisions. More specifically, they must consider the globalized environment with rising competition driven by big international leaders that decisively influence these trends, the salient asymmetries between participating countries and regions as well as the changing technological conditions.

The second section introduces two conceptual frameworks that are relevant to the analysis of the subject at hand. First, we have the business ecosystem where the strategies of individual agents operate as a community integrated by different industries and players and where the competitive actions of a firm simultaneously imply co-evolving with the rest of participating elements in the ecosystem. The second instrument is the business model that explains how to solve co-evolution within the ecosystem as a positive element for the firm, which implies that participants of the ecosystem have a proportional representation of the entire process. The ecosystem and the business model together constitute instruments that are relevant for the analysis, design, and implementation of strategies oriented towards the development of innovation-based competitiveness in the complex conditions in which the telecommunications and tourism industries operate.

In accordance with the proposed conceptual framework, the third section considers the global situation of the Information and Communication Technologies (ICT) business ecosystem that includes telecommunications, and of the tourism ecosystem that comprises: customers; service providers to final consumers, intermediaries and distribution channels; providers of inputs and services; and finally, the communities that welcome tourists. The telecommunications ecosystem has been marked by media convergence, constant

technological changes and business models that have led to the emergence of new competitors. The tourism ecosystem is undergoing profound transformations as it moves from mass to individualized tourism and with changes to business models fueled by the impact that ICTs have had on the industry.

The fourth section presents the change trends for both industries in LAC, which in the last decade have experienced important transformations owed to the effects of the worldwide evolution of both ecosystems, analyzed earlier, as well as by the different types of changes that have taken place in the region. In the telecommunications industry, the deregulation processes had a major impact, as did the changes in competitive conditions. For example, large operators were faced with the competition of cable companies, which led to the dissemination of triple-play services in the region. In turn, there were significant changes in mobile telephony with the expansion of the region's community of software developers into global networks, the evolution towards business models based on convergence technologies and open standards, and the adaptation of technology. Additionally, there has been relevant public policy in the region as is the case of the Broadband Commission for Digital Development created by ITU and UNESCO.

The tourism trends in the region appear to signal the changes taking place in the global ecosystem and the implementation of long-term public policies that achieved some countries leadership positions, such as the cases of Mexico, the Dominican Republic or Cuba. In this direction, specific government strategies have recently been formulated to position regions and countries, like, for example, those manifested in country-brand portals such as [colombiaespasion.com](http://colombiaespasion.com) or [peru.travel](http://peru.travel). Particularly interesting is the offering provided by the Jamaica Tourist Board in [jamaicamia.com](http://jamaicamia.com), with a solid orientation towards touristic differentiation along with the offer of diverse packages, or the [places.eyestour.com](http://places.eyestour.com) portal promoted by the Puerto Rico Tourism Company, whose objective is for tourists to suggest their own plan through attractive video presentations and geo-referenced tourist destinations. Notwithstanding, in relation to the global telecommunications and tourism ecosystems, the region's ecosystems face serious challenges ahead if they intend to maintain and increase the competitiveness of their respective ecosystems, whereby innovative practices prove to be determinant.

The study concludes that the region has extraordinary entrepreneurship opportunities in the telecommunications and tourism industries, although to achieve this both industries will need to form more structured business ecosystems, for which purpose the stimulation of private domestic and international investments will sharply contribute. In the ICT ecosystem it is essential to increase public policy measures that drive broadband deployment in support of digital inclusion. In the case of tourism, the WTO indicates that there is a wide sphere of action for public policy in the region for promoting the capabilities of operators and for driving joint initiatives with the private sector like "Country Branding", which serve to position the region in the global competitive environment or develop regional clusters in



special-interest tourism. Here, it is critical for countries to maintain and increase investment in infrastructure and to drive policies to promote small businesses that provide services catering to different types of tourism.