PRESS RELEASE

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Despite challenge from Asia, "The West" leads in digital - US, Canada and seven European countries in top 10

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- *A majority (29) of countries in the study experienced an improvement in their level of digital competitiveness*
- *The IMD World Digital Competitiveness ranking celebrates its second edition, studying 63 economies*

Lausanne, Switzerland – 19 June 2018 – The USA leads the IMD World Digital Competitiveness Ranking 2018 followed by Singapore, Sweden, Denmark and Switzerland. Rising from the 3rd spot, the USA overtakes Singapore and Sweden to top the ranking.

The IMD World Digital Competitiveness Ranking 2018 studies 63 economies. This year the majority (29) of countries in the study experienced an improvement in their level of digital competitiveness. About 40% of the sample (26 countries) show a decline while only eight economies remain in the same position. These changes are not geographically focused. Improvements and declines occur across continents.

The objective of the digital competitiveness ranking is to assess the extent to which a country adopts and explores digital technologies leading to transformation in government practices, business models and society in general.

Professor Arturo Bris, Director of the IMD World Competitiveness Center, notes that "*The USA capitalizes on its improvements in knowledge (4th from 5th) and in technology (3rd from 6th). It remains stable in future readiness (2nd)*". He adds "*Gains in knowledge result from a strong performance in employee training and an increase in the share of scientific and technical employment while the furthering of the technology factor capitalizes on slight advancement in all its sub-factors, including connectivity infrastructure*".

Results show that several countries are experiencing an "adaptive imbalance" or a mismatch between high levels of training and education, and the attitudes toward embracing digitalization; among these economies, we note Austria, Malaysia and Russia. For instance, while in training and education Austria ranks 7th and Russia 12th, their performance in embracing new technologies (25th and 39th in adaptive attitudes) is relatively low.

In the overall ranking, Singapore drops from 1st to 2nd position. It reaches 1st place in the knowledge and technology factors, and 15th in future readiness. Seemingly, despite Singapore's high level of training and education, and an environment conducive to digitalization, society's attitudes toward the adoption of technologies and the agility of business to take advantage of digital transformation, are relatively low (20th and 18th respectively).

In 3rd place dropping from 2nd, Sweden shows a balanced scorecard. At the factor level, it ranks 7th in knowledge, 5th in technology and 5th in future readiness. The rather low performance in some of the knowledge components may be at the core of Sweden's decline in the ranking. It ranks 20th in higher education achievement (down from 18th) and 23rd in the percentage of graduates in sciences (down from 20th). Denmark improves its overall digital position from 5th to 4th. It ranks 8th in knowledge, 10th in technology and 1st in future readiness. The country boosts its performance (or remains stable) across eight of the nine sub-factors only dropping in adaptive attitudes (from 1st to 5th). Its highest rank is in training and education (3rd) and its lowest in capital (22nd). Switzerland joins the top five reaching 5th place from 8th. This improvement comes on the back of an advancement in the future readiness factor, increasing from 13th to 10th place. The country, however, experiences some declines in the knowledge and technology factors (from 4th to 6th and 8th to 9th, respectively). Norway, Finland, Canada, the Netherlands and the United Kingdom complete the top 10.

Introduced for the first time in May 2017, the ranking quantifies the rapid technological transformations that countries are undergoing, providing a tool for decision-makers in the public and private sectors to interpret and address these changes.

The objective of the digital competitiveness ranking is to assess the extent to which a country adopts and explores digital technologies leading to transformation in government practices, business models and society in general. In addition it provides firms the ability to find better opportunities to strengthen future value creation. The ranking draws upon 50 selected indicators divided into three factors: Knowledge, Technology and Future Readiness. The knowledge factor refers to intangible infrastructure, which underlines the process of digital transformation through the discovery, understanding and learning of new technologies. The technology factor assesses the overall context through which the development of digital technologies is enabled (technology-friendly regulation, availability of capital for investments and the technological infrastructure). Finally, the future readiness factor examines the degree of technology adoption by government, business and society in general.

'Hard' data such as number of patents grants in high-tech sectors and smartphone usage are weighted twice as much as the 'soft' data from our Executive Opinion Survey that measures the business perception of issues such as technology regulation and use of big data and analytics in companies.

The IMD World Competitiveness Center is a research group at IMD business school in Switzerland with 30-years of research expertise in the field of country competitiveness.

On 20 June, the IMD World Competitiveness Center will present the IMD World Digital Ranking 2018 on the occasion of the Digital Competitiveness Summit 2018, hosted at IMD with digitalswitzerland. IMD became a member of digitalswitzerland in February 2018.

Region specific profiles

Asia and the Pacific

Singapore and Hong Kong lead the region. Although Singapore drops from 1st to 2nd position and Hong Kong drops from the 7th to 11th position. Korea reaches the 14th spot (five places up from 19th) and Japan advances five places to 22nd position, in both cases because of an advancement in components of the knowledge and future readiness factors.

China slightly improves from 31st to 30th as does Thailand from 41st to 39th and India (51st to 48th). These countries all share progress in the technology factor, ranging from improvements in connectivity systems to tech-friendly regulation. In contrast, Taiwan drops (12th to 16th), Malaysia declines from 24th to 27th. The Philippines experiences one of the largest drops in the overall digital ranking, from 46th to 56th. The slowdown comes after declines in the technology (51st to 58th) and future readiness (43rd to 52nd) factors. At 61st, Mongolia remains stable as does Kazakhstan at 38th. Dropping three ranks to 62nd in the overall digital ranking, Indonesia is the lowest ranking country in the region. The development of highly-skilled workers is a key-challenge for the country. In turn, it affects the capacity for technological development and the integration of new technologies in the private sector and in society, which lead to low scores in the technology and future readiness factors. In the Pacific, while Australia moves up two places to the 13th position, New Zealand drops from 14th to 19th.

Europe

In Eastern Europe, Estonia ranks the highest (25th) followed by Lithuania (29th) and the Czech Republic (33rd). All these countries share high-level communication and connectivity systems, which result from key investments in their technological infrastructure. While Slovenia and Latvia remain stable in their positions (34th and 35th respectively), Poland, Russia and Bulgaria slightly improve thanks to marked progress in the adoption of digital technologies (future readiness factor). Croatia moves up four places to 44th and Romania increases to 47th (from 54th). Hungary drops from 44th to 46th and the Slovak Republic experiences one of the largest declines in the ranking, from 43rd to 50th. Ukraine remains in the bottom five of the ranking despite improving two spots to 58th.

In Western Europe, there is a fair degree of Nordic “dominance” in the ranking, with Sweden, Denmark, Norway and Finland all in the top ten. In particular, these countries excel in the quality of their technological framework and in the widespread adoption of technologies in society. While the Netherlands drops three places to the 9th position, the United Kingdom breaks into the top 10 following improvements in several indicators of the future readiness factor. Within the top half of the ranking, Austria, Ireland and Iceland experience improvements with the first two showing progress in their scientific concentration. In contrast, Germany (18th), Belgium (23rd), Luxembourg (24th) and France (26th) slightly decline. In the bottom half, Portugal (32nd) improves; Greece (53rd), Spain (31st), Italy (41st) and Cyprus (54th) drop because of a decline in indicators related to training and education under the knowledge factor.

Latin America

Chile heads the region at the 37th position (up from 40th) followed by Mexico in the 51st spot. The rest of the Latin American countries in the sample are in the bottom ten of the ranking. Argentina improves two spots from 57th to 55th. This advancement is mainly driven by its performance in the technology and future readiness factors improving from 58th to 54th and from 49th to 45th respectively. Brazil drops slightly from 55th to 57th. It ranks 62nd in knowledge, 55th in technology and 47th in future readiness. Colombia drops to the 59th spot (from 58th) in the overall digital ranking. It remains stable in knowledge (57th) and technology (60th) but declines in future readiness (53rd to 56th). Peru improves in the overall ranking moving up from 62nd to 60th as a result of better performance in knowledge (62nd to 60th) and stability in technology (at 57th). Venezuela closes the overall digital ranking remaining in the 63rd position in all digital factors.

Middle East

The IMD World Digital Competitiveness Ranking 2018 shows a pronounced gap in the digitalization of the region. While Israel is the highest ranking country (12th) in the region, the UAE closely follows in the 17th position. Both countries slightly improve mainly due to progress in all components of the technology factor in particular in the technological framework sub-factor. While the digitalization gap widens slightly between Israel and UAE, and the third ranking economy in the region, Qatar at 28th, it sharply broadens with the fourth, Saudi Arabia at 42nd. Qatar remains stable in the overall ranking, but gains in the availability of relevant talent and business agility; whereas Saudi Arabia declines largely because of downturns in training and education, technological framework and all the components of future readiness. Jordan ranks the lowest in the region despite greatly improving from 56th to 45th. This advancement stems from Jordan's improvement in all digital factors.

South Africa

South Africa drops from 47th to 49th in the overall digital ranking. At the factor level, while knowledge and future readiness decline (from 49th to 52nd, and 42nd to 43rd, respectively), the technology factor slightly improves (53rd to 52nd). The drop in knowledge is partly due to declines in talent, as well as training and education. Future readiness is negatively affected by decreases in adaptive attitudes and business agility. Gains in the technology factor result from the slight advancement of the country's regulatory framework (54th to 53rd) and an increase in the capital sub-factor (35th to 27th); the latter largely due to a sharp upturn in the investment in telecommunication.

Notes to editors:

- A full breakdown of the IMD World Competitiveness Center's Ranking as well as every individual country profile is available here.

- The IMD World Competitiveness ranking have been produced every year since 1989 by the IMD World Competitiveness Center and are widely acknowledged as the leading annual assessment of the competitiveness of countries. The IMD World Competitive Digital Ranking was introduced last year. In 2017 the top 10 consisted of Singapore, Sweden, USA, Finland, Denmark, Netherlands, Hong Kong SAR, Switzerland, Canada and Norway.

- The IMD World Talent Ranking 2018 will be released on 19 November 2018 at Orchestrating Winning Performance (OWP), Singapore.

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