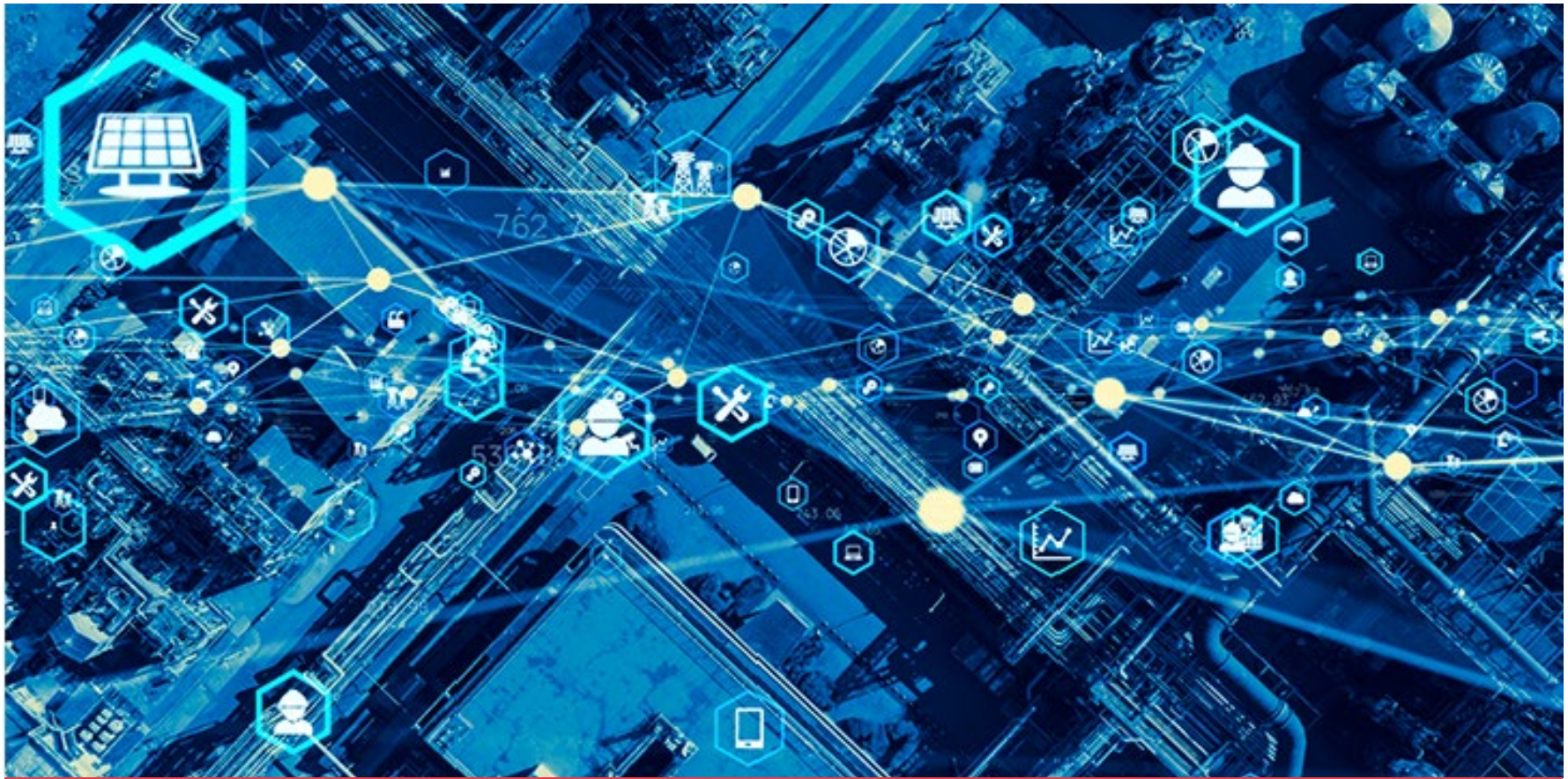


What does Digital Transformation in Nearshoring represent for Mexico?

Digital transformation and Nearshoring are two of the main protagonists in Mexico since their development supports the economic growth of the country. Both are positioned as key elements for companies, allowing them to be more prosperous in the increasingly competitive and globalized business environment.



As we know, nearshoring has brought great investments to Mexico, especially highlighting the manufacturing and automotive sectors. According to the Business Coordinating Council, thanks to Nearshoring, at least 363 additional investment announcements and 50 industrial park projects have been registered, which positions the country with a growth rate of 4% annually, as well as attracting FDI for the rest of the decade.

On the other hand, Digital Transformation involves the integration of digital technologies into all aspects of a company, fundamentally changing the way it operates and delivers value to its customers. Mexico is currently emerging as a first-class destination, while at the same time it must promote technological innovation.

However, there are still great challenges to overcome in technological adaptation and taking advantage of market growth opportunities.

The current Nearshoring panorama presents opportunities enhanced by Digital Transformation, which invites a deep and detailed analysis.

Below are some relevant considerations.

What technologies are emerging and strongly enhancing Nearshoring?

As we have mentioned in previous articles, Nearshoring offers companies a significant competitive advantage, where technological innovation plays a crucial role, since companies that adopt emerging technologies will be able to ensure their participation in Nearshoring.

Let's talk about some of them:

Artificial Intelligence (AI). It is not new that the integration of Artificial Intelligence in Nearshoring strategies represents an imperative for companies that aspire to remain competitive in the current business landscape. According to Statista Market Insights, [the Mexican Artificial Intelligence market](#) will reach a value of 3,700 million dollars in 2024, an increase of 30% compared to the previous year, when its value was 2,820 million dollars.

Likewise, it is reported that one in three companies (37%) in the Latin American region is implementing Generative Artificial Intelligence (GenAI) tools, and by 2028, 25% of all key performance indicators (KPIs) of logistics will be powered by generative Artificial Intelligence.

[Maybe you might be interested in: What applications are being developed within the logistics sector?](#)

The Internet of Things (IoT). According to data from Statista, the number of IoT devices in Mexico increased by an astonishing 201.70% between 2018 and 2023, reaching 247.1 million.

IoT has been implemented in various industries for some time, however, its potential has not yet reached its peak. Integrating the Internet of Things into Nearshoring operations offers unprecedented sibility, and flexibility across the supply chain.

Machine Learning: When we talk about Machine Learning, we are referring to one of the technologies based on learning techniques with intelligent algorithms that offer companies a greater ability to identify patterns in hundreds of pieces of data.

Machine Learning has come to revolutionize, on a large scale, the way the supply chain operates, as it not only helps optimize last mile operations and improve the end customer experience, it also reduces costs, demand prediction, route traceability, and automation of tasks, significantly reducing the number of mistakes.

This technology is so relevant to Nearshoring that it facilitates fluid communication, certainty, and effective collaboration between development teams, collaborators, and customers.

What technologies are emerging and strongly enhancing Nearshoring?

1. Training and talent development. In a development like the one we are currently experiencing, Mexico needs to guarantee the training of talent, with the aim of being prepared for the demands of the digital economy.

2. Lack of personnel trained in technology. According to a study by ManpowerGroup, 79% of organizations in the Information Technology sector report difficulties in finding personnel, which makes IT positions the most difficult to fill by 2024 since Logistics positions and Automotive are among the most complex with 69% difficulty.

This lack of professionals specialized in technologies can hinder or stop the development of Nearshoring, since the aforementioned technologies, such as Machine Learning and Artificial Intelligence, are technological trends for which Mexico must prepare and anticipate with specialized personnel who can apply these technologies in the areas which are needed to confront the needs of the global market.

3. Investment in infrastructure and resources. Mexico requires looking for partners to take full advantage of the benefits of Nearshoring. According to the Mexican Chamber of the Construction Industry (CMIC), currently, the country only invests 1% of GDP in infrastructure development, which means that investments must be addressed immediately to enhance the attraction of other countries and maintain the development of Nearshoring, projecting at least 5%.

4. Cybersecurity. Data security is essential in today's world, since remote operations require cyber protection that guarantees customer trust and regulatory compliance. According to Forbes, in Mexico, 95% of cybersecurity violations are due to human error, which is reflected in financial and legal losses.

5. Insecurity on routes. The insecurity experienced in Mexico is a reality, according to reports from the Executive Secretariat of the National Public Security System (SESNSP), during the first two months of the year, Mexico reported five states with 90.4% of the 1,381 robberies against carriers.

Among the areas of greatest risk for cargo transportation we find: Mexico - Nuevo Laredo, Mexico - Veracruz, Mexico - Guadalajara, Ports of Manzanillo and Lázaro Cárdenas. Although not all of them are potential Nearshoring centers, they do represent collateral damage that violates decision-making and the supply chain process.

By adopting a mindset of change and taking advantage of the country's competitive advantages, companies can position themselves successfully. With a combination of human talent, infrastructure, technology and strategic vision, Mexico is ready to lead a digitally enabled and prosperous path in the era of Nearshoring.

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