

SCHEDULE OF WORKSHOP SESSIONS

TODAY

- 1300-1515 Introduction to Internet Use for Business Development
Legislative and Policy Issues to Promote e-Commerce and
Expand Internet Use
- 1515-1530 Coffee Break
- 1530-1700 FOSS in Business Development & SMEs

TOMORROW

- 0900-1200 Cyber-crime and Security Policy Issues
- 1200-1315 Lunch
- 1315-1700 Policy Issues to Enhance Consumer and Earn Global Market
Confidence

FRIDAY

- 1315-1500 Conclusions and Discussions for Further Strengthening of the
Training Modules and the Way Forward
- 1500-1515 Concluding Remarks
- 1515 Closing of the Meeting

INTERNET USE FOR BUSINESS DEVELOPMENT

September 27, 2006



WHY WE ARE WHERE WE ARE

- Technology
- Convergence
- Globalization
- Broadband

Technology

- Emergence of digital packet switched network to replace PSTN
- Internet Protocol = Reduced Cost, Improving Quality, Increased Efficiency
- Innovation

Convergence

- Telecommunications + Broadcast + Radio + ... = MULTIMEDIA
- A Blind Network
- Competition for Anyone, Anywhere

Globalization

- One Market
- A virtuous cycle - ICT is a result and a driver of globalization
- Increased demand for ICT = Increased demand for innovation

Broadband

- High Volume, High Speed delivery of data
- Always On

ICT 4 WHAT?

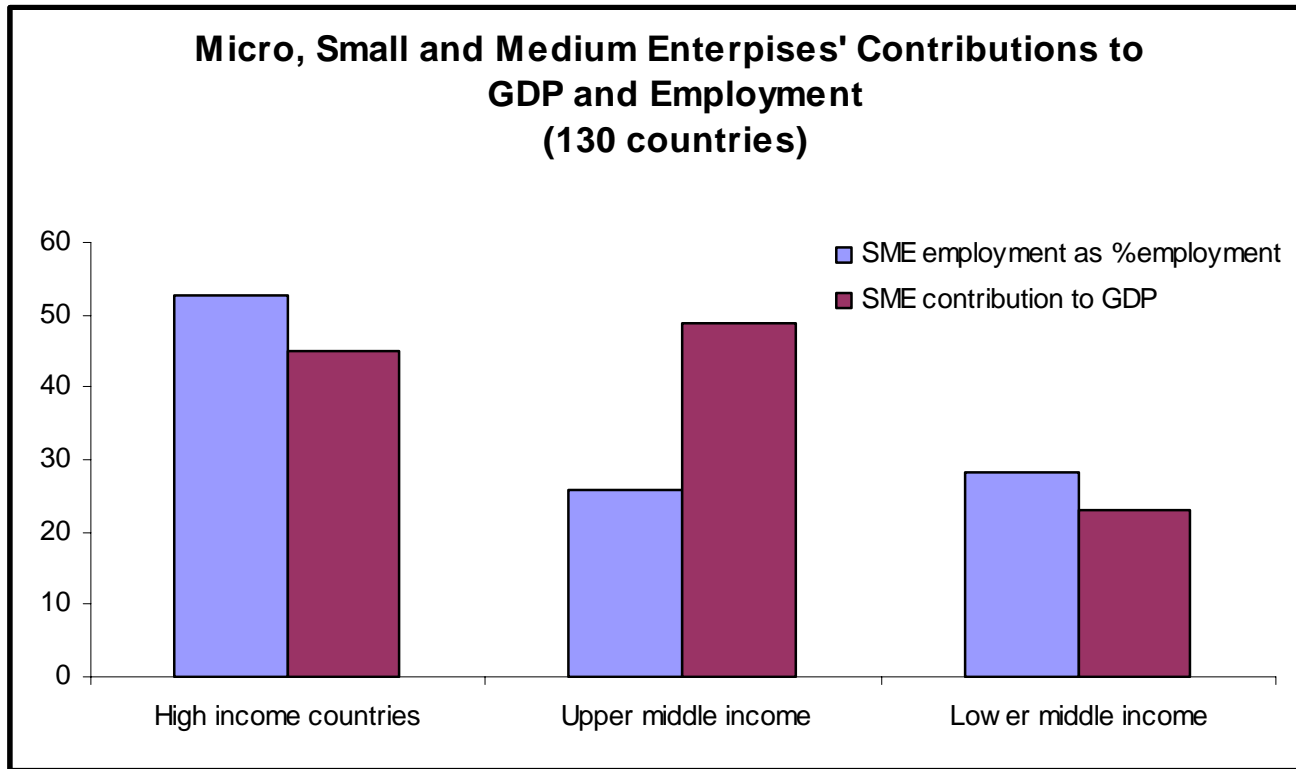
- **creating economic opportunities**
- **contributing to poverty reduction;**
- **providing basic services (for example, health care and education) at lower cost and with greater coverage;**
- **facilitating access to information and the involvement of stakeholders**
- **enhancing the capacity to measure, monitor and report progress on the goals and to strategize.**

DIFFERENT COUNTRIES, DIFFERENT GOALS

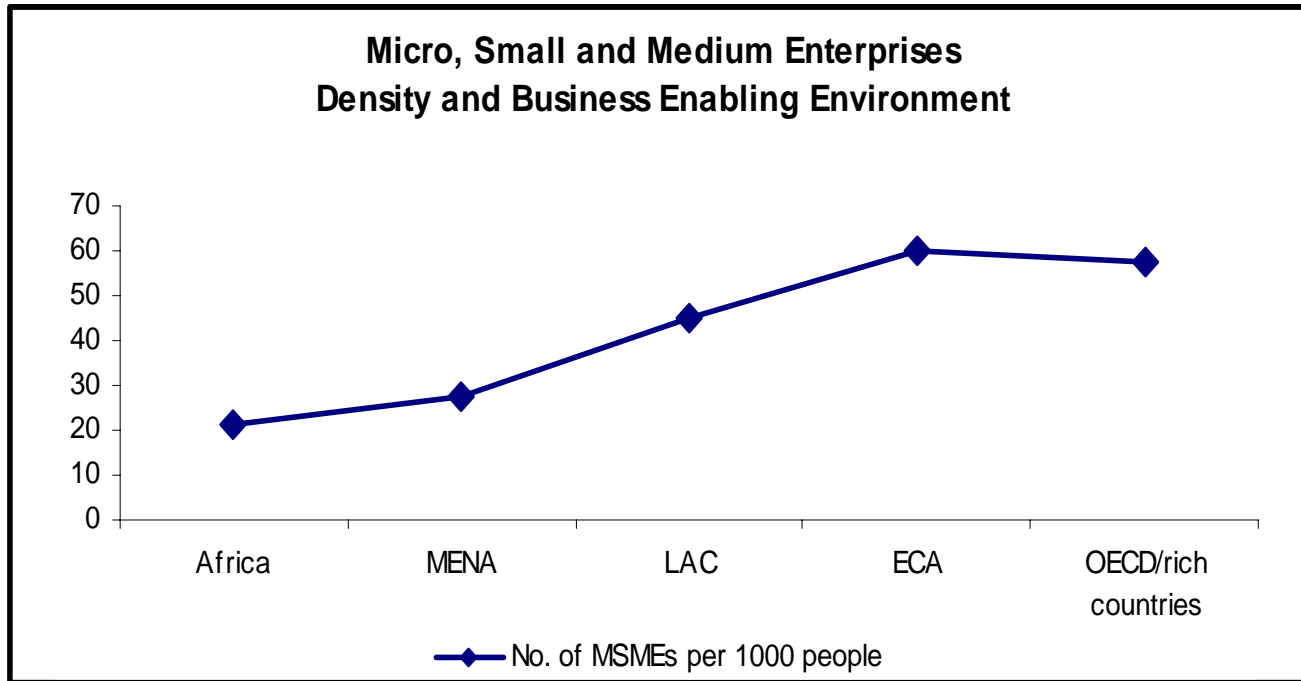
- (US) ICT for economic growth
- (Canada) Universal access
- (Malaysia) Multimedia for development
- (China) Infrastructure development
- (India) e-Services
- (Small islands, poor countries) Bridging digital divide

ICT FOR SMEs

- What are SMEs?
 - The definition of what constitutes an SME varies widely across the world from country to country, according to the number of employees and the amount of invested capital or turnover.
 - (Myanmar) - less than 200 employees with invested capital of less than K1 million
 - (Thailand) - less than 20 million Baht
 - (Vietnam) - less than 5 billion VND
 - (Philippines) - less than P15 million for Philippines



IFC Report MSME 2006



As of July 2006, there are close to 140 million MSMEs in 130 countries which employ 65% of total labor force.

IFC Report MSME 2006

Selected SME indicators in Asia

Country	# of MSMEs	MSMEs Employment (% of total)
Bangladesh	177,000	80%
Indonesia	41,000,000	70%
Philippines	806,000	70%

BENEFITS OF ICT TO SMEs

- increasing productivity in the production process;
- enhancing and increasing the efficiency of internal business operations; and
- connecting SMEs more easily and cheaply to external contacts, whether locally or globally.

Concrete examples of how ICTs can benefit SMEs

- Improve inventory management systems
- Decrease wastage in production processes
- Improve communication between different departments
- Improve accounting and budgeting practices
- Reduce global communication costs and geographic barriers
- Expand client base through e-marketing
- Link to local and global supply chains and outsourcing opportunities
- Share and learn new business practices
- e-Learning
- Simplify government services (e.g. business registration and filing taxes)
- e-Commerce and e-Payments

Benefits of ICT to an SME

- Makes communications within the firm faster
- Helps to make management of firm resources more efficient
- Allows firms to store, share and use acquired knowledge and know-how within the firm
- Example: Customer databases with a history of client-specific correspondence help managers and employees to respond more effectively to customers.

Benefits of ICT among SMEs

- Reduces transactions costs while increasing the speed and reliability of transactions.
- Example: Real-time interaction reduces the time it takes to negotiate, purchase and deliver orders.

Benefits of ICT between SMEs and consumers

- Provides easier access both to the firm and about its services and products
- Allows geographic expansion of the market.
- Example: A corporate Website provides information on products, services or technologies that enhance the quality of an SME's services to customers and attracts new customers.

Barriers to SME Access and Use of ICTs



Barriers to SME Access and Use of ICTs - **UNSUITABILITY**

- Fear of change
- Do the benefits outweigh the costs?
- How will customers react to changes?

Barriers to SME Access and Use of ICTs – LACK OF KNOWLEDGE

- **Lack of qualified human resources (technical and managerial)**
- **Lack of time and resources to learn about ICT**

Barriers to SME Access and Use of ICTs – **BUDGET CONSTRAINTS**

- **How much will it cost? (Hardware, Software, Manpower)**
- **Sophisticated ICT solutions even more expensive. (e.g., Websites with secure environment t allow for credit card transactions.)**

Barriers to SME Access and Use of ICTs – **NETWORK ACCESS**

- Is it available?
- Is it fast?

Barriers to SME Access and Use of ICTs – TRUST AND SECURITY

- **Consumers fearful of trusting SMEs as against bigger players.**
- **How do they verify the SME's credentials?**
- **Secure payment facilities entail substantial costs.**
- **How to ensure privacy and legal protection for online purchases?**

Barriers to SME Access and Use of ICTs – **LEGAL UNCERTAINTIES**

- **Different Countries, Different Laws**
- **Dispute resolution options?**

The Role of Governments in Encouraging ICT Use by SMEs



CREATE AN ENABLING ENVIRONMENT FOR SMEs TO ENJOY THE BENEFITS OF ICT

- ***“Creating an Enabling Environment”*** means addressing, in a holistic manner, the various policy, legal, market and social considerations that interact both at domestic and global levels to create fertile conditions for ICT-led growth.
- **Public policy** is the tool by which government can help to create an environment, and remove barriers for businesses to adopt ICT.

Establish a healthy business environment

- a transparent, open and competitive business framework,
- clear independent rule of law for all firms,
- easy set up and dissolution of businesses,
- transparent, simple and accessible corporate regulation, and
- equal and stable legal treatment for national and cross-border transactions.

IN OTHER WORDS, MAKE IT EASY TO DO BUSINESS!

Network Infrastructure

- Promote effective competition and continues to stress liberalisation in infrastructure, network services and applications across different technological platforms;
- Ensure coverage for and access by under-served groups and remote areas to complement private investment where appropriate, without however pre-empting private sector initiative or inhibiting competition.

Broadband Deployment

- Encourage the development of broadband markets, through policies that:
 - encourage investment in new technological infrastructure, content and applications; and
 - take a technology neutral stance among competing and developing technologies to encourage interoperability, innovation and expand choice.

Regulatory Trust – A Balancing Act

- Security
- Privacy
- Consumer Protection

Content Development – Another Balancing Act

- Government and the private sector have key roles in facilitating content availability across all platforms and encouraging local development of new content, including content from public sources.
- Intellectual property rights vs. public interests to promote creativity and innovation

Human Capital Development and Skills Enhancement.

- Address lack of ICT skills and business skills
- Back to basics and lifelong learning
- Linkages between educational institutions and business

Access to Information

- Lack of information by SMEs = Lower use of ICT by SMEs
- Opportunity for Public-Private Partnership to promote awareness
 - What services are available?
 - Best practices

E-Governance - Government roles as an ICT user

- Delivery of Public Services
- Demand Aggregation
- Education
- Provide incentives for ICT use

Data Gathering

Policymaking will benefit from systems that enable the collection of ICT indicators, and that yield better knowledge, about the adoption of the Internet and e-business in developing country firms, particularly SMEs.

Benefits of Data - Example 1

- Observation: Neither cost nor technical ability (to use the Internet) is the main barrier preventing SMEs from going online.
- Policy conclusion: No need to subsidize SMEs to adopt ICTs.

Benefits of Data - Example 2

- Observation: The main perceived barriers are lack of network security, and slow and/or unstable connections.
- Policy conclusion: Legislation to promote network security, and instill confidence in the same would be critical. Universal access strategies to enable SMEs in unserved or remote areas to obtain reliable, low cost connections need to be developed.

THE END

