

Press Release

Forfás Stresses Potential of e-Business to Improve Competitiveness and Trade Despite Global Slowdown

The downturn in the world economy and the technology markets has dampened the importance being accorded to e-Business, Forfás said today (Monday, 12 August 2002), adding that the slowdown should not be allowed lead to complacency on e-Business adoption by the Government and business in Ireland.

In a report entitled '*e-Business: Where Are We and Where Do We Go from Here?*', Forfás notes that Ireland has made significant progress in establishing a supportive environment for e-Business and e-Business adoption by the enterprise sector has steadily improved. However, countries with which we compete continue to strive for leadership positions by implementing new initiatives to improve the business environment for e-Business.

'e-Business continues to be one of the major issues facing businesses today. Despite the economic slowdown, world-wide revenues from e-Business continue to grow strongly, with eMarketer, an Internet Consultancy firm, estimating that world-wide e-Business revenues will grow to €2.4 trillion by 2004. While this is down from previous estimates of €3.5 trillion, it remains the case that the information and communications technologies (ICTs) that underpin e-Business are impacting significantly on all sectors. Firms in Ireland should continue to invest in ICTs, change to e-Business processes and increase their electronic trading capabilities in order to remain competitive.'

e-Business has the potential to enhance competitiveness, at the level of the firm and nationally, through increasing productivity, reducing costs of production and distribution, increasing management efficiency and information flows, and increasing access to new international markets. It also provides opportunities for

new business start-ups and for the emergence of new high growth sectors in the economy.

A survey contained in the Forfás report indicates that there is further potential for the enterprise sector to make optimum use of e-Business for competitiveness. While almost all enterprises are connected to the Internet, for example, only around a third are using e-Business processes in ordering and supply activities.

The report shows that firms who use e-Business effectively can generate revenue increases of 10% to 20% and cut costs by 20% to 45%. Organisations throughout the world are developing and investing in long-term e-Business strategies, moving beyond just developing a web site, to integrating ICTs and e-Business into all aspects of the business processes.

Some of Ireland's achievements to date include the following:

- Ireland compares well internationally in the development of eGovernment services for businesses, with the implementation of initiatives such as the taxation Revenue On-Line Service and the BASIS portal that provides a single point of access to supports and services;**
- The Government has enacted a number of critical Acts underpinning e-Business development, including the Electronic Commerce Act 2000, the Copyright and Related Rights Act 2000 and the Communications Regulation Act 2002;**
- Ireland has made major investments in the national information infrastructures, including international connectivity, Internet data centres and support services; and,**
- Substantial additional investments have been made in third-level Information Technology skills provision and in the development of e-Business courses at undergraduate and postgraduate levels.**

The report outlines key priority actions for Ireland to further improve the environment for e-Business, to accelerate adoption of e-Business by the enterprise sector in Ireland and to further promote Ireland as a base for mobile investment in e-Business related sectors. These include:

- Ireland should continue to take a leadership role by accelerating progress on eGovernment, particularly on the development of eProcurement and ePayments;**
- An overarching legislative and regulatory framework for e-Business should be put in place, particularly to promote the creation and commercialisation of intellectual property;**
- The roll-out of a comprehensive broadband network should be accelerated;**
- Ireland should continue to be proactive in exploiting opportunities for Irish and overseas owned firms in emerging sectors such as digital content and m-commerce; and,**
- Irish businesses should invest further in e-Business by integrating information and communication technologies into their business processes.**

The report points out that companies and countries that do not respond dynamically to the challenges that e-Business brings, may find themselves at a competitive disadvantage relative to e-enabled companies and countries, when the world economy improves.

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