

E-Business, the Engine of Innovation

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Policy Frameworks for the Knowledge-Based Economy
ICTs, Innovation, and Human Resources
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We Are Now in the Network Age

"The realities of the market today - intense international competition, the rapid pace of technological development, and the ease with which investment and knowledge flow around the world - mean it is more important than ever for companies to strengthen competitive capabilities based on productivity and innovation."

Canadian Manufacturer and exporters, Canada's Excellence Gap, 2001

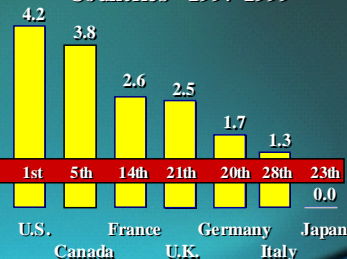
- Instant access to knowledge
- Transformation of business
- Borderless, global economies
- New ways of citizen – government engagement

Growth is Increasingly Dependant on ICT

ICT, human capital, entrepreneurship in the growth process, along side policies to control inflation and instill competition, while controlling public finances, are likely to bear the most fruit over the longer term"

- OECD Ministerial Report, 2001

Real GDP Growth in G-7 Countries* 1997-1999



* Average of year-to-year percentage changes in real GDP
Source: Main Economic Indicators, OECD April 2000

** Standing among 36 countries. Index based on 12 characteristics including investment in telecommunications, computers in use, computer power, internet connections, number of telephone lines, cost of telephone calls and use of robotics.
Source: World Competitiveness Yearbook, 2000

E-Business Is the Engine of Innovation

Buying & Selling Online Is Just The Beginning...

In almost every industry, business processes of all kinds...

Inventory Management

Customer Service

Online Marketing

Product Delivery

e-Payments

...are taking an electronic form along the entire supply chain

E-Business & Productivity

Increasingly a key tool for increasing productivity at economy, sectoral and firm levels

- survival in a competitive, global economy
- essential for sustainable growth
- e-Business has to be adopted across all sectors of the economy to ensure growth and competitiveness

E-Business Applications are Driving the Economy

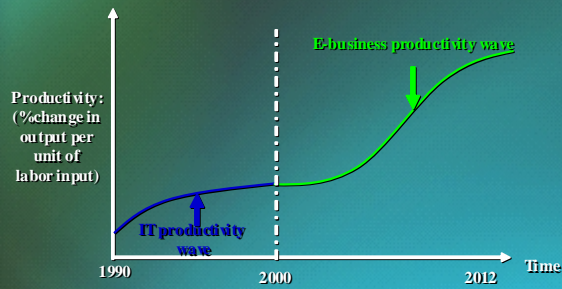
Cost

... The deployment of Internet business solutions has yielded to date a cumulative cost savings of **\$155 billion to U.S. organizations**, and is expected to produce another **\$373 billion in cost savings**, most of which will be realized by 2005.



Internet business solutions could account for **40% of the U.S. productivity** growth increase over 10 years, possibly making it the single largest private sector contribution to productivity growth over the next decade.

Next Wave of Productivity Growth



How does e-business affect productivity?

- Lower transaction costs
- Improved market information
- Intensifies competition
- Improves inventory Management
- Eases product delivery

Source: Forrester Research Inc. Nov. 2001

E-Business Increases Sectoral Productivity

Estimated Savings of B2B E-commerce

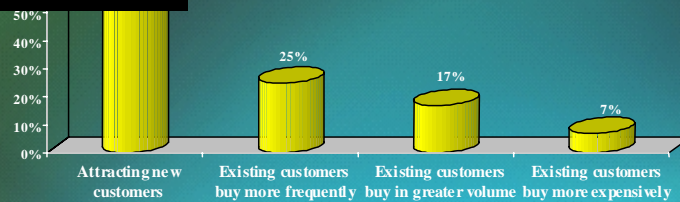
services or to new ways of designing, producing or marketing an existing products or services for public or private markets."

Achieving Excellence, Canada's innovation Strategy, 2002



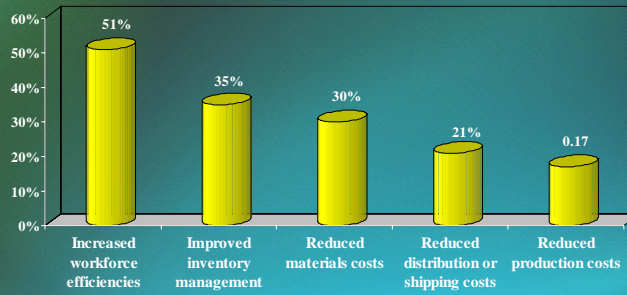
Source: Goldman Sachs, Jan. 2000

Impact of Internet Business Solutions On Increasing Revenues



Source: The Momentan Group, The Net Impact Study, Dec 2001

Impact of Internet Business Solutions On Reducing Cost of Goods Sold



Source: The Momentum Group, The Net Impact Study, Dec 2001

Canada Established an Early Lead...

"...make Canada a centre of excellence for electronic commerce..."

- Speech from the Throne, 1999

- Canadian E-Commerce Strategy (September 22, 1998)
- OECD Ministerial Conference, Ottawa (October 1998)
- Personal Information Protection and Electronic Documents Act Bill C-6 (April 13, 2000)
- Canadian E-Business Opportunities Roundtable
 - ✓ Fast Forward (January 2000)
 - ✓ Fast Forward 2.0 (February 2001)
 - ✓ Fast Forward 3.0 (March 2002)

Milestones

Canada has been recognized internationally for its leadership in legal and policy frameworks for the conduct of e-commerce:

"Our objective should be no less than to be recognized as one of the most innovative countries in the world"

Speech from the Throne, 2001

An E-commerce Friendly Policy Environment

Fiscal Climate

neutral taxation regime

- ◆ Economic Statements 2000, 2001
- ◆ Rewarding innovation-based investment

Consumer Trust

- ◆ Privacy
Framework legislation governing the protection of personal information

- ◆ Consumer Guidelines
Voluntary business guidelines to protect consumers conducting online transactions

Business Confidence

- ◆ E-Signatures
Legal framework for digital signatures in electronic records

- ◆ Cryptography
Policy allowing domestic use of any strength cryptography, no mandatory key recovery

Canada's Innovation Agenda

The process through which new economic and social benefits are extracted from knowledge
-OECD definition



Achieving Excellence
Investing in People, Knowledge and Opportunity



Knowledge Matters
Skills and Learning for Canadians

Innovation Agenda

The process through which new economic and social benefits are extracted from knowledge
-OECD definition

Goal is to be recognized as one of the most innovative countries in the world.

Objectives:

- assesses the national challenge
- propose national goals, targets and federal priorities
- leverage complementary commitments by partners
- build support for tracking progress

Fast Forward 3.0: Canada's 2001 e-Report Card

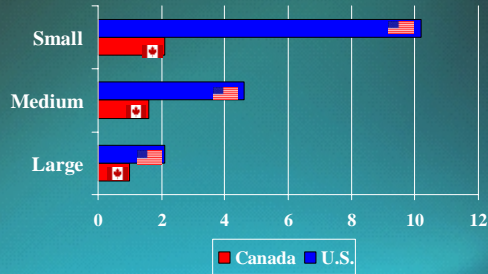
<input type="checkbox"/> >> Fast Forward – Progressing Rapidly	<input type="checkbox"/> > Forward – Progressing	<input type="checkbox"/> Pause – Limited Progress
The e-Business Environment	e-Business Readiness	e-Business Adoption
<input type="checkbox"/> > venture investment <input type="checkbox"/> >> tax and regulatory environment <input type="checkbox"/> > Canada's global e-business brand	<input type="checkbox"/> > businesses online <input type="checkbox"/> >> consumer connectivity <input type="checkbox"/> > e-business talent	<input type="checkbox"/> > GOL <input type="checkbox"/> SME adoption

Continuing Challenge: Marginalization of SMEs

"In terms of selling online, large Canadian companies are on par with their U.S. counterparts, but Canadian SMEs are clearly trailing those in the U.S."

- Fast Forward 2.0, E-Business Opportunities Roundtable

Percentage Revenue from e-Commerce Sales
2000



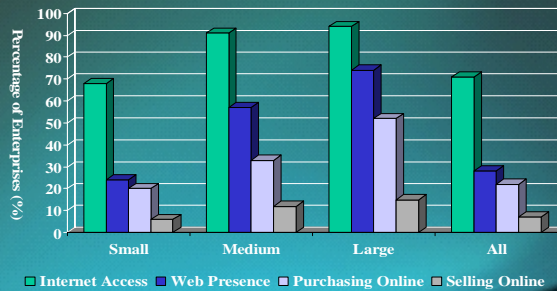
Source: IDC, U.S./Canada Comparison, 2001

Continuing Challenge : Promoting adoption of e-business by SMEs

"While more than two-thirds of Canadian firms are connected to the Internet, there is a noticeable difference in the rate of Internet connectivity between SMEs and large firms."

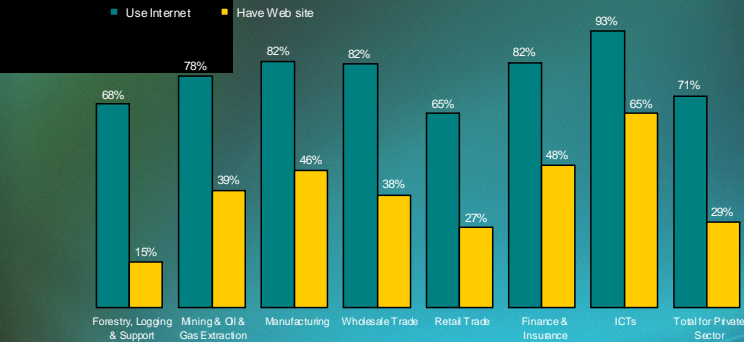
Embracing E-business Opportunities, Connectedness Series 2002

E-business Adoption in Canada, 2001
by size of firms



Source: Survey of Electronic Commerce and Technology, 2001, Statistics Canada

Continuing Challenge: Business Technology Use in Canada by Sector, 2001



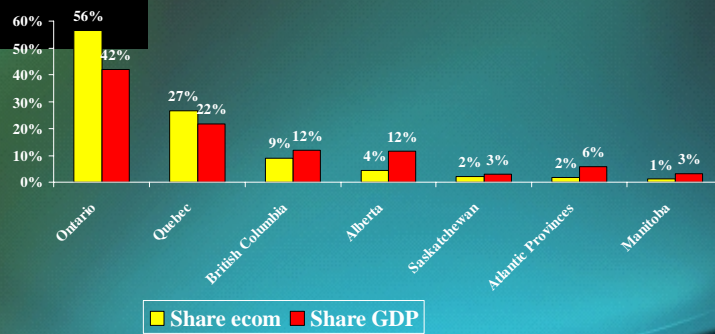
Source: Electronic Commerce and Technology Survey; Statistics Canada, April 2002

Continuing Challenge: Growth concentrated in a few key Sectors

Net Sales (\$millions)	1999	2000	2001
...	900.0	1304.8	1680.3
...	156.3	1041.2	1914.7
...	164.3	990.2	937.4
...	610.6	889.9	1485.1
...	329.8	634.5	623.7
Professional, scientific and technical services	406.1	334.6	423.5
Information and cultural industries	552.7	273.9	388.5
Accommodation and food services	429.3	175.3	259.4
Real estate and rental and leasing	114.8	137.0	...
Educational services (private sector)	...	71.4	80.6
Administration and support, waste management and remediation services	...	63.5	...
Arts, entertainment and recreation	...	10.5	...
Management of companies and enterprises	...	7.2	...
Health care and social assistance (private sector)	10.0	3.1	-6.9
Utilities	15.8	X	...
Mining and oil and gas extraction	15.0	X	...
Forestry, logging and support activities
Other services (except public administration)	27.4	X	...
All private sector	4,179.7	7,245.6	10,388.9

Note: ... Figures not available X Confidential Data Source: Statistics Canada SECT 2000, 2001

Continuing Challenge: Slow Regional Roll-Out



Source: Forrester Research, Inc.

Forward Agenda

Policy

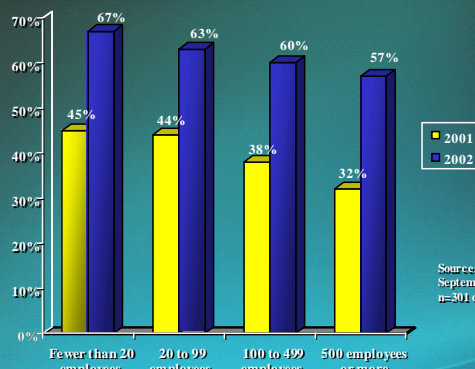
- Privacy
- Security
- Authentication
- International Ground Rules

E-Business Development

- SME Acceleration
- Sectoral / Regional Rollout
- Broadband Development

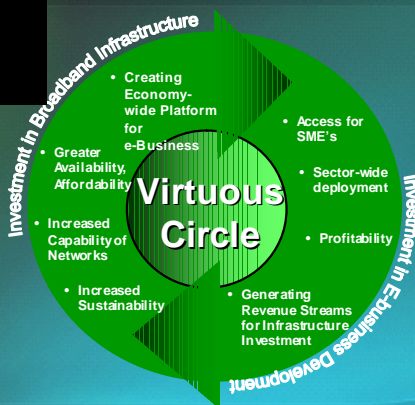
Continuing Challenge: Businesses Looking For Broadband Connectivity

Percentage of companies saying broadband will be critical to their success this year and next year



Source: Internet Week, September 2001
n=301 companies

Growth of E-Business and Broadband Deployment



For More Information



Electronic Commerce
Branch Web Site
www.e-com.ic.gc.ca

Success Stories

- E-com Success Stories (Industry Canada)



<http://e-com.ic.gc.ca/english/stories>

E-business Tools

[ca/c_indps/ebiz/eng/doc/home_page.php](http://www.ic.gc.ca/c_indps/ebiz/eng/doc/home_page.php)

SourceCan

<http://www.sourcecan.com/e/index.cfm>

SME E-Business Information Toolkit

<http://strategis.ic.gc.ca/SSG/ee00240e.html>

Student Connection Program

<http://www.scp-ebb.com/>

