

The Statistical Survey of
the Status and Prospect
of e-Business

- ABSTRACT -

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Korea Institute for Electronic Commerce

1. Introduction of the Research

The survey on e-business state started in 2000 to promote e-business policy efficiently and to raise the recognition of e-business among the public and enterprises together with support of its activity. From 2003, the survey has identified the size of the e-business investment and e-commerce by keeping updated with the current movement of e-business in the entire local enterprises combined with the survey on top sales enterprises.

- o Survey reference : Certificated statistics of general statistics from Korea National Statistical Office (Certificated No:38501)
- o Survey Target and the number of the samples
 - Enterprises with more than 10 employees were the subjects for the survey which was carried out to find out the e-business state consequently leading to collect 2,168 samples from business category classification and from proportional quota sampling survey on the number of the employees -some industries were by boost sampling- according to the number of the business except plants and branch offices from the 2001 business statistics.
 - In addition, company list of the external audit was based to survey top 2,000 sales enterprises to figure out the size of the e-business resulting in 1,397 samples.
- o Survey period : September 6, 2004 ~ November 6, 2004
- o Survey method : Door to door visit for survey was the general rule accompanied with telephone, fax and email.
- o Survey contents : General state of the enterprises and investment presence and price of e-business, system introduction status,

e-commerce state and the size, recognition of the related e-business, obstacles when introducing and promoting e-business

2. Result of the main survey

A. Current e-business state

- The cases out of the entire local enterprises which have CIO are 23.4%, 11.0%p drop from 34.4% of 2003.
 - 64.4% of the large enterprises have CIO while only 14.9% of small-mid sized enterprises have it.

- Manpower (more than 70% of the related area) in charge of e-business turns out to be 33.3% of the total enterprises, whopping increase of 15.6% in 2003 and the average number of employees per company has soared to 4.2 from 2.1 in 2003.

- The most often induced e-business related system is ERP which is used by 25.9% of the whole enterprises followed by electronic bidding system (13.3%) and e-running system (8.5%).
 - The number of the enterprises which utilizes all major systems has increased in 2004 comparing to 2003, especially with CRM which showed 7.5% growth in use in 2004 from 3.2% in 2003.

<Table 1-1> Usage of e-business system

(%)

	Internal				External			
	ERP	KMS	HRMS	e-learning	e-bidding	CRM	SCM	B2BI
2003	24.7	6.8	5.2	6.2	11.8	3.2	5.8	3.2
2004	25.9	6.9	7.5	8.5	13.3	7.5	5.9	4.8

B. e-business investment (top sales enterprise)

- Out of 1,397 top sales enterprises, 72.1% of the enterprises with e-business investment actual achievement in 2003 was decreased by 3.7%p to 68.4% in 2003.
 - Only 55.0%p of the target survey enterprises said that they had an investment plan for e-business in 2005 leaving further decrease in 2005.

<Table 1-2> Enterprises with e-business investment (top sales enterprises)

(%)

	2003	2004	2005(scheduled)
Enterprises(%)	72.1	68.4 (△3.7%)	55.0 (△13.4%)

- The amount of the investment from the top sales enterprises with actual e-business investment achievement in 2003 is listed as 23.4% to over 50 billion, 13.1% to 20~50 billion and 9.3% to 10~20 billion.

<Table 1-3> The amount of the investment (top sales enterprises)

(million won, %)

	with e-business investment								without/ no response
		less than 30	30- 50	50 -100	100 -200	200 -500	500 or more	no response	without/ no response
Enterprises (%)	72.1	11.3	5.7	7.4	9.3	13.1	23.4	1.9	27.9

- The investment amount for related system introduction and maintenance was increased more than that in 2003 while investment for education and consulting was decreased.

<Table 1-4> The amount of the investment per enterprise (Enterprises with investment)

(million won, %)

	2003	2004(estimated)	
	2003	2004(estimated)	rate of increase (%)
Total	1,826.8	2,015.5	10.3
purchase/install system	895.1	1,034.9	15.6
maintain system	890.8	942.7	5.8
investment on education	9.5	8.8	△7.5
consulting, etc	31.4	29.1	△7.3

C. Obstacles when introducing and promoting e-business

- Given with the question of whether e-business was necessary or not regardless of current e-business induction, 45.8% of the enterprise answered "necessary" or "much necessary" varying according to the number of the employees and in the condition of listed enterprise or not.
- 33.2% of the enterprise said that they had difficulty in inducing e-business due to "high installment cost of system".
 - Lack of the confidence about the e-business investment effect (27.6%) was put into the second place followed by short of specialists (25.8%).
- When asked what kind of support they wanted from the government for promoting and operating e-business, 58.2% of the enterprise answered "system installment" showing their trouble with it which was mentioned in "excessive cost for system installment" .

D. Electronic commerce

- 30.1% of the enterprise said that they used more than one of the

electronic commerce (broad meaning of e-commerce) directly related in sales/purchase areas through computer network such as open network/closed network.

- Purchase was higher than sales as sales was 12.8% while purchase was 22.9%, and electronic commerce was occurred in the order of surveying products (17.7%), bidding (18.7%) and payment (15.4%) according to the work process.
- In industrial classification, educational service industry had the most frequent electronic commerce rate of 89.5% followed by public/social administration(74.4%), electric gas and water service(70.0%), communication(66.7%).

E. e-commerce enforcement rate

- 21.2% of the enterprise, increased by 0.4%p from 20.8% of 2003 turned out that they made use of e-commerce system when 'negotiating price and conditions', 'bidding (ordering, receiving the order)', 'contracting', 'processing contract bill'.
 - Sales was 9.6% and purchase was 15.3% showing more use of e-commerce in purchase.
- 7.6% of the enterprises used their own e-commerce system while 15.5% of the enterprises used others' e-commerce system, which reveals the fact that more enterprises use systems from outside.
- 17.1% of the enterprise used open type (including the Internet) network in e-commerce while 5.5% chose closed network system such as extranet of other enterprises.

F. The size of the e-commerce amount (top sales enterprises)

- The assumed sales rate in 2004 was 5.5% and 5.6% in the first and

second half of the year, respectively when purchase rate was 12.6% and 15.6% each so that purchase rate increased a little more than sales rate.

<Table 1-5> amount of e-commerce (top sales enterprises)

(%)

	2003	2004	
	2003	the first half	the second half
EC of total amount of sales	4.4	5.5	5.6
EC of total amount of purchase	12.0	12.6	15.6

- According to this survey, presumed amount of e-commerce in 2004 was 300,440 billion, increased by 28% from 235,025 billion in 2003.
- e-commerce rate (the proportion e-commerce taken place in the total transaction amount) was estimated 19.1%, 2.6%p increase from 16.5% in 2003.