

Joint WPIE/TISP Workshop  
Broadband: Infrastructure, Applications & Use  
Paris, France  
5 December 2001

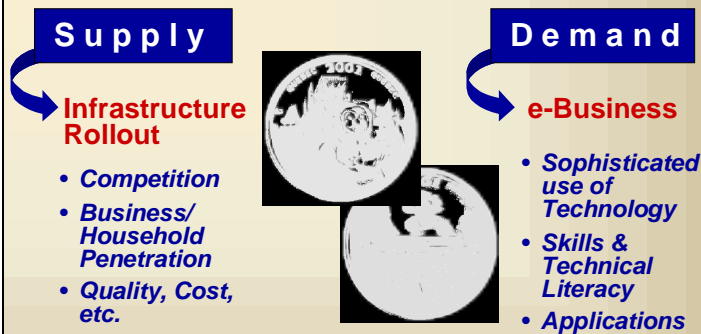
## The Demand Side of Broadband Deployment: The Importance of SMEs

Matthew Ivis,  
Canadian Chamber of Commerce &  
Canadian Council for International Business



Canadian Chamber of Commerce  
La Chambre de Commerce du Canada

## Broadband Deployment: Importance of Both Supply & Demand



## SMEs:

### Key to Stimulating Demand for Broadband

*SMEs represent a significant proportion of economic participation*

- 64% of total private sector employment
- 97.5% of all firms have less than 50 employees

*SMEs represent a significant social institution:*

- Where majority of citizens work, receive training and are exposed to technology
- Citizens bring these experiences/skills home and apply them to their personal context

Increased  
SME Use of  
e-Business



Demand for Applications and High-Speed Infrastructure



Productivity, Job Creation, Standard of Living



Employee/Citizen Exposure to Technology, Technical Literacy

## Supply: Impact of Telecommunications Liberalization

“Canada is one of the leading OECD countries in terms of its performance in the telecom sector...Canada has preformed relatively better on average than most OECD countries”<sup>1</sup>

- New entrants share 49% of business long distance minutes.
- The international telecommunication minutes shared 50/50 between incumbent telephone companies and competitors.
- Competitors share 39% of data revenues.
- Non-incumbent carriers share 41% of Internet subscriber market.

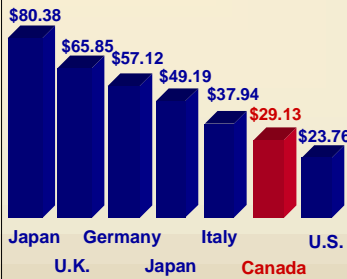
Competition has resulted in the benefits of lower prices, more choice, improved quality of services, and a rapid development of high speed Internet access.

1. Source: OECD - DSTI/ICCP/TISP(2001)7

## Supply: Impact of Telecommunications Liberalization

### Internet Access Costs

Cost of 40 peak hours per month, September 2000, in U.S. \$



Note: Internet access basket for 40 hours at peak times using discounted PSTN rates - September 2000, including VAT

Source: OECD Communications Outlook, 2001

### Residential Broadband (DSL) Pricing:

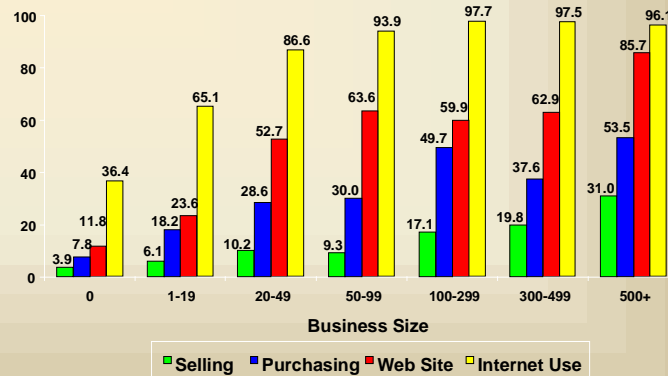
(amortized cost - U.S. \$/month)



Notes: Amortized cost averages initial installation and equipment costs over a 12-month period together with the monthly lease rate.

Source: DSL Worldwide Directory 3, Point Topic Ltd., March 2001.

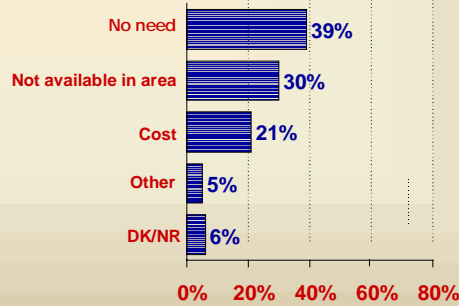
## Canadian Supply is Strong... But How is Our Demand?



Source: Statistics Canada, SECT, 2001

## Canadian Supply is Strong... But How is Our Demand?

What is the main reason your company does not have high-speed Internet access?



Base: Businesses with dial-up Internet access; n=736

Source: "Rethinking the Information Highway – Security, Convergence and the E-Consumer/E-Citizen", EKOS Research, (February 2001)

## CANADIAN E-BUSINESS OPPORTUNITIES ROUNDTABLE

- Private sector led initiative established summer of 1999 to accelerate Canada's participation in the Internet Economy
- In January 2000, released *Fast Forward: Accelerating Canada's Leadership in the Internet Economy*
- Concurrently created six e-teams to implement its proposed initiatives
- February 23, 2001, the Roundtable released *Fast Forward 2.0: Taking Canada to the Next Level*

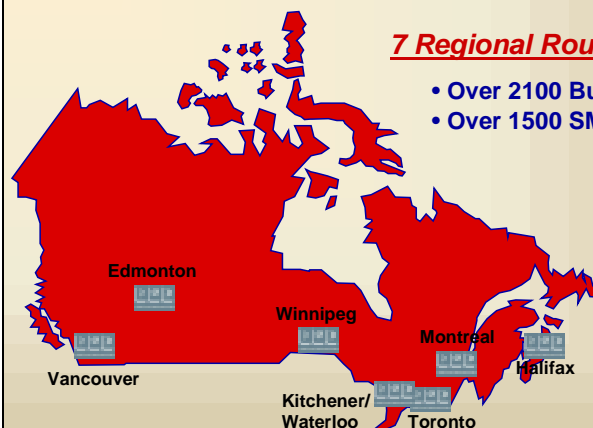


[www.ebusinessroundtable.ca](http://www.ebusinessroundtable.ca)

## Responding to the SME Challenge

### 7 Regional Roundtables

- Over 2100 Businesses
- Over 1500 SMEs



## Responding to the SME Challenge

<http://strategis.ic.gc.ca/ebizenable>

## Responding to the SME Challenge

### *The SME e-Business Information Toolkit*

#### 1. ROI:

*Determining the Value of e-Business for SMEs: Identifying the Return on Investment, Securing Management Commitment & Devising a Solid e-Business Strategy*

#### 2. Suppliers:

*Credible Source of e-Business Suppliers for SMEs*

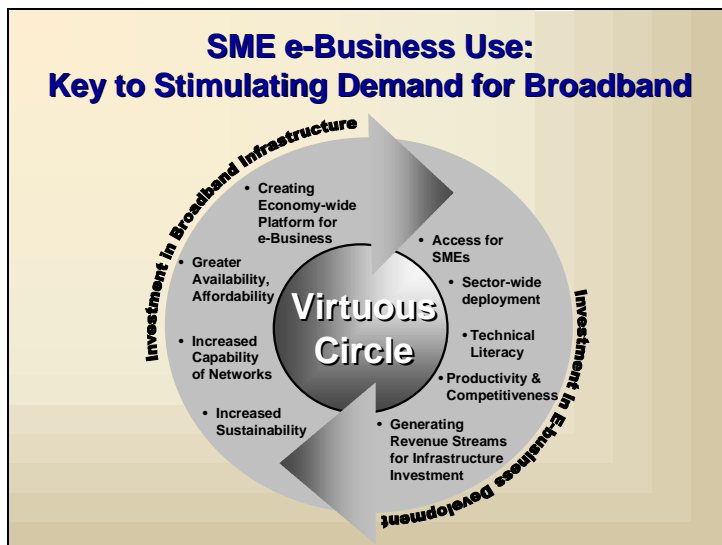


#### 3. Security:

*Internet Security: An Exercise in Risk Management*

<http://strategis.ic.gc.ca/ebizenable>

## SME e-Business Use: Key to Stimulating Demand for Broadband



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