



# *The European e-Business Report*

*2005 edition*

*A portrait of e-business  
in 10 sectors of the EU economy*

*4th Synthesis Report of the e-Business W@tch*

*e-business  
W@tch*



European  
Commission  
Enterprise & Industry Directorate General

**The European e-Business W@tch 2004/05**



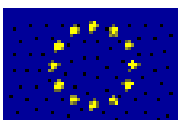
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November 2005



**European Commission**  
Enterprise & Industry Directorate General

## The e-Business W@tch

The European Commission, Enterprise Directorate General, launched the *e-Business W@tch* to monitor the growing maturity of electronic business across different sectors of the economy in the enlarged European Union and in EEA countries. Since late 2001 the *e-Business W@tch* has analysed e-business developments and impacts in 20 manufacturing, financial and service sectors. All publications of the *e-Business W@tch* – including this report – are available in electronic format on the internet either via the Europa server ([www.europa.eu.int/comm/enterprise/ict/policy/watch/index.htm](http://www.europa.eu.int/comm/enterprise/ict/policy/watch/index.htm)) or directly at the *e-Business W@tch* website ([www.ebusiness-watch.org](http://www.ebusiness-watch.org)).

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Copies can be requested, free of charge, from [info@ebusiness-watch.org](mailto:info@ebusiness-watch.org). The report is also available in electronic format and can be downloaded from the "resources" section of the *e-Business W@tch* website ([www.ebusiness-watch.org](http://www.ebusiness-watch.org)).

A great deal of additional information on the European Union is available on the internet. It can be accessed through the Europa server (<http://europa.eu.int>).

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## Foreword



In today's global networked economy, European enterprises are confronted with far-reaching changes in their markets. They have to cope with increasing competitive pressure, structural upheavals in their industries, and an acceleration of innovation and product life-cycles. At the macro-level, Europe's economy has yet to make significant progress towards the Lisbon targets. Productivity growth is regarded as a key priority in this process, and the impact of information and communication technologies (ICT) for productivity growth is commonly recognised.

Against this background, the Enterprise and Industry Directorate General of the European Commission has a twofold mission: to enhance the competitiveness of the ICT sector, and to facilitate the efficient uptake of ICT for European enterprises in general.

To accomplish this goal, it is necessary to collect data on the development of e-business, and to analyse the impact for European enterprises and industries. Since its launch in late 2001, the Commission's *e-Business W@tch* has matured into an internationally recognised resource for sound, unbiased information on related issues. Its studies help policy-makers better understand the different dynamics and implications of ICT usage in various sectors of the European economy, and thus take more informed decisions.

Figures by themselves, however, rarely answer questions. They need to be put into perspective. In 2005, *e-Business W@tch* has made a special effort to link empirical evidence from representative surveys with case studies of e-business activity in individual enterprises. Cases reflect the full diversity of e-business across Europe: they feature examples of small companies and large firms, best practices, new trends and state-of-the-art activity.

For DG Enterprise and Industry, *e-Business W@tch* is a key policy instrument alongside the e-Business Support Network, the European eSkills Forum, the eMarket Services portal, the eEurope 2005 Standardisation Action Plan, and various initiatives addressing the legal aspects of doing business electronically. Together these activities make a significant contribution to creating a favourable environment for European companies' investments in ICT and, consequently, to enhancing their competitiveness.



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## Introduction to the e-Business W@tch

### **e-Business W@tch – a market observatory and intermediary since late 2001**

The European Commission's *e-Business W@tch* monitors the adoption, development and impact of electronic business practices in different sectors of the economy in the enlarged European Union. The background for launching this initiative (in late 2001) was the eEurope 2002 Action Plan, which provided the basis for targeted actions to stimulate the use of the internet for accelerating e-commerce, acknowledging that "*electronic commerce is already developing dynamically in inter-business trading*" and that "*it is important for SMEs not to be left behind in this process.*" The eEurope 2005 Action Plan confirmed and built further upon these objectives with Action 3.1.2 "A dynamic e-business environment", which defined the goal "*to promote take-up of e-business with the aim of increasing the competitiveness of European enterprises and raising productivity and growth through investment in information and communication technologies, human resources (notably e-skills) and new business models*".

The main objective of *e-Business W@tch* is to provide sectoral analysis based on empirical research, including representative enterprise surveys in countries of the European Union, the EEA and Accession States, with special emphasis on the implications for small and medium-sized enterprises (SMEs).

Since its launch, *e-Business W@tch* has published e-Business Sector Studies on about 20 sectors of the European economy, three statistical pocketbooks and various other resources, including brochures and special issue reports. This document is the fourth comprehensive synthesis reports about the status of electronic business in the European Union. All publications are available in electronic format on the web at [www.ebusiness-watch.org](http://www.ebusiness-watch.org) ('resources').

The quantitative analysis about the diffusion of ICT and e-business is based to a large extent on regular representative surveys among decision-makers in European enterprises. The 2005 survey covered about 5200 enterprises from 10 different sectors across 7 EU Member States. In addition, more than 70 case studies on e-business activity in enterprises from EU, EEA and Accession countries were carried out, to complement the statistical picture by a more detailed analysis of current e-business practices.

Survey results of 2005 have confirmed the initial assumption and rationale of the *e-Business W@tch* that the sector in which a firm operates and the size of a company, more than its location, are the main determinants of its e-business activity. Results are an acknowledged and relevant resource in international e-business research. Facilitated by positive responses and the growing interest in its analysis, the *e-Business W@tch* is increasingly developing from an observatory into a think-tank and intermediary, stimulating the debate about the economic and policy implications of e-business among stakeholders at an international level.

### **The wide-angle perspective: e-Business W@tch provides the "big picture" as a basis for further research**

The mission of *e-Business W@tch* is to present a 'wide-angle' perspective on e-business developments and practices in the sectors covered. This has important implications regarding the level of detail in which various issues can be explored, both in terms of the quantitative picture (survey) and in terms of the qualitative assessment and background research.

Over the past 10 years, electronic business has increased from a very specific to a very broad topic to be studied. The OECD proposes a definition of e-business as "*automated business processes (both intra-and inter-firm) over computer mediated networks*". This definition makes clear that e-business is more than e-commerce (which focuses on commercial transactions between companies and their

customers, be it consumers or other companies) and that e-business includes internal processes within the company as well as processes between companies. Furthermore, the OECD definition implicitly indicates that the focus and main objective of electronic business is to be found in business process automation and integration, and the impacts thereof.

This implies that the potential scope for e-business analyses has also broadened. The measurement of e-commerce transactions (the volume of goods and services traded online) can and should be complemented by studies analysing the degree to which business processes, including intra-firm processes, are electronically linked to each other and have become digitally integrated. Hence, it becomes practically impossible to cover in depth all areas and facets of e-business in one study. Thus, study scope needs to be carefully defined.

*e-Business W@tch* Sector Studies, and this synthesis report, apply a wide-angle perspective and zoom into selected aspects of electronic business only. In general, studies with a wide-angle approach allow for a wider range of issues to be covered and investigated at the same time. This, however, necessarily limits the level of detail in which each single issue is explored. This must be considered when using studies prepared by *e-Business W@tch*.

In addition to the analysis of e-business developments, *e-Business W@tch* Sector Studies also provide some background information on respective sector. However, this is neither intended to be, nor could it be a substitute for more detailed and specific industrial analysis.

The **mission** of *e-Business W@tch* is to monitor, analyse and compare the development of e-business in different sectors of the European economy – not the sectors themselves.

Its **objective** is to provide reliable results, based on commonly accepted methodologies, which are not readily available from other sources and would trigger the interest of policy-makers, researchers, and other e-business stakeholders for more in depth analyses (or statistical surveys).

*e-Business W@tch* has adopted a 'wide-angle' perspective in its **approach** and the necessary trade-offs are transparently depicted in all its deliverables.

### **The definition of sectors and the adequate level of aggregation**

Economic sectors constitute the main level of analysis for *e-Business W@tch*. In 2005, the sample consisted of ten sectors. Their configuration and definition are based on the NACE Rev. 1.1<sup>1</sup> classification of business activities. The rather broad aggregation of different business activities into sectors in 2002-2004 made it possible to cover a broad spectrum of the economy, but also caused some challenges for the analysis of e-business developments. For instance, it was hardly possible to focus on individual sub-sectors in much detail within a single sector report.

The selection and definition of sectors proposed for 2005 reflect these concerns. Six out of the ten sectors covered are sub-sectors that were part of (aggregated) sectors analysed in 2002-2004. The rationale for 'zooming in' on former sub-sectors is that the broad picture for the whole sector is now available from previous sector studies, and that this seems to be the right time within the prospective life-cycle of *e-Business W@tch* to focus the analysis on more specific business activities.

<sup>1</sup> NACE Rev. 1 is a 4-digit activity classification which was drawn up in 1990. It is a revision of the 'General Industrial Classification of Economic Activities within the European Communities', known by the acronym NACE and originally published by Eurostat in 1970.

The 10 sectors covered in 2005 were selected on the basis of the following considerations:

- The current dynamics of electronic business in the sector and the impact of ICT and electronic business, as derived from earlier *e-Business W@tch* sector studies.
- Interest articulated by the industry in previous years on studies of this type.
- Policy relevance of the sector from the perspective of the European Commission, DG Enterprise & Industry.
- 'Roll-out strategy': New sectors (not covered in 2002-2004) were added, as well as specific industries which had only been covered as part of a larger sector in the past.

In 2005, *e-Business W@tch* also published four cross-sector studies. These Special Reports focus on a particular e-business topic of interest across different sectors rather than on a single sector.

**Exhibit: Sector reports and special studies by e-Business W@tch in 2005**

No.	Sector Studies	NACE Rev. 1.1	Publication date(s)	
1	Food and beverages	DA 15	July 2005	Sep. 2005
2	Textile industry	DB 17, 18	July 2005	---
3	Publishing and printing	DE 22	July 2005	Sep. 2005
4	Pharmaceutical industry	DG 24.4	July 2005	Sep. 2005
5	Machinery and equipment	DK 29.1-5	July 2005	Sep. 2005
6	Automotive industry	DM 34	July 2005	---
7	Aerospace	DM 35.3	---	Sep. 2005
8	Construction	F 45	July 2005	Sep. 2005
9	Tourism	H 55, I 63.3	---	Sep. 2005
10	IT services	K 72	July 2005	Sep. 2005
	<b>Special Reports (cross-sector)</b>			
A	A User's Guide to ICT Indicators: Definitions, sources, data collection		July 2005	---
B	Overview of International E-Business Developments		July 2005	---
C	E-Business Standards and Interoperability		---	Sep. 2005
D	ICT Security and Electronic Payments		---	Sep. 2005

## Executive Summary

E-business continues to develop dynamically in the EU and in other advanced economies of the world. Rapid technological progress, for example in wireless technology, and the increasing competitive pressure on companies in the global economy have been important drivers for e-business adoption in the past 2 years. However, the pace and the direction of related developments differ considerably between industries. Within sectors, opportunities and challenges are different for small firms and for medium-sized and large ones. Moreover, regional disparities in enterprises' ICT use and in their readiness for innovation can still be found within the EU, mainly among smaller companies.

### The statistics – trends in 2005

- ▶ **ICT infrastructure:** further migration towards broadband internet connections: about a third of firms\* had adopted broadband in 2005.
- ▶ **ICT solutions for e-commerce:** About 19% of firms\* use ICT solutions for e-procurement, about 17%\* to support marketing or sales processes.
- ▶ **Digital divide** between small and medium-sized enterprises: for many e-business applications, medium firms (50-249) appear to have the 'critical size' for adoption. For instance, e-standards adoption by micro and small firms generally trails behind.
- ▶ **Alignment in international development:** EU companies are, on average, on a similar stage in e-business adoption as their international counterparts. Differences are more pronounced between individual countries within the EU.

\*in % of employment

### W@tch out: new developments ahead

- ▶ **Breakthrough of RFID?** RFID solutions promise substantial improvements in tracking and tracing products along the supply chain, for example in the food industry. Opportunities for combating counterfeiting activities could be a key driver for RFID adoption in the pharmaceutical and the textile industries.
- ▶ **e-Invoicing:** Triggered by policy initiatives, e-invoicing could drive the digital integration and e-standards development in B2B transactions.
- ▶ **Focus on marketing and sales:** As it has been the case in procurement, increasing cost pressure could now become a driver for e-business in marketing and sales. Specific solutions, such as CRM systems and new mobile applications, promise a high potential to increase the efficiency of related processes.

### The relevance of ICT and e-business in 10 sectors in 2005

(overall assessment based on survey results, desk research and case studies)

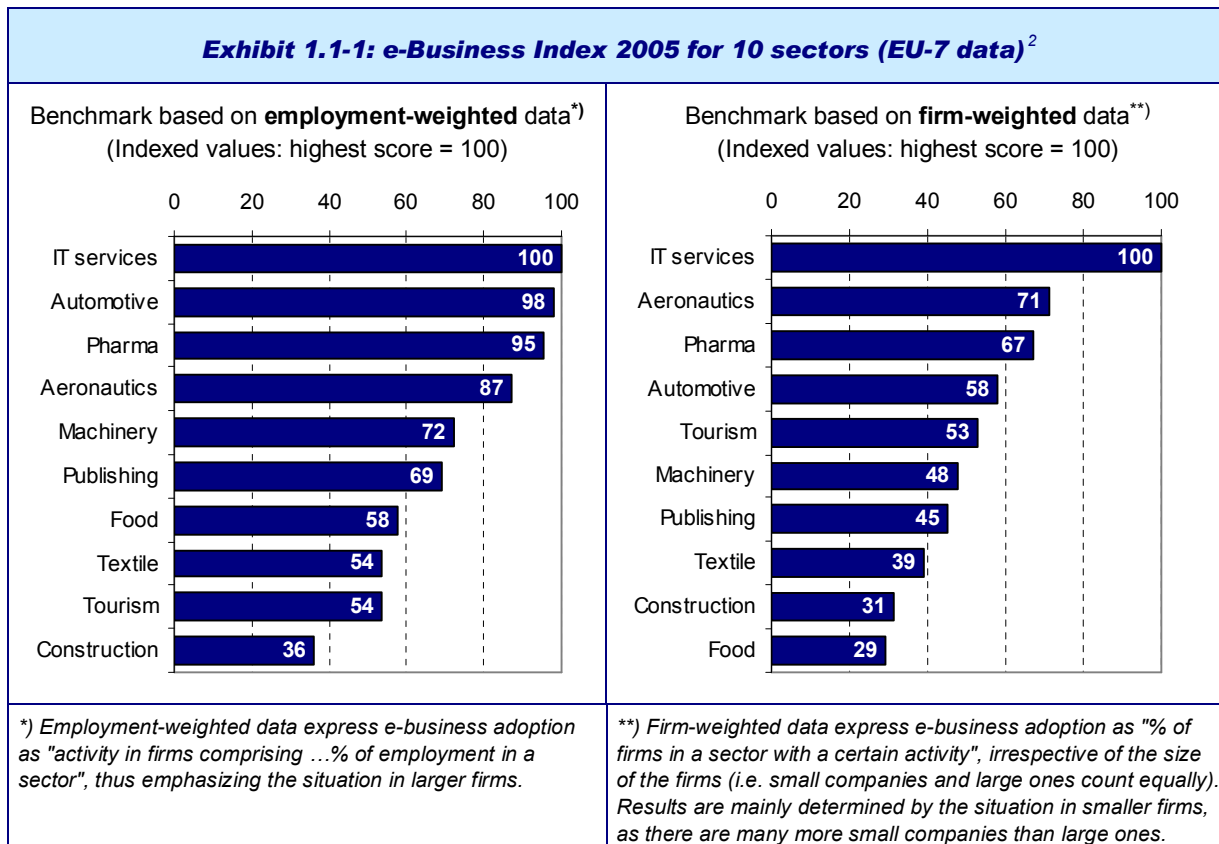
Application Sector	Broadband adoption	ICT for innovation	ERP / SCM	Sourcing & procurement	Marketing and sales	Overall significance
Food & beverage	I	I	II i	II	I	I i
Textile	I	I i	II	I	I	I
Publishing	III	IIII	I	II	III	II i
Pharmaceutical	III	II	IIII	III	II	III
Machinery	II	II	III	II	I i	II
Automotive	III	II	IIII	III	I i	III
Aerospace	III	II	III	IIII	I	III
Construction	I	I	I	I	I	I
Tourism	II	II	I	II	III i	II i
IT services	IIII	IIII	III	III i	III i	IIII

I = low relevance / diffusion; II = average relevance / diffusion; III = above average relevance / diffusion  
 IIII = high relevance / diffusion; i = applies only for some sub-sectors / applications

Source: e-Business W@tch (2005) – based on analysis from the respective Sector Studies

## Sectoral e-business differences – manufacturing, construction, services

Results of the e-Business Survey 2005 and sector studies confirm that the nature, intensity and impact of electronic business activity still differs between sectors, particularly between manufacturing and service sectors. The e-Business Index (see Exhibit 1.1-1) is a compound indicator for the intensity of ICT use in the 10 industries studied in 2005, enabling relative comparisons of sectors to each other.



Source: e-Business W@tch (2005)

### Manufacturing

- ▶ Among the 7 manufacturing sectors surveyed in 2005, electronic business activity has reached the highest level of intensity in the **automotive**, **pharmaceutical** and **aeronautics** industries. The rapid development in these sectors is mostly driven by the large international companies.
- ▶ Supply-chain integration and the streamlining of procurement processes are common objectives in these industries for which e-business solutions are attractive. Online procurement has become a part of everyday business and belongs to the most frequently adopted e-business applications.
- ▶ In the **pharmaceutical industry**, the use of ICT and e-business plays an important role for the process of discovery and development of new drugs and pharmaceutical treatments. Thus, ICT have an impact on R&D efficiency and, thereby, on lowering the competitive pressure.
- ▶ In the **machinery and equipment** industry, electronic business activity has not yet reached the same level of intensity. At first sight, this confirms the findings of the Survey 2003. However, developments in this sector have been quite dynamic since then. For example, e-business is increasingly recognized as a useful means of providing customer service.

<sup>2</sup> For background information about the construction of the index, see Annex III (Methodology Report)

- ▶ The **publishing and printing** industry has a different e-business profile, as major segments of this sector operate in B2C markets. ICT has a considerable impact on production and internal work processes. Furthermore, customer-facing activities (online publishing, marketing, advertising) are critical. On the other hand, processes with a high e-business potential such as inventory and supply-chain-management are less critical in this sector.
- ▶ The food and beverages sector, and the textile and clothing industry, are late adopters of ICT compared to the other manufacturing sectors studied.
- ▶ However, in the **food and beverages** industry, there are signs of increasing e-business activity, mainly in response to structural changes and new regulatory requirements. Important issues that promote e-business are food safety and the digital integration of the value chain. RFID (Radio Frequency Identification) based technologies could play an important role in these areas.
- ▶ In the **textile and clothing** industry, and this is new evidence compared to the previous sector studies of 2004, there are signs that the use of advanced ICT systems in large companies is quite in line with adoption rates among large firms from the most advanced manufacturing sectors. Examples are Enterprise Resource Planning (ERP) and Supply Chain Management (SCM) systems. It appears that a significant share of large textile firms have taken the lead towards supply chain integration and online trading with business partners.

### Construction

- ▶ ICT adoption and e-business activity in **construction** companies appears to be very limited compared to all other sectors studied by the *e-Business W@tch*. The structure of the industry, which includes many small craft companies, cannot fully explain this gap.
- ▶ Construction is an industry with a multitude of standards, technical specifications, labels, and certification marks. This is not an optimal environment for drawing benefits from electronic business. However, e-business tools have the potential to benefit complex construction projects where there is a need to coordinate a large number of sub-contractors.

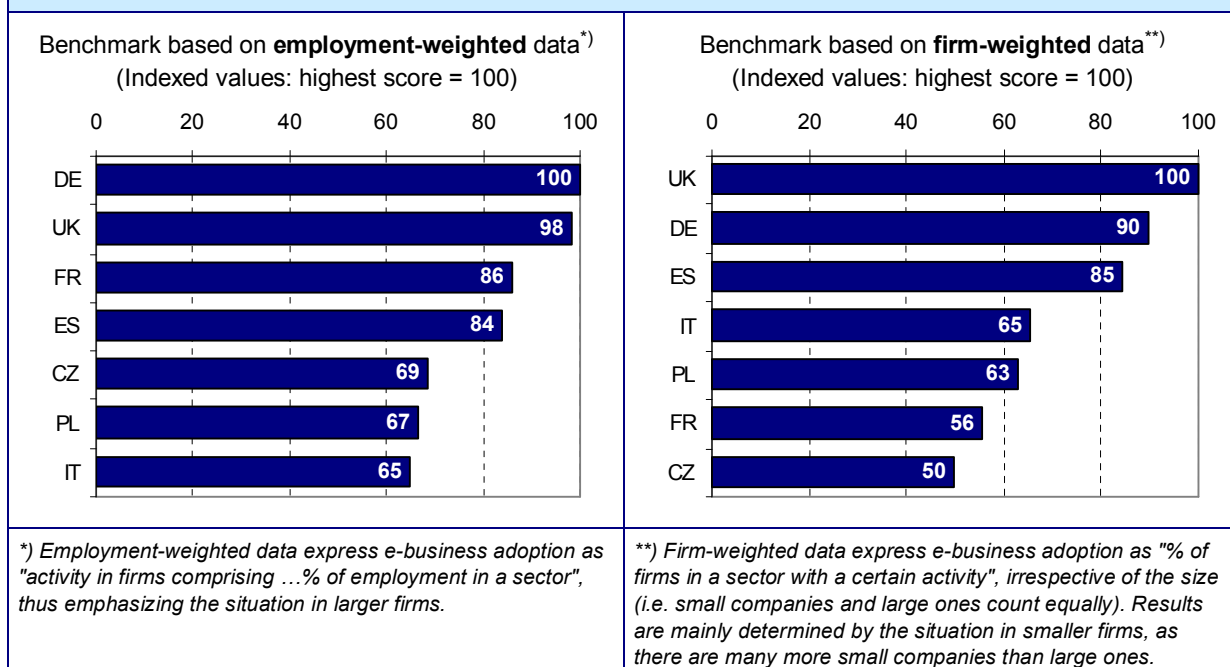
### Service sectors

- ▶ The **IT services** sector is a special case with regard to e-business. Although companies in this sector have Information Technology and e-business as their end product, ICT also plays a significant role in the way that this product is produced, promoted and provided. This specific way of using ICT distinguishes the IT services industry from the other sectors analysed by *e-Business W@tch*. Here, the use of ICT and the production of related services are difficult to separate from each other.
- ▶ The IT services sector shares a common feature with tourism: in both industries, online channels have become key tools for marketing, communication and interaction with customers.
- ▶ In **tourism**, online booking and reservation services have been widely accepted among consumers and business travellers, and "e-tourism" has truly taken off. However, the great importance of ICT in this sector is not properly reflected in the e-Business Index. The main reason is that e-business normally does not have the same significance in supply-side activities and internal work processes (for example in hotels), as in manufacturing sectors.

## Geographic disparities in ICT use for business

In international comparisons, EU enterprises are (on average) head-to-head with their counterparts in other advanced economies in terms of electronic business activity.<sup>3</sup> However, gaps are more pronounced within the European Union (i.e. between Member States) than on the aggregate level in international benchmarks. The same observation could be made for other large economies, notably for the USA, where digital divides between states or regions also exist. The e-Business Index 2005 shows differences in the ICT adoption and use between firms from 7 EU countries.

**Exhibit 1.1-2: e-Business Index 2005 for 7 EU countries<sup>4</sup>**



Source: e-Business W@tch (2005)

- ▶ Country comparisons, however, should be taken with a pinch of salt, as they partly **reflect industry structure**. In **Italy**, for example, sectors dominated by small firms are much more prevalent than in other countries. Since large firms are more advanced in electronic business, aggregate employment-weighted data consequently point at a comparatively lower level of e-business activity in Italy. This reflects, at least to some extent, the structure of the economy rather than the overall e-maturity of firms.
- ▶ In general, firms from the **UK and Germany** tend to be most advanced in e-business among the 7 countries. Among larger companies, companies from **France and Spain** are close behind.
- ▶ Firms from the **Nordic countries**, which were not covered by the e-Business Survey 2005, are likely still to be leaders within the EU. Eurostat data mostly confirm this assessment.
- ▶ The survey confirms that **Spain** is the country where firms have demonstrated the most dynamic e-business development<sup>5</sup>, among the seven countries included in the survey of 2005.
- ▶ For **Polish** companies, data indicate that the digital divide may have narrowed compared to the situation in 2003. The level of e-business activity appears to be comparable to the one in the **Czech Republic**.

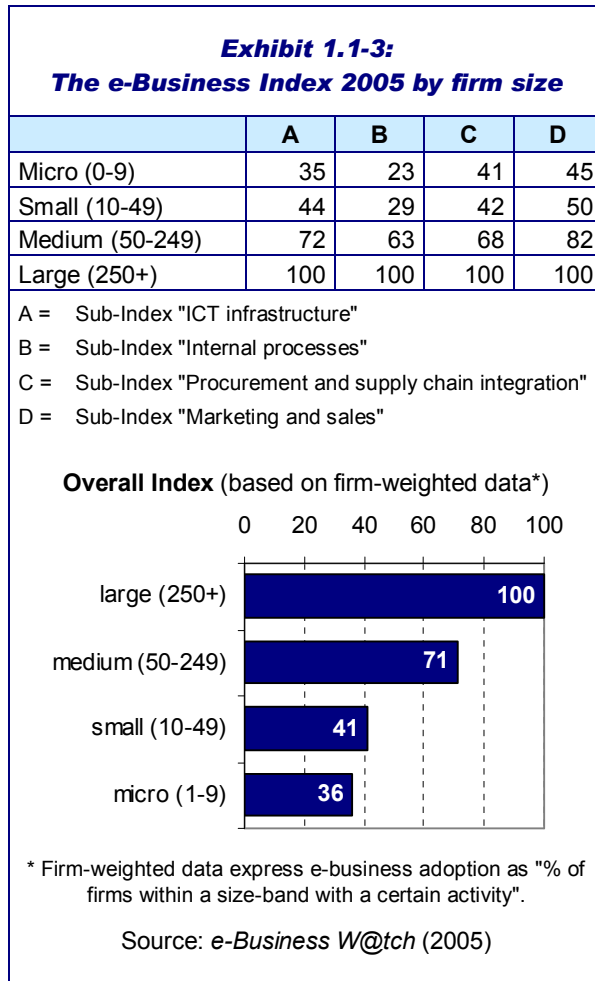
<sup>3</sup> See e-Business W@tch Special Report "Overview of International e-Business Developments", July 2005.

<sup>4</sup> For information about the construction of the index, see Annex III (Methodology Report)

<sup>5</sup> See also contribution by Jesús Galván on "e-Business in Spain" in Part 3 of the report.

## Opportunities and challenges for smaller firms

The e-Business Report 2004 concluded in the executive summary that "large firms continue to drive the development – but SMEs catch up" (p. 12). While this holds true as a general trend, results of the e-Business Survey 2005 point at a peculiar gap in e-business adoption between the small firms (with up to 49 employees) and the medium-sized ones (50-249 employees), as Exhibit 1.1-3 shows. This would reconfirm earlier observations by e-Business W@tch from the 2002/03 period.<sup>6</sup>



In general, ICT systems of large companies obviously tend to be more powerful and sophisticated than those of small firms. This translates into more intensive and advanced electronic business practices, and a greater potential for exploiting cost-saving opportunities.

However, research by e-Business W@tch conducted in 2005 on the automotive industry indicates that the relationship between innovative activities and firm performance is independent of company size.<sup>7</sup> Consequently, ICT-based innovations are attractive for both large and small enterprises. This should hold true for other sectors as well, and lead to further ICT adoption among smaller firms in the medium and long run.

As regards customer-facing e-commerce activities, comparatively many small firms have specialised in doing business online, particularly in service sectors. The tourism industry can serve as an example: the share of firms reporting that online sales account for more than 25% of their total sales (reference period: 2004) is the same across all company size-bands (about 10%). The use of specific ICT solutions for e-marketing and sales, on the other hand, increases with company size.

### e-Business Opportunities for Small Firms

- ▶ **Flexibility:** SMEs can be more flexible in decision making and implementing organisational changes than larger firms.
- ▶ **Internal communication** processes are often 'smoother' in smaller organisations.
- ▶ **Used to cooperation:** Out of necessity, SMEs tend to be used to cooperating with other companies, for example in tendering. E-cooperation can further enhance this attitude.

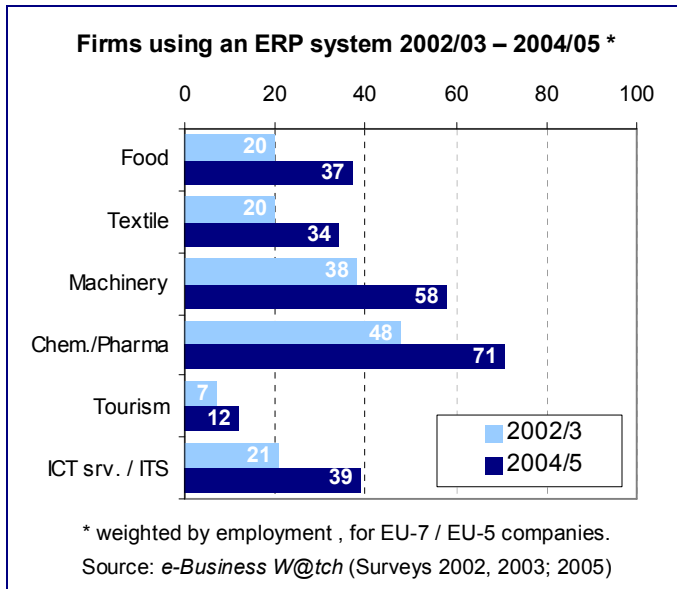
### e-Business Challenges for Small Firms

- ▶ **Lack of ICT strategy and skills:** Smaller firms often lack a coherent ICT investment strategy or the related skills.
- ▶ **Standards:** The lack of e-standards and interoperability increases risk in technology decisions and investments.
- ▶ **Pressure on prices and margins:** Sophisticated e-procurement schemes of large buyers increase the pressure on supply companies, many of which are SMEs.

<sup>6</sup> A presentation of e-Business W@tch findings at the IST Conference 2003 in Milan (4<sup>th</sup> Oct. 2003), for example, was titled "SMEs or MLEs?", indicating that e-business activity in medium-sized and large enterprises ('MLEs') could have more in common than activities of small and medium ones ('SMEs').

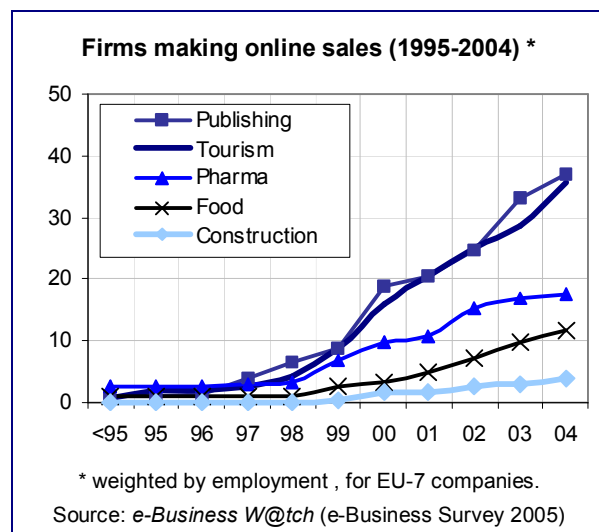
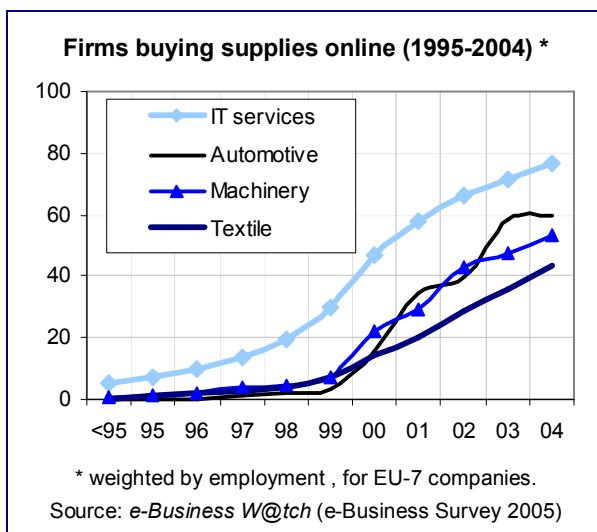
<sup>7</sup> See e-Business Sector Study on the Automotive Industry (July 2005), p. 75.

## Trends from 2003-2005: the base for 'next-level' e-business has matured



The deployment of Enterprise Resource Planning (ERP) systems is a good indicator for the overall e-business maturity in many sectors. ERP is the technical backbone for various e-business applications, including systems for product planning, purchasing, inventory management, order tracking and finance. A comparison of results to earlier surveys by e-Business W@tch shows that ERP adoption has significantly increased in the EU since 2002/03. Thus, companies can now implement new and more advanced e-business solutions than 2-3 years ago. This should also facilitate productivity growth.

## Further growth in e-commerce, in particular in B2B online trading



B2B online trade has reached a significant level in all industries. Companies are eagerly exploiting cost saving opportunities of e-procurement and e-sourcing. In any of the 10 sectors studied, 40-60% of firms (by their employment share) are purchasing at least some of their supplies online, for example from their suppliers' websites, on internet trading platforms or via dedicated firm-to-firm connections. Among IT services companies, e-procurement is even more common. It is used by close to 80% of firms and accounted for about 15-18% of their total purchasing volume in 2004 (estimate by e-Business W@tch for the EU-7). In most other sectors, the share is estimated at 3-8%.

Sector profiles differ widely in terms of customer facing e-commerce activities. In publishing and in tourism, for example, the internet has a profound impact on how companies communicate with their customers. Close to 40% of companies in these sectors (by employment) enable customers to buy products online (e.g. by downloading articles, or making online reservations). In most manufacturing sectors, online marketing and sales show only moderate growth. However, Sector Studies of 2005 demonstrate that activity in this area is not fully grasped by the concept of 'online selling'. For example, online channels are of growing importance for the delivery of after sales services.

## Policy implications of e-business

E-business developments can have implications for several policy areas. Relevant considerations made in this context can be grouped around two overall objectives which are paradoxically, to some extent, antagonistic:

- ▶ **Promote ICT adoption:** Policy may have an interest in accelerating the adoption of ICT and e-business activity among companies, particularly among SMEs. This is based on the assumption that ICT are a driver of productivity and competitiveness.
- ▶ **Counteract ICT induced market failure:** At the same time, policy will have to consider intervention if e-business activity causes undesirable effects on the aggregate level, i.e. market failure.

The following table summarises the most frequently stated policy objectives, and suggested actions, from the *e-Business W@tch* Sector Studies of 2005. These objectives should be regarded as relevant for most sectors. Two objectives were seen as particularly important in 2005: the improvement of e-skills among smaller companies, and the advancement of interoperability and standards.

### Exhibit: Policy implications arising from e-business

Policy objective	Suggested actions	Possible initiators
<b>Improve e-skills in SMEs</b>	<ul style="list-style-type: none"> <li>• Counteract e-business skill-shortages in the market, e.g. by offering opportunities for vocational training and for ICT product demonstrations to companies.</li> <li>• Facilitate knowledge transfer between research centres and enterprises</li> <li>• Provide information on how to assess cost-benefits of e-business</li> <li>• Provide incentives for conducting ICT training</li> <li>• Help SMEs to better understand organisational aspects of e-business, not just focused on technology</li> <li>• Identify good practices and communicate their benefits to SMEs</li> <li>• Stimulate the use of e-learning</li> <li>• Create opportunities for dialogue between SMEs and ICT service providers</li> </ul>	Business support agencies Competence centres Chambers of commerce Other intermediaries Member States (via their e-business programmes)
<b>Promote interoperability and standardisation</b>	<ul style="list-style-type: none"> <li>• Grant support for research projects, e.g. targeting standardised internet-based systems</li> <li>• Support for related industry initiatives</li> <li>• Promote adequate representation of SMEs in standardisation processes</li> <li>• Policy can act as a neutral coordinator and promoter of standardisation initiatives</li> </ul>	International / national standardisation bodies EU Member States Industry associations
<b>Encourage cooperation among SMEs</b>	<ul style="list-style-type: none"> <li>• Encourage initiatives for networking and cooperation, e.g. through competence centres</li> <li>• Stimulate the participation of SMEs in business networks</li> </ul>	Sector associations Business intermediaries Competence centres
<b>Promote a positive climate for innovation</b>	<ul style="list-style-type: none"> <li>• Create incentives for innovation activity in SMEs</li> <li>• Emphasise the innovative potential of e-business</li> <li>• Promote cooperation between companies and fair benefit sharing practices</li> </ul>	Member States Regional governments Associations
<b>Ensure fair competition, address barriers in the legal environment</b>	<ul style="list-style-type: none"> <li>• Address intellectual property rights issues</li> <li>• Protect relationship-specific investments</li> <li>• Monitor implications of e-business on concentration of ownership</li> <li>• Consider harmonization of taxation (e.g. VAT)</li> </ul>	EU Member States

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