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## E-BUSINESS IN IRELAND

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## Introduction

Ireland's economy is one of the world's most globalised, with extensive external trade and investment links. It is also one of the world's most dynamic, with annual growth rates in excess of averages for the developed world. Record growth was experienced in the 1990's, with a 10% average rate recorded for the period 1997-2000.

Subsequent to the international slowdown of 2001/2003, growth rates receded to the 4-5% range, still among the highest within the EU and OECD. There has been no significant weakening across a range of key economic variables including asset prices, fiscal balance and employment. The legacy of the decade of growth of the 1990's will be substantial, in particular Ireland's transition from one of Europe's poorest economies to one of its wealthiest.

## Background of Economic Growth

Ireland's period of unprecedented economic growth began in the early 1990's. Between 1990 and 1995 the economy grew at an annual average growth rate of 4.8% and, between 1995 and 2000, it averaged 9.5%. Growth rates have since been maintained in the 4-5% range, a level almost five times higher than the old EU15 average.

The growth in the Irish economy is reflected in the year by year increases in national GDP, which in 2005 reached a160 billion. On a per capita basis (population of 4.2 million), this was equivalent to a38,000 per person, the second highest in the EU (after Luxembourg).

Measured on the basis of purchasing power, Ireland's level of economic activity or GDP per inhabitant is now almost 40% above the average for the EU 25. In addition to a doubling of national income, achievements over the last ten years include a reduction in unemployment rates from 14% to 4%, and an increase of over 600,000 or over 50% in the number of employed.

By any standard measure, Ireland's performance is exceptional. Ireland has consistently topped the 30 member OECD economic growth tables, often by a substantial margin. For the latest 5 year period (2001-2005 OGCD), Ireland's average GDP growth rate of 5.3% was again the highest (with Slovakia second at 4.7%).

There is broad agreement that key factors in Ireland's economic achievements in the 1990's were the following:

- A youthful population and rapidly expanding labour supply;
- Substantial inward investment inflows;
- The strategic deployment of EU Structural and Cohesion Funds;
- Pursuit of pragmatic and innovative government policies;

- A Social Partnership approach to economic development;
- An openness to international trade in goods and services, and to new ideas; and,
- An emphasis on education and technological innovation.

## **Ireland and eBusiness**

In December 2005 the Central Statistics Office published its most recent report "Information Society and Telecommunications". The report contains statistics on how information and communications technologies (ICT) are being used in Ireland today, in the home and in business. The data sources used in this report also provide information to monitor progress on the i2010 Initiative to create a European Information Society for Growth and Employment.

Some of the key findings of this report on information society and telecommunications statistics are as follows:

### **The ICT Sector in Ireland**

- In 2004, the ICT sector employed 83,400 people and accounted for 16% of total value added in Industry and Services. This compares to 80,100 people employed and 17% of total value added in 2003.
- The ICT sector accounted for 20% (€53 billion) of total turnover in industry and services.
- Foreign owned enterprises represent just 10% of the total number of ICT enterprises but account for 56% of total employment and 88% of total turnover in the sector.

### **Use of ICT by Enterprises**

- Virtually all businesses in Ireland use computers and have access to e-mail and the internet.
- Just 19% of enterprises reported having a written ICT strategy.
- The main purposes for which businesses use the internet as a consumer are: to search for information, to avail of banking and financial services, and to monitor markets.

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- Businesses which have a website mainly use it to market their products, to make catalogues and price lists available and to provide after sales support.
- Sales using e-commerce account for 22% of manufacturing turnover.
- Almost 60% of businesses have made some purchases using e-commerce. However, the percentage of total purchases made in this way is small relative to the percentage of sales made by e-commerce.

The results were obtained from the March 2006 e-commerce and ICT survey and are based on a sample of over 5000 enterprises in the manufacturing, construction and selected services sectors. About one fifth of manufacturing and service enterprises have a written IT strategy. One in ten construction companies had a written IT strategy. Around two thirds of enterprises in manufacturing and services have a website, compared with 47% in the construction sector.

The main reasons given by businesses for using the Internet (as a consumer) were (1) Information Search, (2) Banking and financial services and (3) Market monitoring.

The Survey identified some of the barriers to e-commerce in Ireland which include customers not being ready to use internet commerce, security problems concerning payments and unsuitable products for sales by the Internet.

## Use of ICT by Households

- An estimated 867,500 households (or 59%) have a home computer. This compares to a figure of 797,700 (or 55%) in 2005.
- The number of homes with internet connections increased from 655,000 in 2005 to 722,200 in 2006. Just over 83% of households who had a home computer used it to connect to the internet.
- An estimated 56% (or 1,721,000 persons) of people aged 16 to 74 have used a computer at some time while 48% (or 1,484,600 persons) have used the internet.
- An estimated 935,600 people used a computer every day or almost every day.
- An estimated 638,500 people in Ireland used the internet at least once a day.
- The most popular activities on the internet relate to Information search and on-line services, Communication (e-mail) and Interaction with public authorities.
- The most common internet purchases are Travel and holiday accommodation and Tickets for events.

## Connecting to the Internet

- The number of broadband subscribers increased from 176,300 in the second quarter of 2005 to just over 372,000 in the second quarter of 2006. The number of dial-up subscribers dropped from 542,000 to 487,000 over the same period.
- Enterprises who use broadband are more likely show greater levels of e-business activity, and higher degrees of integration of their ICT systems.

## International Comparisons

- Globally, the ICT sector in Ireland has one of the highest shares of business sector value added, just below Korea and Finland.
- Irish enterprises are more likely to sell on-line than most of their EU counterparts. However, they are less likely to have a broadband connection.
- Irish households are less likely to have internet access than their EU counterparts. They are among the lowest household users of broadband in the EU, less than half the EU average.
- Per capita, Ireland was among the highest in the EU for sending SMS text messages in 2004.

## eBusiness Legal and Regulatory Environment

In 2006 Enterprise Ireland published an eBusiness Legal and Regulatory Guide. The most recent change to that guide occurred in April 2007. Issued and policed by the Office of the Director of Corporate Enforcement (ODCE), this new piece of legislation applies to newer electronic forms of communication, such as email. From 1 April, websites and electronic communications issued by limited companies will be required to contain information such as company name, registration number and registered address.

To read the full guide please visit:

[http://www.enterprise-ireland.com/ebusinesssite/guides/legal\\_aht/ebus\\_intro.asp](http://www.enterprise-ireland.com/ebusinesssite/guides/legal_aht/ebus_intro.asp)

## eMarketplaces in Ireland

The following are a list of emarketplaces that are based in Ireland or that have offices here:

eMarket	Products & Services Traded	Geographic Focus
<a href="#">Achilles</a>	<a href="#">Oil and gas, water and energy supply, transport, pharmaceuticals, construction services and utilities.</a>	<a href="#">Global with focus on Latin America and Europe.</a>
<a href="#">Ariba</a>	<a href="#">Diverse industries such as consumer products, energy, financial services, high technology, manufacturing, pharmaceutical, public sector, higher education, telecommunications and transportation are covered</a>	<a href="#">Global</a>
<a href="#">BidVantage</a>	<a href="#">Computers and electronics components</a>	<a href="#">Global with focus on the USA/Europe</a>
<a href="#">BT Transact</a>	<a href="#">A wide variety of direct as well as indirect products: from office equipment, computers to food.</a>	<a href="#">Open to companies globally but mainly focused on Europe and the UK in particular.</a>
<a href="#">cc-hubwoo</a>	<a href="#">Cc-hubwoo develops and operates private e-procurement platforms and e-marketplaces for all types of companies</a>	<a href="#">Europe</a>
<a href="#">eTenders</a>	<a href="#">Find and publish tender notices on government and public sector procurement across Ireland.</a>	<a href="#">Ireland.</a>
<a href="#">GoIndustry</a>	<a href="#">Pre-owned products such as office supplies, audio visual &amp; broadcast, textile, industrial real estates and entire production lines of a range of industries.</a>	<a href="#">Global</a>
<a href="#">KOMPASS</a>	<a href="#">Products and services from multiple industries such as automation, rubber and plastics, chemicals and pharmaceuticals, agriculture, machinery, etc</a>	<a href="#">Global</a>
<a href="#">PCB-Broker</a>	<a href="#">PCB-Broker is a trading platform for printed circuit boards - PCBs</a>	<a href="#">Global</a>
<a href="#">Tradeplace</a>	<a href="#">Household appliances and consumer electronics industry.</a>	<a href="#">Europe</a>
<a href="#">TransportMarketplace</a>	<a href="#">Transportation services and logistics</a>	<a href="#">Global</a>

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## Further Information:

For further information on eBusiness in Ireland please visit [www.openup.ie](http://www.openup.ie), Enterprise Ireland's dedicated eBusiness and ICT website.

## Sources:

- ⇒ Enterprise Ireland: "Ireland: Economic Profile" (August 2006); ([www.enterprise-ireland.com](http://www.enterprise-ireland.com))
- ⇒ Central Statistics Office: "Information Society and Telecommunications 2006"; Dublin, December 2006; visit [www.cso.ie](http://www.cso.ie) for the full report.
- ⇒ [www.openup.ie](http://www.openup.ie)