

# The 2003 E-readiness Rankings (Summary)

The Economist Intelligence Unit (in co-operation with IBM)

## Key findings:

- Sweden deposes US to take first place
- Northern Europe, North America and Australia claim top nine spots
- Hong Kong and South Korea make significant advances
- Economic difficulties inhibit, but by no means cripple, Internet development
- Conducive government policy boosts e-readiness in developed and developing countries alike

The painful adjustment from the dotcom meltdown of 2000 is not over, particularly in the US. The global economic malaise has undercut IT spending and scaled back public infrastructure initiatives. Yet the Internet revolution ploughs ahead—in the US and around the world. This is the conclusion of the 2003 edition of the [Economist Intelligence Unit's e-readiness rankings](#) (see table below or click [here](#) to download a free report).

"E-transformation has become the silent revolution," says Daniel Franklin, Editorial Director of the Economist Intelligence Unit. "The frenzy of the dotcom years has gone, but the quiet work of harnessing the Internet to drive efficiencies in both business and government has, if anything, intensified. The Internet offers solutions to the twin priorities in these harsher economic times: saving costs and reaching customers."

Now in their fourth year, the Economist Intelligence Unit's e-readiness rankings provide an established benchmark for countries to compare and assess their e-business environments. "E-readiness", or the extent to which a market is conducive to Internet-based opportunities, takes into account a wide range of factors, from the quality of IT infrastructure to the ambition of government initiatives and the degree to which the Internet is creating real commercial efficiencies. Covering the world's 60 largest economies, the rankings suggest areas in which government policy and funds can be focused. They also provide a useful guide for multinationals seeking to invest in technologically innovative countries and tailor their Internet strategies to local conditions.

The Economist Intelligence Unit developed the criteria for the e-readiness rankings with the support of [IBM Institute for Business Value](#). "Dynamic global challenges create uncertain and volatile environments," says Peter Korsten, Director, IBM Institute for Business Value, which advises business leaders on how to use technology to meet strategic goals. "The e-readiness framework provides a mechanism to help business and government executives fuse business and technology decisions to create focused, resilient and responsive organisations."

## Among the main conclusions suggested by this year's rankings:

**Scandinavia leads.** When the Economist Intelligence Unit's [e-readiness rankings](#) were introduced in 2000, the **US** led the pack. With the downturn in the US economy and the evaporation of venture capital, however, challengers—particularly Scandinavian countries—have gained ground. **Sweden** is now the front-runner, and **Denmark** (2nd place), **Finland** (6th) and **Norway** (7th) have each advanced significantly over last year's rankings. What sets Scandinavia apart is the extent to which the Internet has pervaded the marketplace and reshaped business transactions, and the eagerness with which citizens have incorporated Internet technology into their daily routines.

In contrast to their northern neighbours, Southern Europeans regard the Internet sceptically, and are reluctant to move business online. Among the region's stragglers are **Italy** (21st), **Portugal** (22nd), **Spain** (23rd) and **Greece** (26th).

**Regional champions.** Western economies continue to dominate the top slots in our ranking. They have the right conditions for e-business: healthy macroeconomic, political and regulatory environments; highly developed IT infrastructure; and a large pool of regular—and relatively wealthy—Internet users. But every region has pockets of promise. In Asia-Pacific, **Australia** (9th) is ahead in a competitive field, thanks partly to early and intensive telecoms deregulation. **South Korea** (16th) is making the largest strides, spurred by an ambitious government and heavy infrastructure spending. In the Middle East, **Israel** (25th) holds the lead by leveraging an entrepreneurial culture and an abundance of IT experts. And in Eastern Europe, the **Czech Republic** (27th), **Hungary** (29th) and **Poland** (30th) are expanding broadband coverage and promoting competition among Internet service providers, to good effect.

**Small countries have an edge.** Economic might influences, but does not determine, e-readiness. The world's strongest economies—the **US**, **Germany** and **Japan**—have taken 3rd, 13th and 24th place, respectively, in our rankings. They are outstripped by smaller, nimbler economies, such as **Sweden** (1st), **Hong Kong** (10th) and **Singapore** (12th), which are better able to implement nationwide infrastructure projects. The city-state of Singapore, for example, is the first country in the world to have nationwide broadband coverage.

**Economic downturn affects e-readiness.** Most countries have improved their scores since last year, thanks to continued rollout of broadband services, uptake of mobile telephony, and a spate of Internet-related legislation and government programmes. Where there has been a slight reduction in score, economic and political turmoil are to blame, dampening business prospects across the board, not just e-business. **Canada** and **Mexico**, for example, are intimately tied to the US economy, and have suffered the effects of reduced trade and investment. Regional economic woes have had an impact on **Brazil**, **Chile** and **Venezuela**. In some European countries, too, business conditions have deteriorated since last year.

**No country is a back-peddaller.** But no country is a back-peddaller. Even in tough economic times, governments are pushing through IT infrastructure projects; programmes to bring the Internet to schools, post offices and other public venues; and legislation to encourage e-business and safeguard its participants. They are reducing connection charges by liberalising local telecoms markets, subsidising public access and regulating prices. And they are putting government services online at a fast clip.

**Governments set the stage.** The e-business revolution is not led by businesses and consumers alone. Smart government initiatives are boosting the Internet's potential around the world, from Sweden to Hungary, from Canada to South Africa.

### Economist Intelligence Unit e-readiness rankings, 2003

2003 e-readiness ranking (of 60)	2002 ranking	Country	2003 e-readiness score (of 10)	2002 score
1	4 (tie)	Sweden	8.67	8.32
2	7	Denmark	8.45	8.29
3 (tie)	2	Netherlands	8.43	8.40
3 (tie)	1	US	8.43	8.41
3 (tie)	3	UK	8.43	8.38
6	10	Finland	8.38	8.18
7	11 (tie)	Norway	8.28	8.17
8	4 (tie)	Switzerland	8.26	8.32
9	6	Australia	8.25	8.30
10 (tie)	9	Canada	8.20	8.23
10 (tie)	14	Hong Kong	8.20	8.13
12	11 (tie)	Singapore	8.18	8.17
13	8	Germany	8.15	8.25
14	13	Austria	8.09	8.14
15	15	Ireland	7.81	8.02
16	21	South Korea	7.80	7.11
17 (tie)	16	Belgium	7.78	7.77
17 (tie)	18	New Zealand	7.78	7.67
19	17	France	7.76	7.70
20	20	Taiwan	7.41	7.26
21	19	Italy	7.37	7.32
22	24	Portugal	7.18	7.02
23	22	Spain	7.12	7.07
24	25	Japan	7.07	6.86
25	26	Israel	6.96	6.79
26	23	Greece	6.83	7.03
27	27	Czech Republic	6.52	6.45
28	28	Chile	6.33	6.36
29	29	Hungary	6.23	6.05
30	31	Poland	5.57	5.52
31 (tie)	30	Mexico	5.56	5.67
31 (tie)	33	South Africa	5.56	5.45

33	32	Malaysia	5.55	5.50
34	36	Slovakia	5.47	5.00
35	35	Argentina	5.41	5.14
36	34	Brazil	5.25	5.31
37	38	Colombia	4.86	4.77
38	37	Venezuela	4.75	4.91
39	40	Turkey	4.63	4.37
40	41	Bulgaria	4.55	4.25
41	39	Peru	4.47	4.43
42	46	Thailand	4.22	3.86
43	44	Romania	4.15	4.00
44	42	Sri Lanka	4.13	4.05
45	47	Saudi Arabia	4.10	3.77
46	43	India	3.95	4.02
47	49	Philippines	3.93	3.72
48	45	Russia	3.88	3.93
49	50	Ecuador	3.79	3.68
50	51	China	3.75	3.64
51	48	Egypt	3.72	3.76
52	53	Iran	3.40	3.20
53	52	Indonesia	3.31	3.29
54	54	Ukraine	3.28	3.05
55	55	Nigeria	3.19	2.97
56	56	Vietnam	2.91	2.96
57	57	Pakistan	2.74	2.78
58	58	Algeria	2.56	2.70
59	59	Kazakhstan	2.52	2.55
60	60	Azerbaijan	2.37	2.38

To download a free white paper on the [2003 e-readiness rankings](#), please click [here](#).

#### **Methodology: How the scores were derived**

Nearly 100 quantitative and qualitative criteria, organised into six distinct categories, feed into the e-readiness rankings. The six categories (and their weight in the model) are connectivity and technology infrastructure (25%); business environment (20%), using the 70 indicators covered by the Economist Intelligence Unit's [business environment rankings](#) for 60 countries; consumer and business adoption (20%); social and cultural environment (15%); legal and policy environment (15%); and supporting e-services (5%).

Since launching the rankings in 2000, we have repeatedly upgraded and refined our methodology. This year, our model is unchanged from the previous ranking, making direct

annual comparison of scores possible for the first time. The majority of data is sourced from the Economist Intelligence Unit and Pyramid Research. Qualitative criteria are assessed by the Economist Intelligence Unit's extensive network of country experts, and their assessments are reviewed by our top economists. For more information on the methodology, please refer to our white paper, available in PDF format.

For both the 2002 and 2003 rankings, the Economist Intelligence Unit worked in association with IBM's Institute for Business Value, a leader in e-business strategy that provides senior executives with insights into today's technology-driven marketplace. IBM worked together with the Economist Intelligence Unit to build the rankings model. The Economist Intelligence Unit is entirely responsible for the rankings and related white paper. Click [here](#) to view old scores.

Source: <http://www.ebusinessforum.com/>

Access time: 02/10/2003