



PRIVATE SECTOR DIGITALISATION

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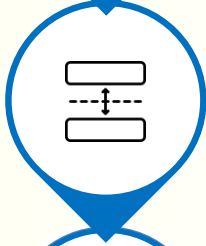
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Benefits and multi-faceted aspects of private sector digitalisation



Digital gap between large businesses and SMEs



Policy approaches and examples for steering business digital demand



Benefits of broadband diffusion and private sector digitalisation

Economy-wide benefits

- GDP per capita increase
 - +10% broadband penetration :
+1.21%p GDP per capita
- Trade increase
 - Increase in both goods and services
- Job creation
 - Due to network externalities and spillovers
- Formalisation of economic activities

Firm-level benefits

- Productivity increase
 - Automation of tasks
 - Streamlined production process
- Flexible use of resources
 - Cloud computing and Software as a Service (SaaS), requiring less upfront ICT investment
- Improved resilience
 - Means of adapting to changing business environment



Business digitalisation is multi-faceted...

No digital
adoption

Sophisticated
digital adoption

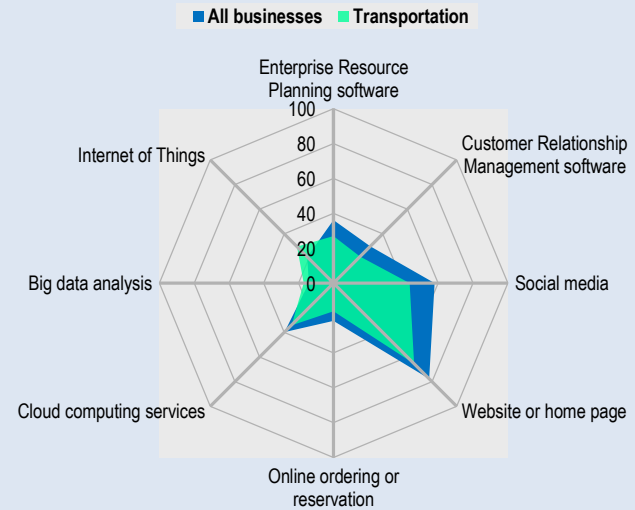
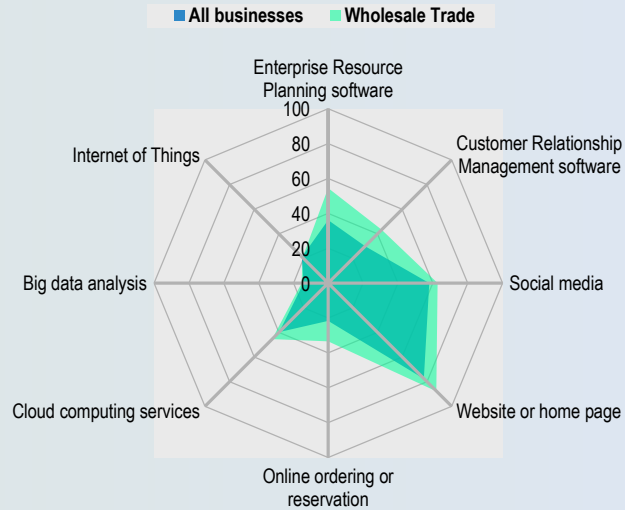
Affordable and good quality Internet connection
(Fixed & Mobile broadband)



... as well as across sectors

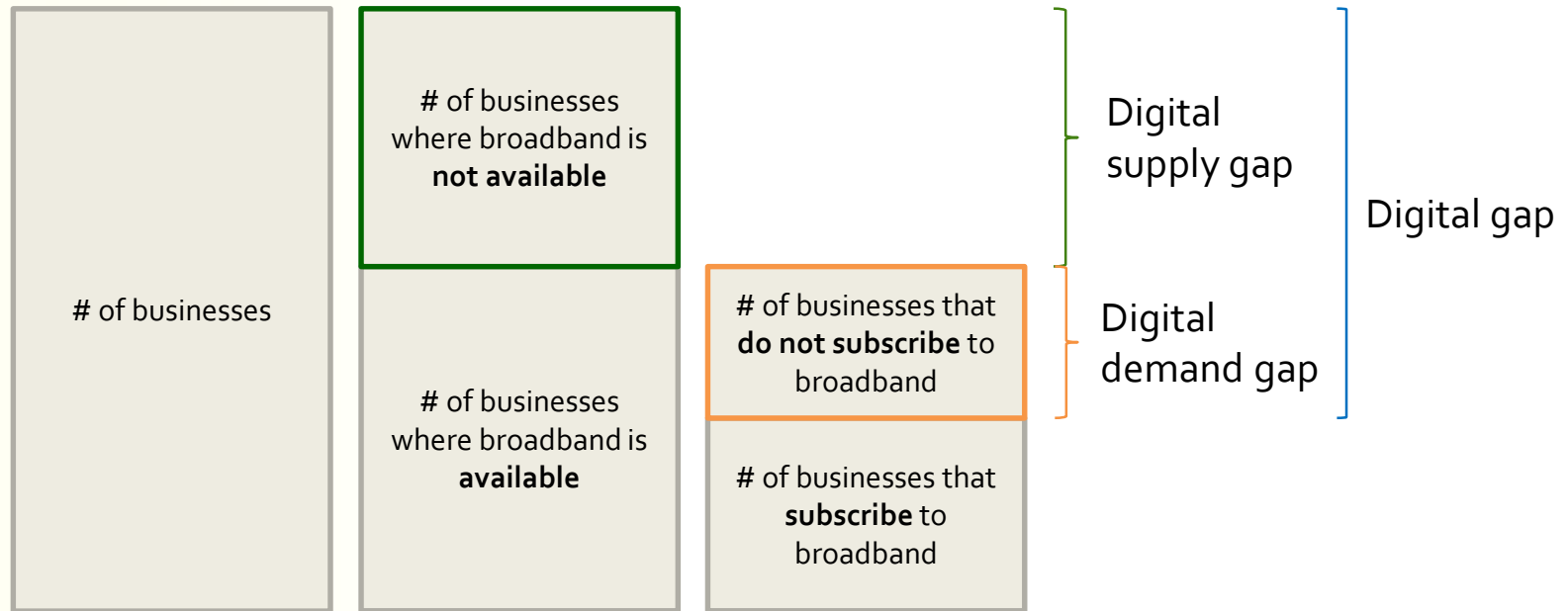
Adoption of digital technologies in wholesale trade and transportation sector

Average percentage of enterprises in OECD economies, 2019 or latest data available



Source: OECD ICT Access and Usage by Businesses Database

Digital gap = digital supply gap + digital demand gap



Adapted from Katz and Berry (2014), *Driving Demand for Broadband Networks and Services*.

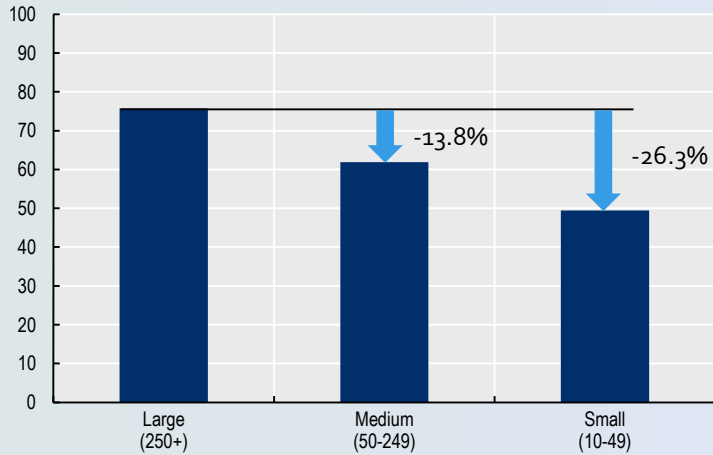


Important digital gaps exist between large businesses and SMEs

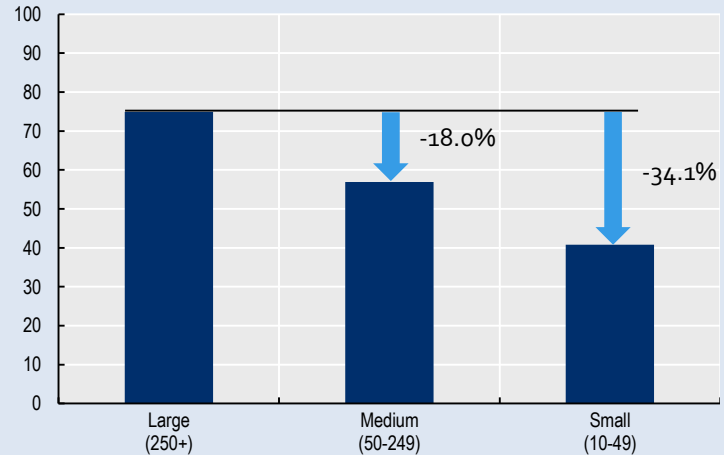
Digital adoption gap between large businesses and Small and Medium-sized Enterprises (SMEs)

Average percentage of enterprises in OECD economies, 2021 or latest data available

Enterprises with a broadband download speed at least 100 Mbit/s



Enterprises purchasing cloud computing services



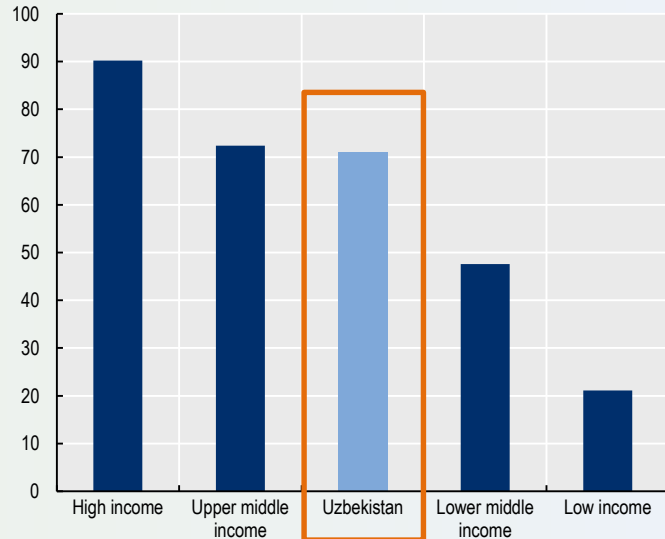
Source: OECD ICT Access and Usage by Businesses Database



Although Internet in Uzbekistan is readily accessible, connection quality requires attention

Internet users per 100 inhabitants

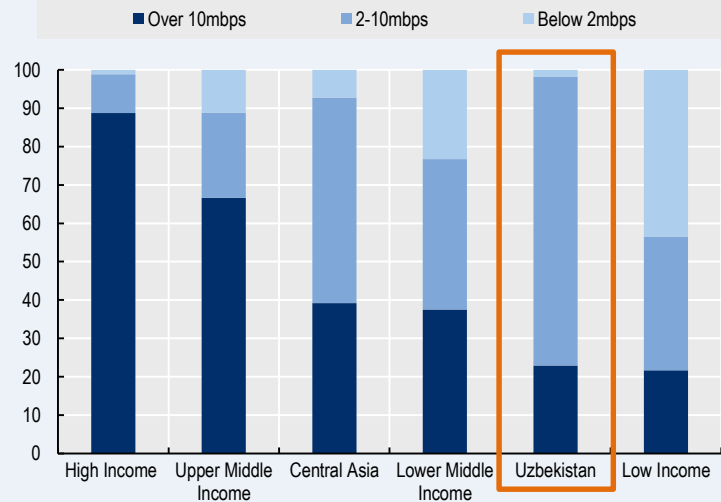
2020



Source: International Telecommunication Union (ITU) ICT Statistics

Fixed Internet broadband subscription by speed

Breakdown by the share of connection speed, 2020

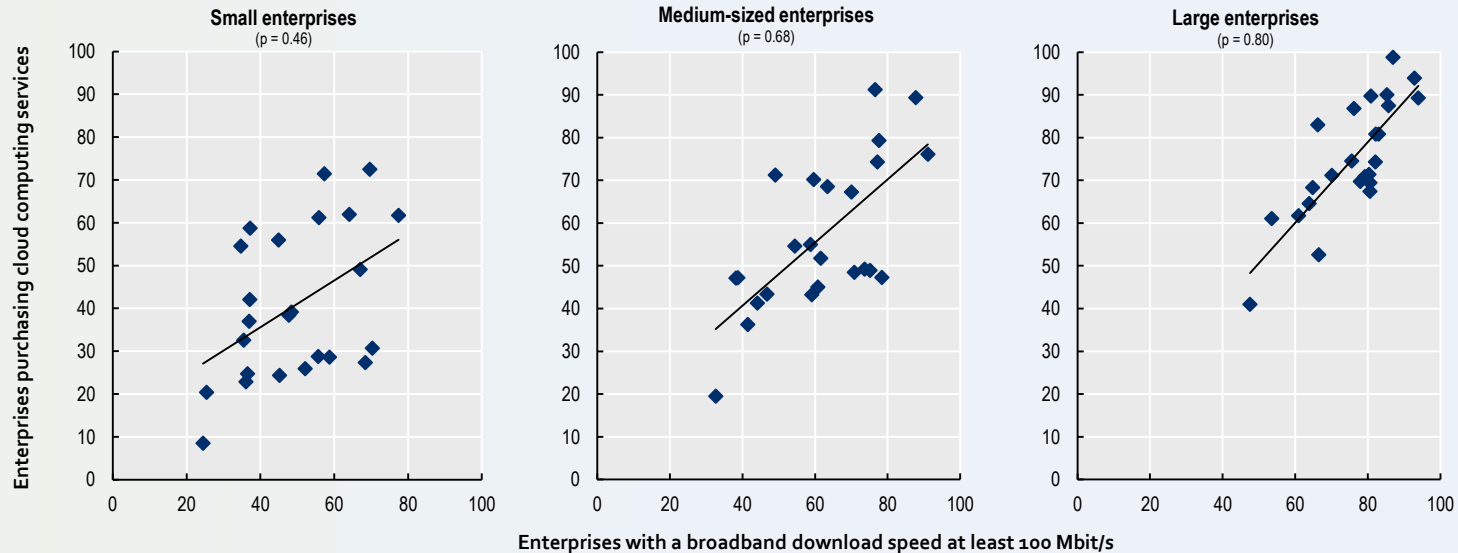




Speed of Internet is an important factor for business digital adoption

High-speed broadband and cloud computing adoption rate by firm size class

Average percentage of enterprises in OECD economies, 2021



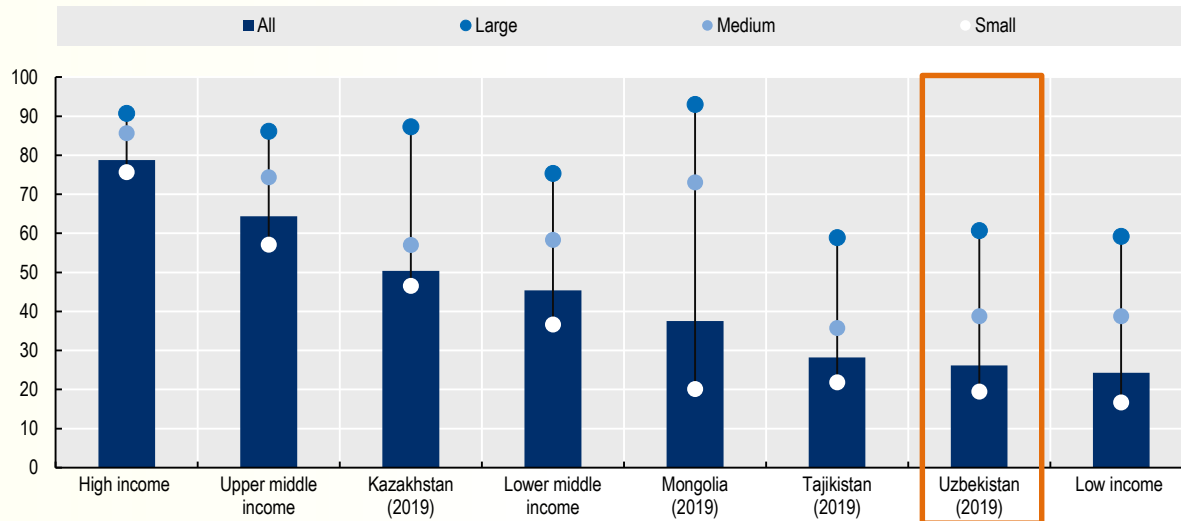
Source: OECD ICT Access and Usage by Businesses Database



Having a website is a first step for SMEs willing to establish an online presence

Percent of businesses having their own website

As percentage of business that have more than 5 employees



Note: Calculation based on the latest available country survey result between 2017 and 2021. Small businesses are between 5-19 employees, medium business between 20-99. Large businesses employ more than 100 persons. Data for Kyrgyzstan and Turkmenistan not available.
Source: World Bank Enterprise Surveys.

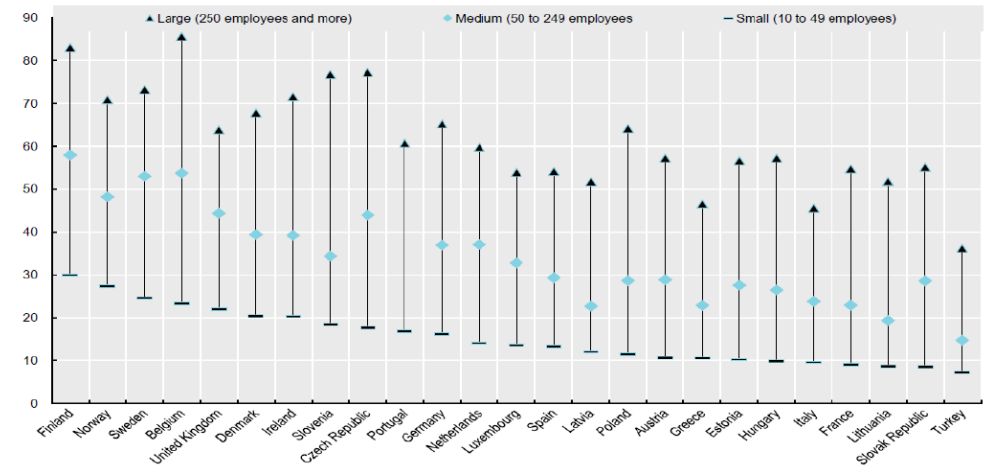


Government can support the upskilling of firms' managers and employees

- There is a gap in SMEs' use of digital tools, including the ones needed for **teleworking**. Causes include:
 - A **lack of both “hard” skills** (e.g. from use of basic software to coding) **as well as “soft” skills** (ability to learn, creativity, critical thinking)
 - Difficulty in identifying and **finding talents**
- **Addressing the SMEs' skills gap:**
 - Help accelerate training in the workplace and extend training to transversal skills
 - Connect SMEs with innovation and knowledge networks and digital solutions providers
 - Offer tailored training and support for underrepresented target groups, including female entrepreneurs and business owners, and people with disabilities.

Smaller firms offer less ICT training to employees

Share of firms providing ICT training to non-ICT professionals, 2020



Source: OECD ICT Access and Usage by businesses database



Policy approaches for steering business digitalisation demand...

...should be based on MSME digitalisation status in the country...

Helping MSMEs foster digital skills and data culture

Easing MSMEs' access to digital tools and services

Providing affordable and reliable digital access to MSMEs

...while creating favourable environment for MSME digital transformation

Raising awareness for digital adoption

Connecting MSMEs with knowledge networks

Setting a supportive regulatory framework

Strengthening digital security of digitalised MSMEs

Policy examples of supporting business digitalisation



France

Broadband Activity Zones

- Part of the country's broadband plan
- Government broadband certification scheme for regional attractiveness
- The Zones are required to be equipped with fibre optic connection with at least 100 Mbit/s



Korea

Digital services voucher programme

- One of COVID-19 response measures to support digitalisation of small businesses
- Voucher covers 90% of purchasing cost
- Businesses free to choose among pre-selected list of digital services



Mexico

Concanaco Tablet project

- Project created under a co-operation between government entities and Chambers of Commerce
- SMEs receive tablet and free Internet connection for a year
- Formalisation of business activity and employment

Thank you

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