

How nations thrive in the Information Age

Leveraging information and communications technologies for national economic development

Around the world, the use of information and communication technologies (ICT) continues to rise sharply. Whether countries today are part of the most advanced “Established Leaders” group, the heterogeneous middle tier we call “Rapid Adopters” or the group of “Late Entrants” where ICT is least influential on their economies, each nation must aim for greater E-readiness – and fast. Here, we provide an overview of the current economic landscape, as well as how each group of countries can learn from the practices of the more advanced ones and prepare themselves to compete better on a global stage.

All nations in developing and advanced economies have become such extensive ICT users that their economic success now depends on governments' wise promotion and deployment of ICT at a national level. Most governments are committed to using these technologies to enhance their nations' competitiveness in the global economy and to improve the internal operations of public agencies. However, just as ICT can offer nations potential opportunities to improve the economic and social quality of citizens' lives, challenges to national success also exist. Effective implementation of national economic development policies that integrate economic, social and technological strategies are essential to compete effectively in the globalized economy of the twenty-first century, particularly in light

of expanding international competition for skilled labor, investment funds and trade.

Studies conducted over the past half-decade by the Economist Intelligence Unit (EIU), in collaboration with the IBM Institute for Business Value, have led to the E-readiness Rankings. These annual rankings have clearly documented a major shift in economic activities, with the growing use of ICT as the most obvious trend. Equally important, national strategies and leading practices are emerging that can be leveraged by all nations that wish to remain competitive.

Key E-readiness trends

Analyses of the EIU's annual E-readiness Rankings from 2001 through 2006 demonstrate a number of patterns of

practices. The world's largest economies can be categorized into three tiers, based on the extent of ICT deployment. Countries within a specific tier seem to share similar sets of political, economic, social and technological attributes:

- *Established Leaders* (or Tier 1) – Countries that are the most extensive and mature users of ICT
- *Rapid Adopters* (or Tier 2) – Countries that have made rapid progress in ICT development in recent years and are beginning to challenge the most advanced economies or the
- *Late Entrants* (or Tier 3) – Countries that started the new century with inadequately developed social, economic, political and legal infrastructures, and where ICT only influences a very small part of their economies.

Over the past half-dozen years, the overall E-readiness performance of all countries has improved significantly, although the pace of development varied across the three tiers. In short, their ability to compete on a global basis improved due to increased focus on the necessary ICT and social/legal infrastructures. Rapid Adopters have made the greatest progress, while Late Entrants have experienced difficulty in embracing the practices of countries above them. Countries have occupied different



spots in the annual surveys. Rankings for 2008 show the E-readiness leaders in each tier (see Figure 1).

FIGURE 1.
Top 5 ranking countries, based on average ranking during 2001-2006.

Rank	Established Leaders	Rapid Adopters	Late Entrants
1	Denmark	Italy	Bulgaria
2	United States	Spain	Turkey
3	Sweden	Japan	Thailand
4	Switzerland	Portugal	Venezuela
5	United Kingdom	Israel	Romania

Source: Annual E-readiness Rankings 2001-2006, EIU.

The road ahead

Each tier of countries is in various stages of transformation, some more dramatic than others. Established Leaders need to continue innovating in their use of technology and public policies

to remain competitive. The large collection of emerging rivals, Rapid Adopters, also have much work to do and are learning from the Established Leaders' prior experiences. Many Late Entrant countries are displaying an appetite to modernize their economies – they are also borrowing from other nations' experiences.

To be competitive, all nations will have to continue improving their E-readiness relative to each other. There are a number of strategies that each cluster of countries can tailor to its specific needs. However, our findings suggest that progress can only come if successes also occur simultaneously on all of the four fronts: political, economic, social and technological, not just along one dimension. National and regional governments have a central, indeed crucial, role to play in leading their citizens and institutions through economic development.

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January 2009
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