Digital (R)evolution
Outline of the presentation

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I. State of play (main problems, strategic goals)

1. online public services
2. SMEs
3. broadband penetration
4. level of digital illiteracy, lack of motivations
5. computer coverage
6. internet statistics (households and enterprises with Internet access, individuals using the Internet, households and enterprises with broadband connection, individuals and enterprises using the Internet for interacting with public authorities

II. Development trends

1. ePublic Administration Strategy

This strategy establishes that the Hungarian system of public administration, public services and the administration of justice should operate on the basis of modern principles, focusing upon the needs and requirements of citizens. This should result in better quality services and a more sensible use of available resources. Serving as both an example and a model, a modern system of public administration and government action could become a force promoting the modernisation of society and the fulfilment of democracy.

Objective: to set up a general vision for all the participants on the field of e-public administration, a framework to be followed by all projects, and to define the key strategic factors for the implementation of the goals.

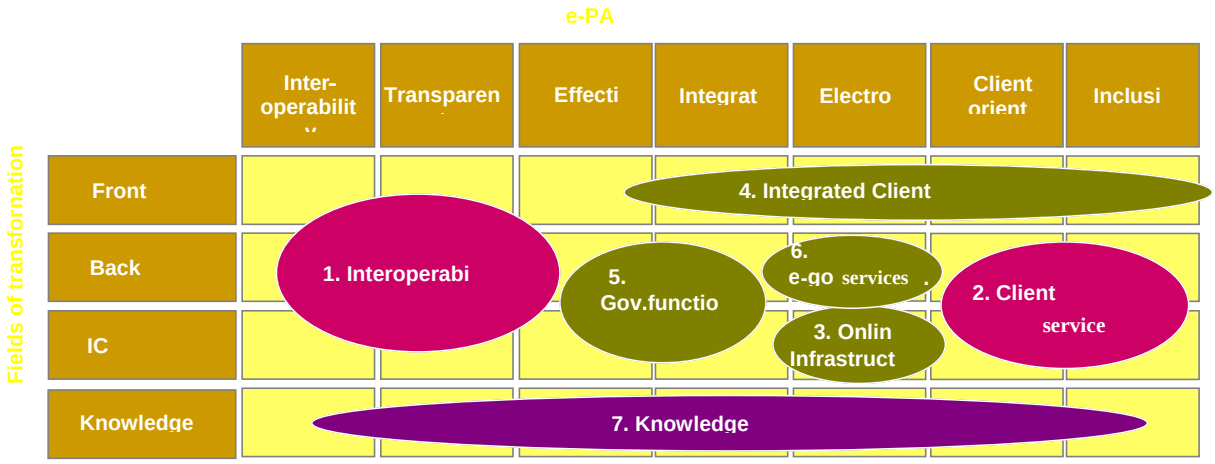
4 strategic fields of the strategy:

- Modernization of the public services for the citizens, enterprises and the public administration
- Introduction of integrated services for the governmental institutions, back offices in order to promote a transparent and effective public administration
- Contribution to the spread of the professional e-government knowledge at leadership level and implementation
- Development of the e-government adaptability especially of those enterprises, citizens disadvantaged in the area of IT .

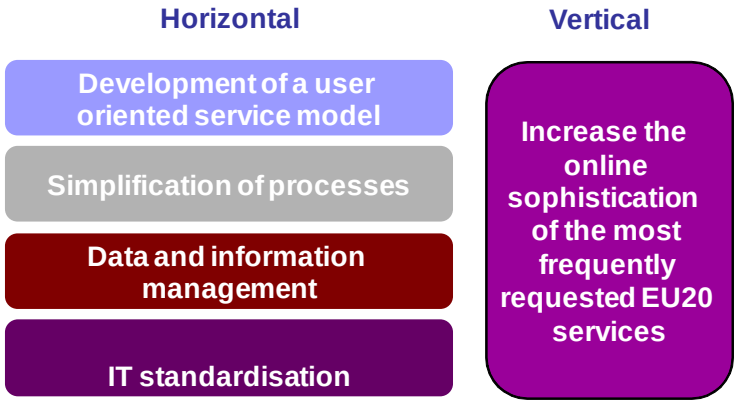
The strategy identifies main programmes that should be followed by the institutions while they provide their own services.

- Horizontal programmes: set up guidelines and framework for the institutional service developments, including the content-, process development and technological implementation of those services.
- Vertical programmes: EU 20 services development by sectors
- Integrated, shared services: contributes to illiminate parallel processes, and to futher cost-efficient developments and function. Investments related to the reforms can be implemented and time-management improves.

Overall programmes 1-7: The e-public administration matrix and these overall programmes derived from the e-government concept. These programmes have their own objectives and their implementation will be managed through the actions set up in each programme.



Actions:



2. **Digital Literacy Action Plan**

In Hungary 51% of adult population is digital illiterate – does not use computer and internet. Only 37% is regular internet user and 12% uses PC but does not use internet.

Objective: to reduce the high proportion of digital illiteracy to below 40% by 2010 via enhancing motivation and developing training opportunities.

Background:

- In 2006 56% of the population over 18 was digital illiterate, namely did not use either internet, nor computer. In 2007 the proportion of the illiterate population was still above 50%.
- The rate of the digital literate population has been growing continuously, but the dynamic of the growth still lags behind in European comaprision.
- Reason: the number of consumers not using computer and internet because of financial reasons has decreased, however the proportion of people not using them for cultural purposes has increased. Don‘t care, don‘t need to.
- Instrument ensuring programs like Sulinet, eHungary points prevailed. Thanks to these, institutional infrastructures have gone through a rapid progress, and given social groups obtained computer.
- Looking at the programmes launched until now, we can see that so called awarness raising programmes were underrepresented. The state intervening has to focus on these spheres.
- With the growth of the penetration programmes focusing smaller target groups become more and more important.

Target groups:

- Middle classes: to be able to move the digital illiterate population to the other side

- Upper classes: government measures built on market mechanisms can help closing the gap of the upper classes
- Under classes: an action plan aiming at reducing the digital literacy is not enough. Integrated actions are capable to contribute to the reduction of the backwardness of this population.

Planned pillars, priorities and actions:

Pillars	Priorities	Actions
Cognitive conditions	Motivations (attitude forming, interest raising, trust strengthening)	Ready for the NET communication campaign: to enhance motivation and increase the openness toward info communication tools and contents
		Ready for the NET: forming and operation of a user-, age-, child friendly, trust affirming and knowledge transmitting program
	(Education, knowledge transfer, information)	Ready for the NET: sponsoring of training programmes
		eAdvisor: setting up and operation of a service providing network
		Launching of targeted complex training access programmes (like "Wifi village")
		Introduction of consultancy (e-Entrance)
		Ensuring the harmony between the NHDP relevant programmes and the Action plan

3. **eEconomy Action Plan**

Objectives:
To determine the business, the infrastructural and other (concernig business environment) conditions influencing the development of eEconomy.

The strategic document tried to focus on the following problems:
- where stands the eEconomy in Hungary in international perpective;
- ICT usage among Hungarian enterprises, eLearning and telework;
- B2B, B2C applications, analyzing the development of eCommerce, eBanking and ePayment;
- G2B, B2G relations analyzing development tendencies of eGovernemnt;
- Regulatory and institutional framework of eEconomy.

Actions (ICT usage within the enterprise)

- **ICT training and motivation programme for SMEs**

Objective: covering approximately 10.000 SMEs, complex, tailor-made training, information, advisory and motivaton programme in all regions that will contribute to:

- the increase of ICT investments within SMEs that will improve their competitivness;
- the intensification of the IT market indirectly with the growth of the demand;
- the increase of the use of eGovernment services among SMEs

As a result Hungary can improve its ranking concerning the E-business Readiness Index from 25 to 20 by 2013.

- ***„Fair Business" – eCommerce certification and alternative whipper-in forum based on PPP***

The objective of the project is to call a certification system into action and the intensification of consumer's trust into eCommerce as a result of **„**Fair Business" certificate. That will contribute to the increase of the online turnover.
As a result more than 200 traders will gain „Fair Business" brand within 3 years (by 2011), that means: the given enterprise fulfils all necessary conditions of legal, safety and consumer friendly operation.

- ***Database free of charge and a webpage enabling intelligent search about Hungarain SMEs***

The objective of the project is the widening of local and international business connections of SMEs, improvement of their functional efficiency. As a result data regarding the activity of every second SME will be available by 2010.

4. Broadband Action Plan

Objectives:

- Broadband covarage 100%, in order to promote poeple to use electronic (residential-, business- and public) services
- Winding-up bottlenecks in the backbone and distribution networks
- pro-active planning and integrated approach are needed to help the strategies backing each other (Governmental Client Information Centre, eHungary Points, Public Network).
- The development of the infrasturcture is not enough! It is useless to build infrastructure without users. That is why the digital literacy is highly important. (from SROP=TÁMOP).
- Positive social and economic outcomes of eServices based upon the infrastructure

State of play

- In the past 3-4 years the number of broadband subscriptions has tripled, even so our backwardness besides the growing penetration has not diminished. Compared to the developed countries. In 2007 the number of subscriptions was 1 million 678.

- Broadband coverage has risen rapidly in the last 4 years.: in 2004 below 70%, today over **94% can have broadband connection** (min. **256 kbps down- and 64 kbps uploading speed**) additional 2-2,5% use mobile internet, generally in settlements above 10 000 inhabitants (grey settlements). The current tenders (GOP 3.1.1) determine min. 2 Mpbs down- and 512 kbps uploading (but there is preferred) simmetric 2 Mbps) speed.

- The settlement structure means the greates challange that the development policy has to face (relative high proportion of the provincial population). There were still about 500-550 uncovered settlements at the end of 2007.

- Broadband prices have been diminshing rapidly and continuosly.

Actions

- **EDOP (GOP) 3.1.1 tender that aims** Building broadband infrastructure in the uncovered areas (co-financed by EU Structural Funds and Hungarian budget)
- **EDOP (GOP) 3.1.2 tender** that aims building high-capacity fiber optic to winding up bottlenecks in the distribution networks (co-financed by EU Structural Funds and Hungarian budget)
- **Rationalise the regulation of creating electronic infrastructures**
- **Analise the possibility of tax allowance motivating development of innovative communication networks**

SWOT

Strengths	**Weaknesses**
Significant growth concerning broadband penetration	Penetration still below the EU average
Almost full penetration in the business and institutional segment	High broadband prices in international comparison in base of PPP (but not the real price in EUR)
Dynamic coverage expansion in the fix line and wireless technology	Bottlenecks in the capacity of distribution networks
Significant reduction regarding the prices	Backwardness in PC usage and penetration
Continuously growing bandwidth	Hungarian users are more critical against internet providers compared to other European citizens
Besides DSL technology cable service providers' proportion is also relevant	Little progress concerning spectrum liberalization
Active and successful control of competition	Relevant part of the communal access points did

Communal and state sources for the development of the broadband infrastructure Significant network of communal internet access points was created	not succeed to be self-sustaining Monitoring of state measures, measurement of outcomes and effects in some cases not solved
Opportunities The continuously declining price and growing coverage regarding (3G) keep increasing the competition More efficient spectrum management could keep increasing the competition alternative broadband techniques develop, new, innovative solutions appear (FTTH, WIMAX, HSDPA) development and use of MVM's (Hungarian Power Companies Ltd.) already existing telecommunications network as a Wholesale Service Provider	**Threats** Narrow brand users have switched to broadband, the growing process can stop PC penetration's recoiling at present level holds back the increase of internet penetration With the increase of users and applications new bottlenecks arise on the existing networks Consumers do not feel inclined to pay for additional expenditure coming from the increase in technical content