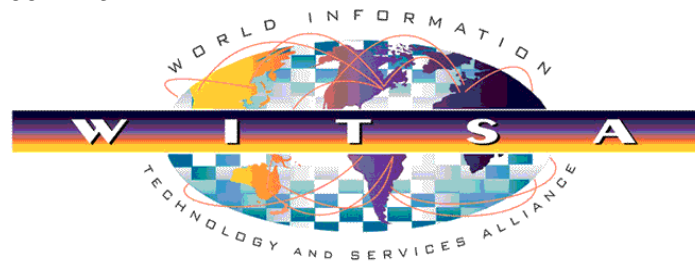


For more information please contact:
Anders Halvorsen
Tel: +1 (703) 288-1425



World Information Technology and Services Alliance International Survey of Electronic Commerce

Lack of Trust in Electronic Commerce is Major Barrier to Growth

September 27, 1999, Buenos Aires -- Initial results of a survey by the World Information Technology and Services Alliance (WITSA), which represents over 20,000 software and services companies world-wide, reveal that the biggest hurdles facing the electronic commerce industry are a lack of trust in online trading and a lack of understanding of the new business channel.

The 25 WITSA members that took part in the survey were asked to identify the three most significant barriers facing the electronic commerce industry. They pinpointed a lack of trust in electronic commerce among companies and end users and a lack of understanding or familiarity with electronic commerce. They also highlighted problems with existing internal business processes, a shortage of skilled workers and the cost of implementing electronic commerce as the most important issues facing the industry.

The WITSA International Survey of Electronic Commerce, carried out in July and August 1999, identifies ten areas that represent potential barriers to the growth of electronic commerce: trust, technology, workforce issues, public policy, taxes, business processes, costs, and consumer resistance.

Trust

The majority of WITSA members said security of payments was of paramount importance in the corporate acceptance, adoption and widespread deployment of electronic commerce in their region. Developing countries cited low levels of credit card use and restrictions on using credit cards over the telephone as a problem in implementing consumer electronic commerce. Privacy ranked next among their concerns, followed by authentication – being sure of the identity and credentials of the party you are communicating with. Some three-quarters of the countries that took part in the survey believe trust barriers will hinder the growth of electronic commerce to varying degrees.

Technology

Although Internet technology is still relatively new in many markets, WITSA members were confident that technical difficulties thrown up by a still immature

medium could be overcome. Respondents identified a wide range of technological barriers that need to be addressed. Top of the list was a need to make security systems more widely available and to ensure they are more widely used. Efforts to integrate electronic commerce systems with existing enterprise systems and the lack of internationally recognised standards covering such activities as transaction processing, security and authentication were also identified. Networking bandwidth was a prominent concern among developing countries, many of who are still developing basic telecommunications infrastructures

Workforce Issues

There was a strong consensus among WITSA members that people issues will play an important part in the development of electronic commerce. The shortage of skilled workers, a perennial problem for the IT industry, is one of the most important issues for the majority of respondents. The leadership of business executives was also called in question with a significant proportion of WITSA members believing that those who run enterprises are too averse to taking risks. Training and the cost of employing skilled workers were also high on the agenda, although there were some members who did not see the workforce as a stumbling block at all to the growth of electronic commerce.

Public Policy

As industry associations, WITSA members are active in influencing public policy in their countries. Leading public policy issues highlighted by respondents included the development of standards for authentication that would ensure trading partners are legitimate; the impact on electronic commerce of the taxation of online sales and the confusion caused by conflicting international contractual and legal frameworks. Respondents also pointed to limits on the use of encryption by governments concerned about national security and crime fighting. The ability of governments to influence the growth of electronic commerce is underlined by the fact that over 70% of WITSA members say public policy barriers will have an effect on its development.

Taxation

Although taxation scores high in the public policy arena, overall it is perceived as less of a barrier than any other issue related to electronic commerce. Local sales taxes were perceived as most harmful to electronic commerce. Despite a lack of clarity on taxation in many countries, the majority view was that taxes were not an important barrier to electronic commerce.

Business Processes

Although new Internet only businesses such as auction sites and share dealing services have been launched, the majority of organisations trading on the Internet are established businesses that must integrate their electronic activity with existing business processes. The biggest problem in this area identified by the survey, is a fear of opening corporate systems to outsiders: both customers and suppliers. WITSA members also pointed to a lack of business models for newcomers to adopt. In addition, respondents mentioned the logistical challenges of the real time environment and the need to be sure of quality business results from information exchanges as important business process barriers.

Costs

In line with the emphasis on people issues, the most significant costs for those implementing electronic commerce are connected with organisational change. The cost of changing business processes and adapting corporate cultures to accommodate electronic commerce are the greatest cost impediments to its growth. Adapting existing systems running dual systems, building new systems and buying new products and services are seen as less burdensome. This finding reflects the fact that the cost of technology and of the skills to implement it are beginning to decline as electronic commerce features are incorporated in existing products and skills become more widely available.

Consumer Resistance

The experiences of WITSA member companies in convincing customers to adopt electronic commerce again underlines the need to reassure users that they can trust the Internet. Fear of committing personal information such as credit card numbers, addresses and telephone numbers to cyberspace was mentioned most often by WITSA members as a significant objection from customers. Fear of losing money by purchasing goods from unknown companies and the absence of regulation governing procedures in the event of disputes were also important reasons for being wary of electronic commerce.

Harris N. Miller, President of WITSA, underscored that, although there is widespread awareness of electronic commerce, its exploitation calls for more knowledge of how to use the technology. "At present, there are few accepted business models from which newcomers can learn, there is a reluctance among business leaders to dedicate their companies to electronic commerce, and there is a residual fear of committing personal information on the web", Miller said.

The WITSA President also pointed out that technology itself is a limiting factor in the development of electronic commerce, especially as regards the lack of recognized standards for e-commerce and the financial and technical obstacles of integrating electronic commerce systems with existing enterprise systems. "However, the greatest challenge to the growth of e-commerce today clearly concern the need to win the trust of consumers and the need to make online security systems more widely available and used". Miller also said the study showed that, in many parts of the world, e-commerce is severely hampered by insufficient bandwidth and inadequate number of users to create national electronic marketplaces.

Mr. John Higgins, Chairman of the WITSA Task Force on Electronic Commerce and Director General of the London based Computing Services & Software Association, also noted that the IT industry did not currently see public policy as a major barrier to electronic commerce. "Taxation and other public policy related issues currently seem to be of a lesser concern to industry than technology barriers, the availability of skilled workers, and the ability to trust the new medium", Higgins said.

"We must share information to identify best practices approaches that overcome the barriers identified. This will enable rapid development of e-commerce world-wide. Governments and international trade promotion organisations must also act positively to encourage e-commerce and not over-regulate it," Mr Higgins concluded.

The findings of the WITSA International Survey of Electronic Commerce will be presented at WITSA's Global Public Policy Summit in Buenos Aires on September 27-28. Argentina's software and services industry association, Camara des Empresas de Software y Servicios Informaticos (CESSI), hosts the conference. It will feature a keynote address by Carlos Menem, President of Argentina and by Juan Maria Sanguinetti, President of Uruguay. Some 300 senior executives and policy-makers from around the world will attend the Summit. The full program for the Summit can be found online at <http://www.cessi.org.ar>.

Editors Note

The World Information Technology and Services Alliance is a consortium of 38 information technology (IT) industry associations from economies around the world. As the global voice of the IT industry, WITSA is dedicated to advocating policies that advance the industry's growth and development; facilitating international trade and investment in IT products and services; strengthening WITSA's national industry associations through the sharing of knowledge, experience, and critical information; providing members with a vast network of contacts in nearly every geographic region of the world; and hosting the World Congress on IT, the only industry sponsored global IT event. Founded in 1978 and originally known as the World Computing Services Industry Association, WITSA has increasingly assumed an active advocacy role in international public policy issues affecting the creation of a robust global information infrastructure. For more information, please go to www.WITSA.org.

For further information contact:

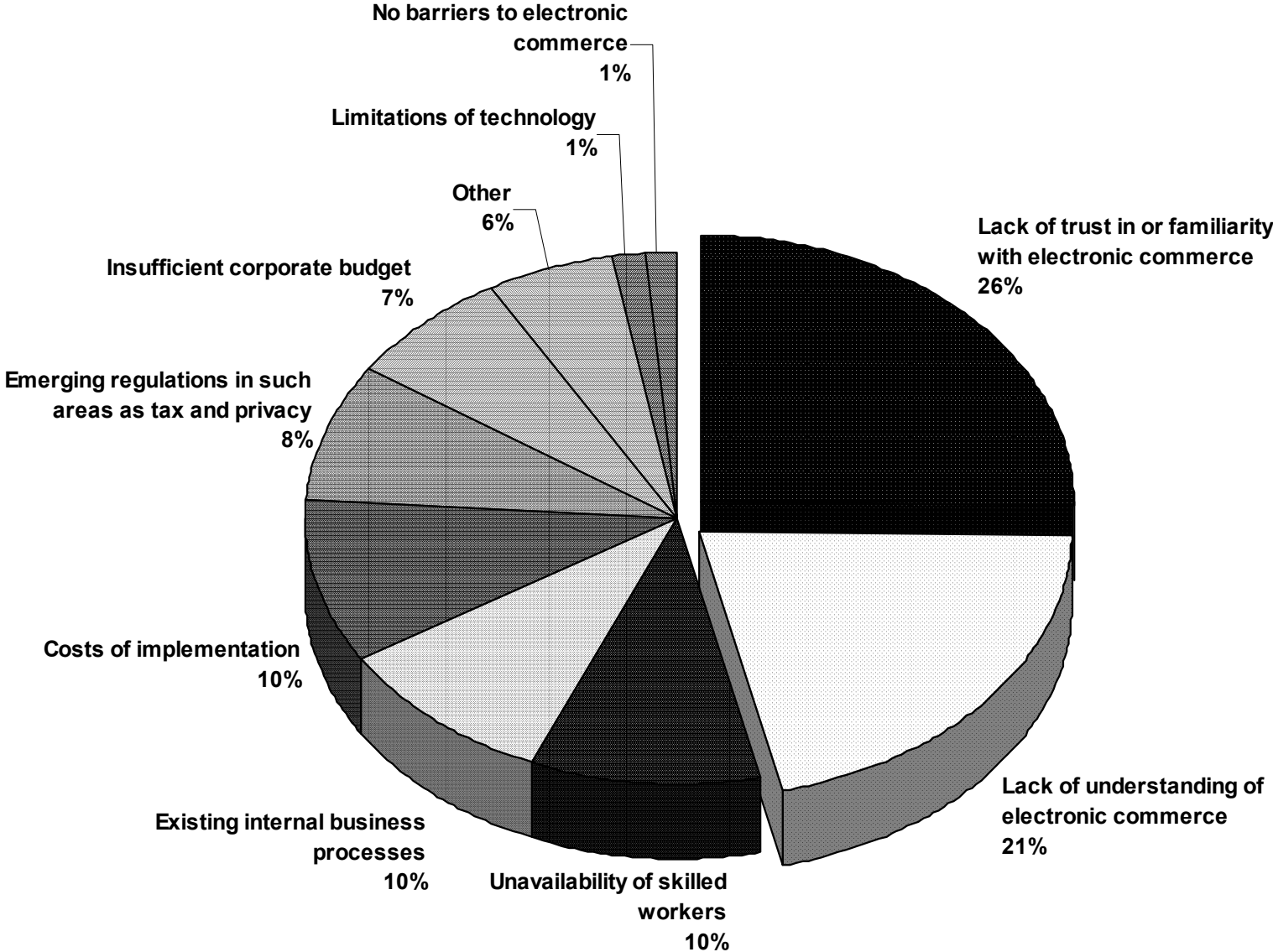
Anders Halvorsen, Program Manager, World Information Technology and Services Alliance. Telephone +1(703) 288 1425. E-mail ahalvorsen@itaa.org.

WITSA Members Participating in the International Electronic Commerce Survey

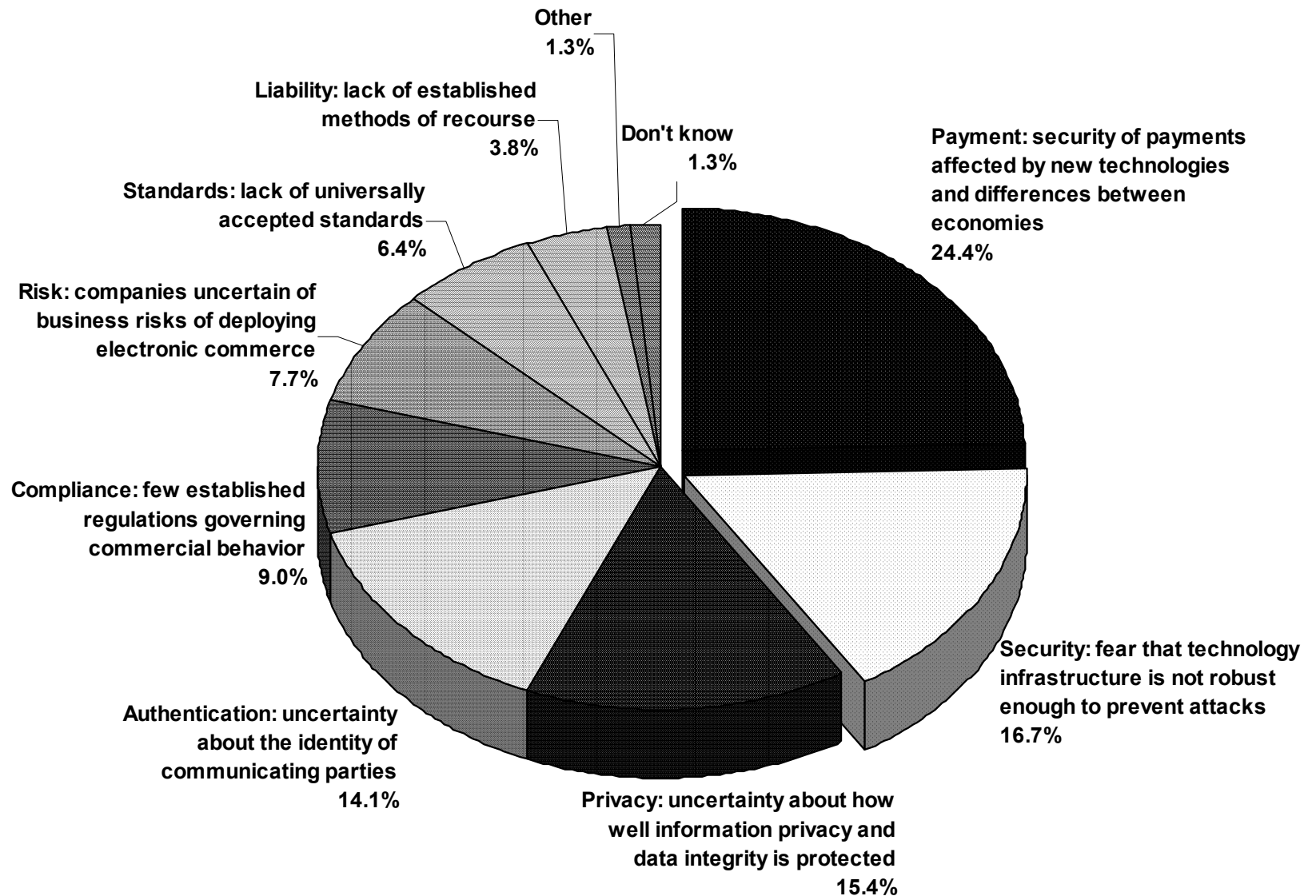
Argentina	Cámara de Empresas de Software y Servicios Informáticos (CESSI) http://www.cessi.com.ar
Australia	Australian Information Industry Association (AIIA) http://www.aiia.com.au/
Brazil	Sociedade de Usuários de Informática e Telecomunicações - Sao Paulo (Sucesu-SP) http://www.sucesusp.com.br
Canada	Information Technology Association of Canada (ITAC) http://www.itac.ca/
Chinese Taipei	Information Service Industry Association of Chinese Taipei (CISA) http://www.cisanet.org.tw/english/index.html / http://www.worldcongress2000.org
Colombia	Colombian Software Federation (Federación Colombiana de Software - FEDECOLSOFT) http://www.fedecolsoft.org.co
Czech Republic	Association for Consulting to Business (Asociace Pro Poradenství v Podnikání - APP)
France	Syntec Informatique http://www.syntec-informatique.fr/syntec/ow/home.cgi
Germany	Bundesverband Informationstechnologien (BVITeV) http://www.bvit.de/home-eng.htm
Israel	Israeli Association of Software Houses (IASH) http://www.iash.org.il/
Japan	Japan Information Service Industry Association (JISA) http://www.jisa.or.jp/
Lithuania	The Association of Lithuania's Information, technology, telecommunications and office equipment (INFOBALT) / www.infobalt.lt
Malaysia	Association of the Computer Industry (PIKOM) http://www.pikom.org.my
Mexico	Asociación Mexicana de la Industria de Tecnologías de Información (AMITI) http://www.amiti.org.mx/
Netherlands	Federation of Dutch Branch Associations in Information Technology (Federatie Nederlandse IT - FENIT) / http://www.fenit.nl/
New Zealand	Information Technology Association of New Zealand (ITANZ) http://www.itanz.org.nz/
Poland	Polish Chamber of Information Technology and Telecommunications (Polska Izba Informatyki i Telekomunikacji - PIiIT) / http://www.piit.org.pl/index_e.htm
Republic of Korea	Federation of Korean Information Industries (FKII) http://www.fkii.or.kr/english/index.html

Romania	IT&C Association of Romania (ATIC) http://www.softnet.ro/atlc/
Singapore	Singapore Information Technology Federation (SITF) www.sitf.org.sg
South Africa	IT Association of South Africa (ITA) http://www.ita.org.za
Spain	Asociación Española de Empresas de Tecnologías de la Información (SEDISI) http://www.sedisi.es
Sweden	Swedish IT-companies' Organisation AB (Svenska IT-Företagens Organisation AB) http://www.sito.se/
Thailand	The Association of Thai Computer Industry (ATCI) http://www.bdg.co.th/atci/atcihome.htm
United Kingdom	Computing Services & Software Association (CSSA) http://www.cssa.co.uk/cssa/
United States	Information Technology Association of America (ITAA) http://www.ita.org/index.htm

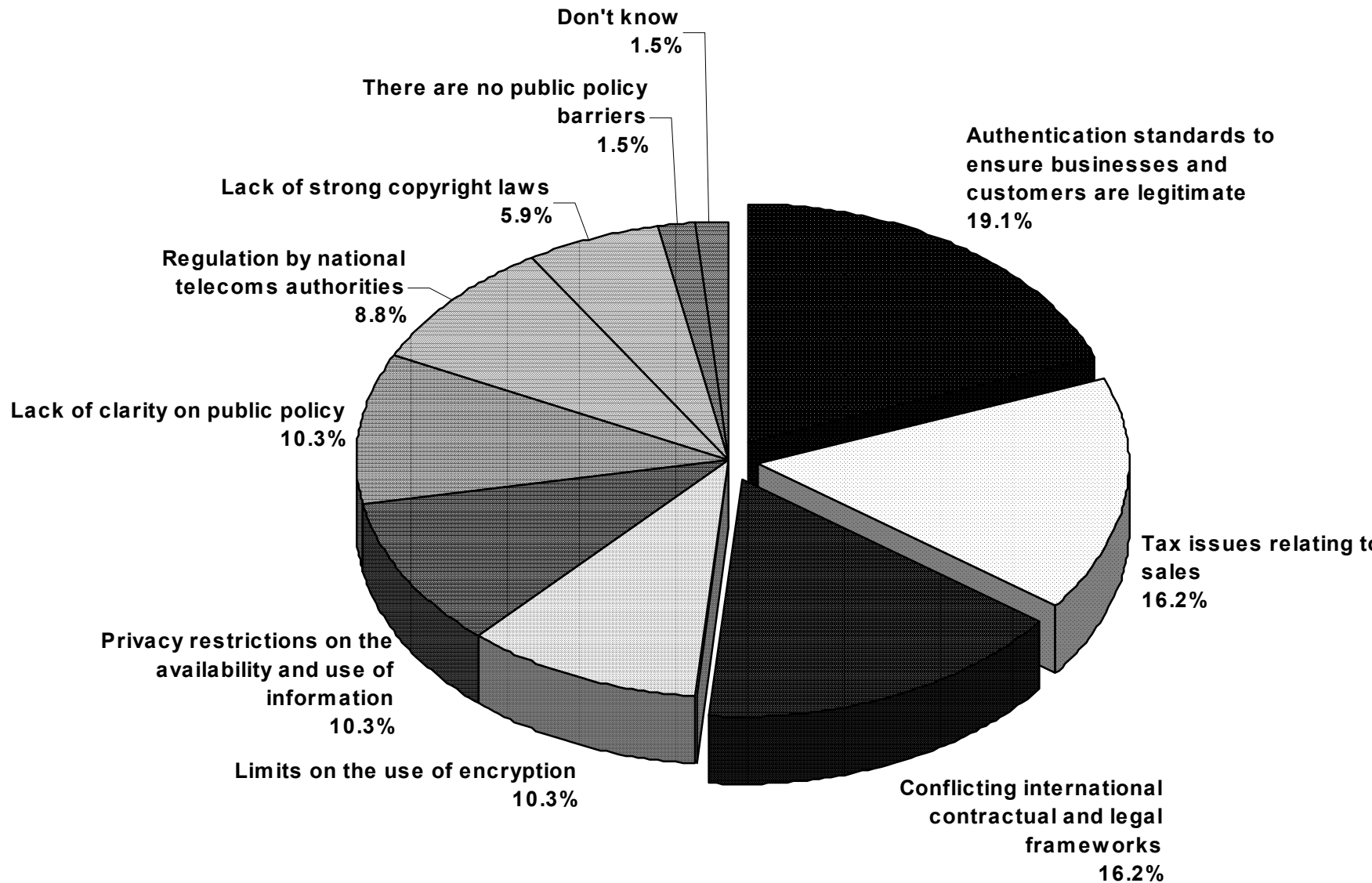
What Are the Most Significant Barriers Facing the Electronic Commerce Industry?



What Are the Most Significant Trust Related Barriers to Electronic Commerce?



What Are the Most Significant Public Policy Barriers to Electronic Commerce?



Which Taxes are Most Harmful to Electronic Commerce?

