

ICT Usage in the Philippines, Indonesia and Thailand

SMEs and e-Commerce

- **Grant from The Asia Foundation**
- **Objectives**
 - To determine the extent of ICT and e-commerce usage among SMEs in the Philippines, Thailand, and Indonesia
 - To understand the issues, problems and concerns of SMEs with regard to ICT use and e-commerce as a mode of doing business.
 - To provide policymakers with relevant implications on policy initiatives and incentives to encourage wider ICT use among SMEs in the Philippines.

State of Philippine SMEs

- SMEs account for 99% of registered business establishments
- 67% of all jobs generated come from SME manufacturing and service sectors
- 60% of all exporters are SMEs
- A nationwide database of SMEs in the Philippines DOES NOT EXIST

Survey Results - Philippines

- **Survey**

- 498 SMEs in Metro Manila, Cebu and Davao

- **ICT Infrastructure Use by SMEs**

- *Telephone* – less than 1% have no phones
- *Facsimile* – 94% have business fax machines
- *Mobile Cellular* – 63.3% own and use mobile phones

Survey Results - Philippines

ICT Infrastructure Use

- *Short Messaging System (SMS)* – 72.4% of mobile phone owners use SMS for transacting business
- *Other Electronic Handheld Devices* – 22.7% use Palm Pilots or pocket PCs for business
- *PC Use* – 90% own and use PCs, but only 69.7% have PCs with Internet Access

Survey Results - Philippines

- **71% (352 firms) of total respondents use the Internet. Of these,**
 - **69.7%** get their Internet access at the office
 - **28.8%** provide basic computer & Internet literacy training for their employees
 - **46.3%** have been using the Internet for 2-3 years
 - **84.7%** use dial-up connections
 - Average hours per month using :
 - ↪ **Email – 15 hours**
 - ↪ **Surfing – 9 hours**

Survey Results - Philippines

- **71% (352 firms) of total respondents use the Internet. Of these,**
 - **35.7%** have websites - used primarily for promotion and advertising to customers
 - ↳ **27%** use the Internet to sell/purchase goods and services
 - **5%** use Internet Banking
 - ↳ Most have been using Internet banking for **1-2 years**
 - ↳ used primarily to **check balances and transfer funds**

General Findings - Philippines

4 main barriers to ICT & e-Commerce uptake by SMEs

1. Lack of understanding of the value of e-commerce due to lack of ICT awareness and knowledge
2. Financial Costs
3. Infrastructure
4. Security

Philippines, Thailand & Indonesia

Use Patterns are SIMILAR among the 3 Countries

- **Email** – cost & efficiency benefits as an entry point
- **Websites** – more for promotion than sales
- **Research** – common but limited depth
- **E-commerce** – off-line transactions more common (i.e., security)

Philippines, Thailand & Indonesia

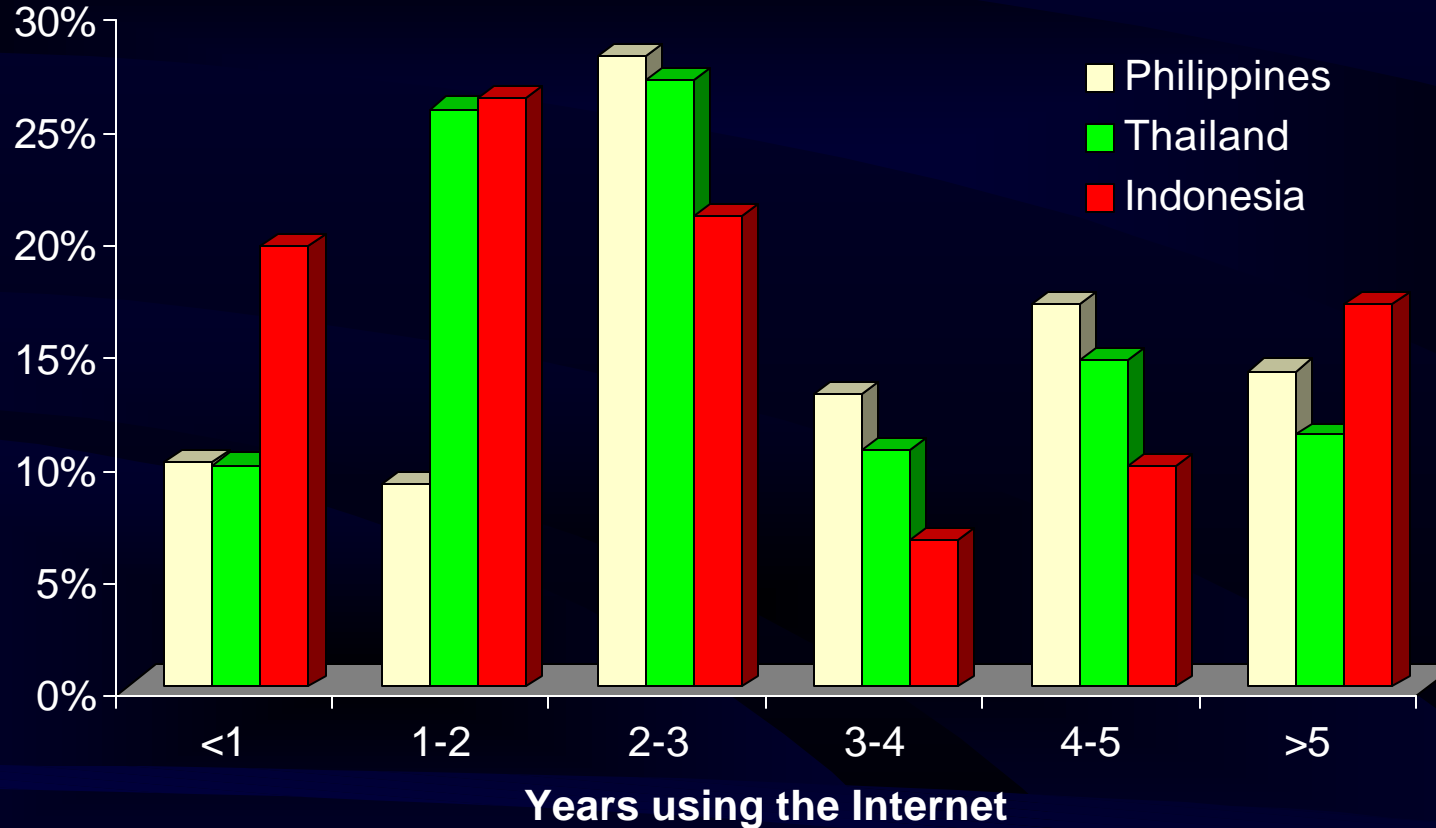
	Philippines	Thailand	Indonesia
Population (2001)	76.5 million	61.7 million	228.4 million
Domestic Local Providers	74	1	1
Domestic Long Distance Providers	12	1	1
International Long Distance Providers	11	1	2
Fixed Lines	3.8 million	5.9 million	7.9 million
Teledensity	4.97	9.5	3.5
Cellular Mobiles Lines	12 million	4.5 million	6.57 million
ISPs	191	20	53
Internet Users	3.5 million	3.54 million	4 million
Estimated PCs	2 million	1.7 million	2.3 million

*Source: Asia Pacific Telecommunication Indicators 2001 - ITU & company reports
For the Philippines – 2002 Figures from the NTC*

Philippines, Thailand & Indonesia

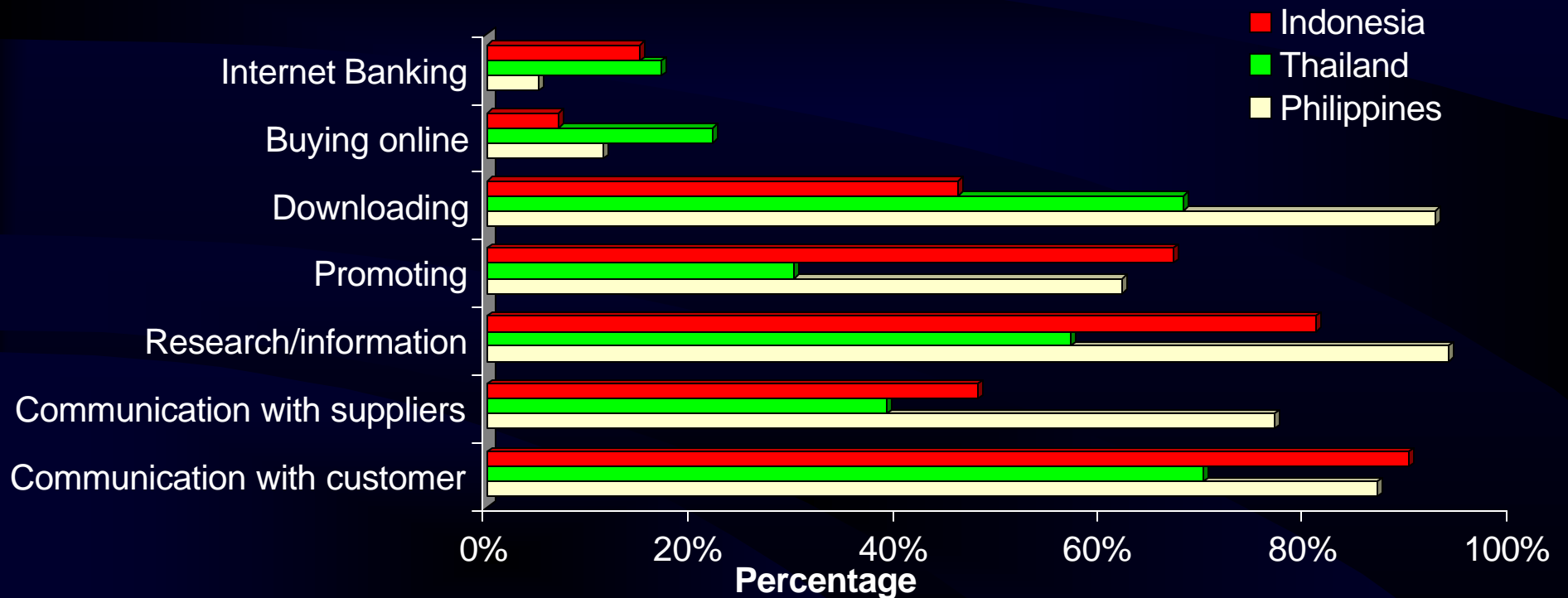
- Indonesia is a newcomer – only in the last 1-2 years

% of users



Philippines, Thailand & Indonesia

Internet used primarily for communication



Source: CastleAsia, June 2002

Philippines, Thailand & Indonesia

All countries primarily use dial up connections

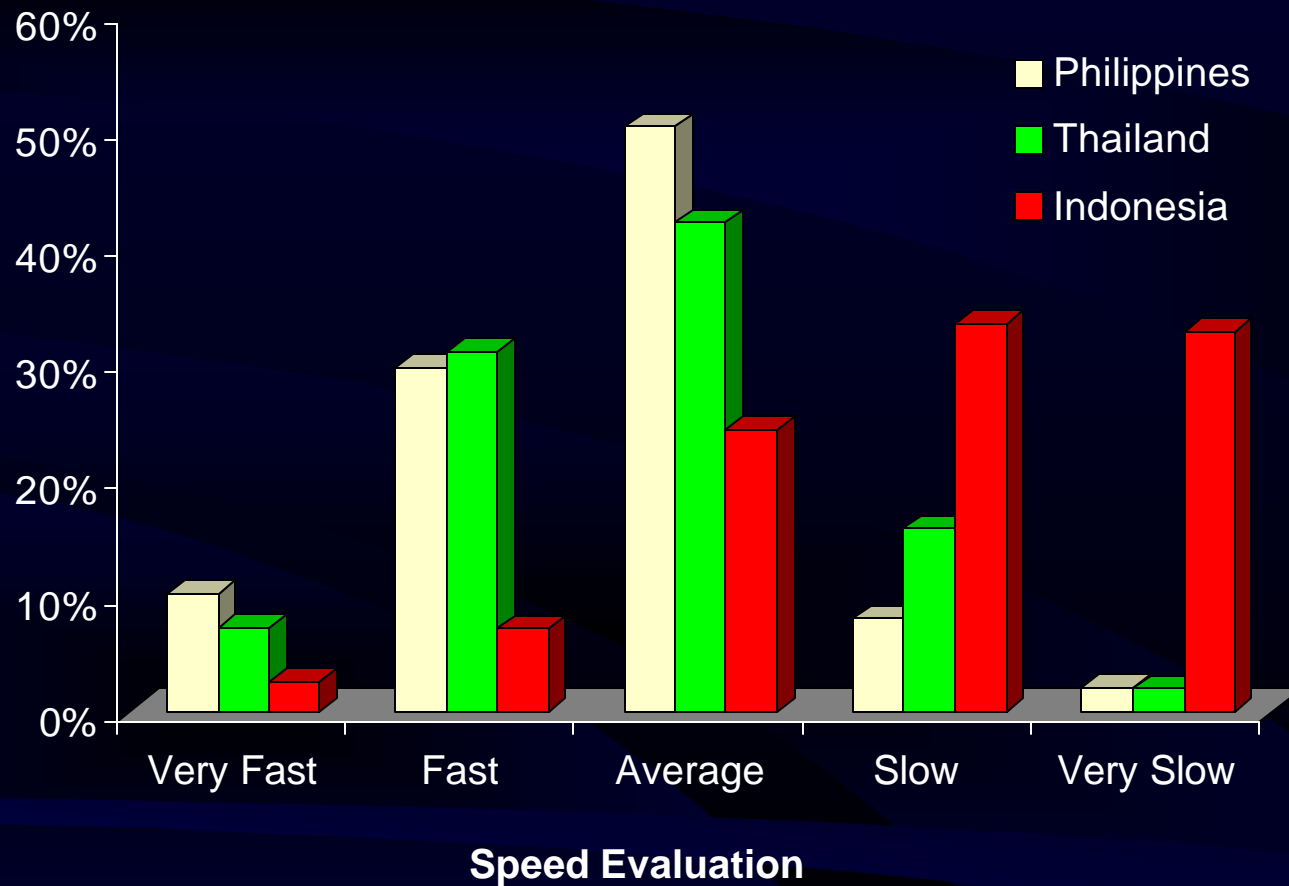
	Dial Up	Cable	Lease Line
Philippines	84%	6%	6%
Thailand	88%	1%	3%
Indonesia	93%	2%	1%

Source: CastleAsia, June 2002

Philippines, Thailand & Indonesia

Speed Evaluation - Indonesia is slow

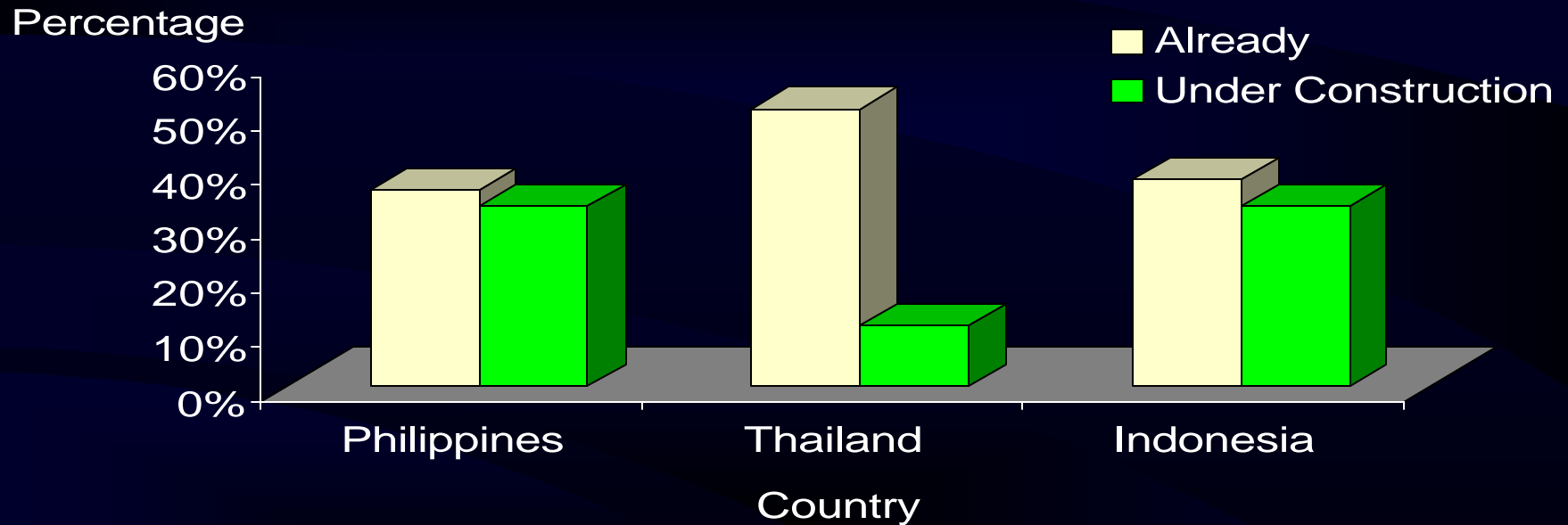
Percentage



Source: CastleAsia, June 2002

Philippines, Thailand & Indonesia

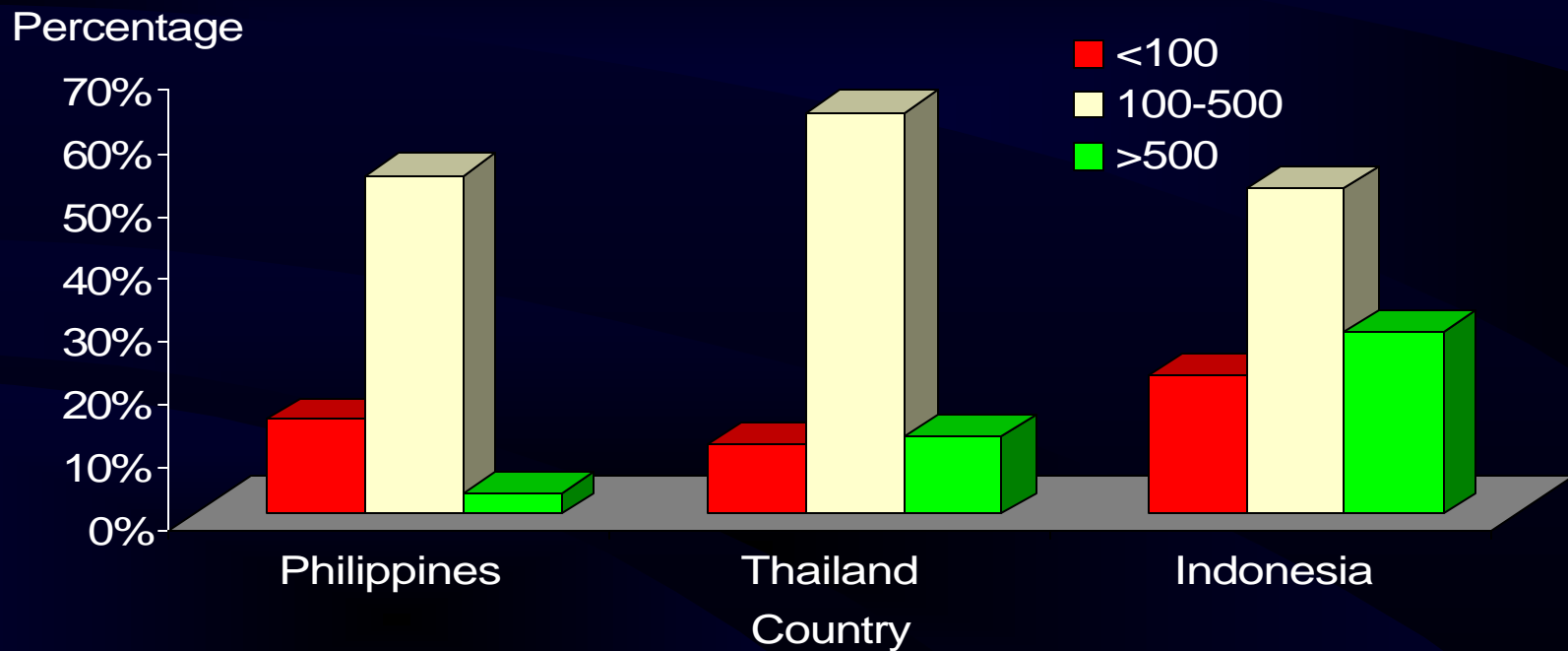
Companies with Websites



Source: CastleAsia, June 2002

Philippines, Thailand & Indonesia

Cost of developing a website



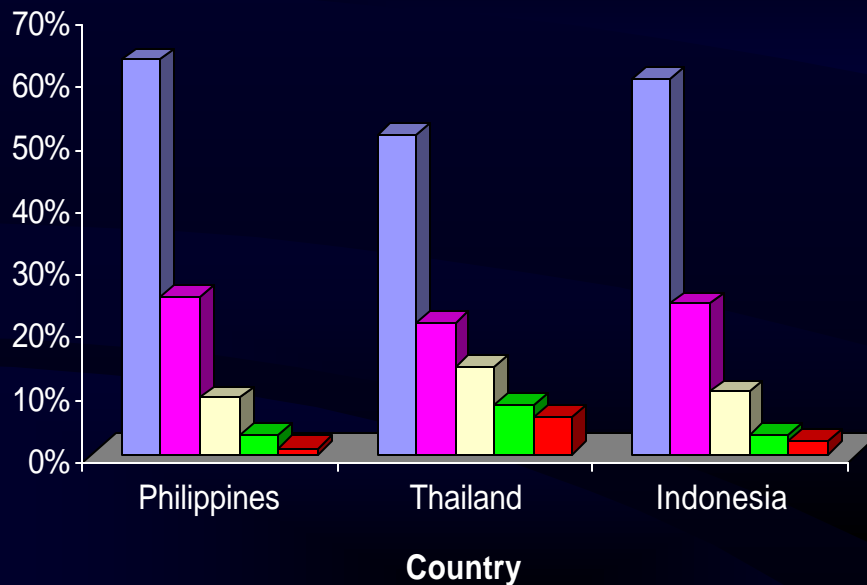
Source: CastleAsia, June 2002

Philippines, Thailand & Indonesia

- Website more important for promotion than sales

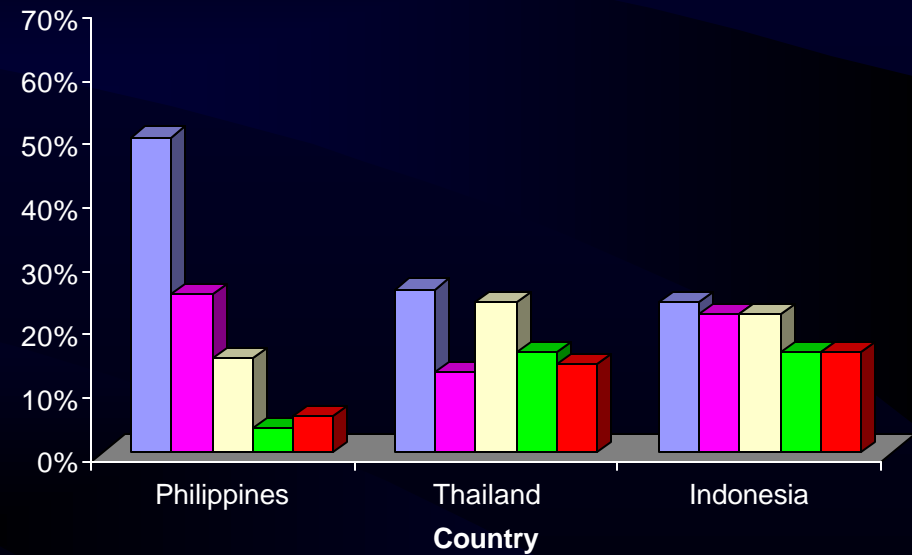
Promotion

Percentage



Sales

Percentage



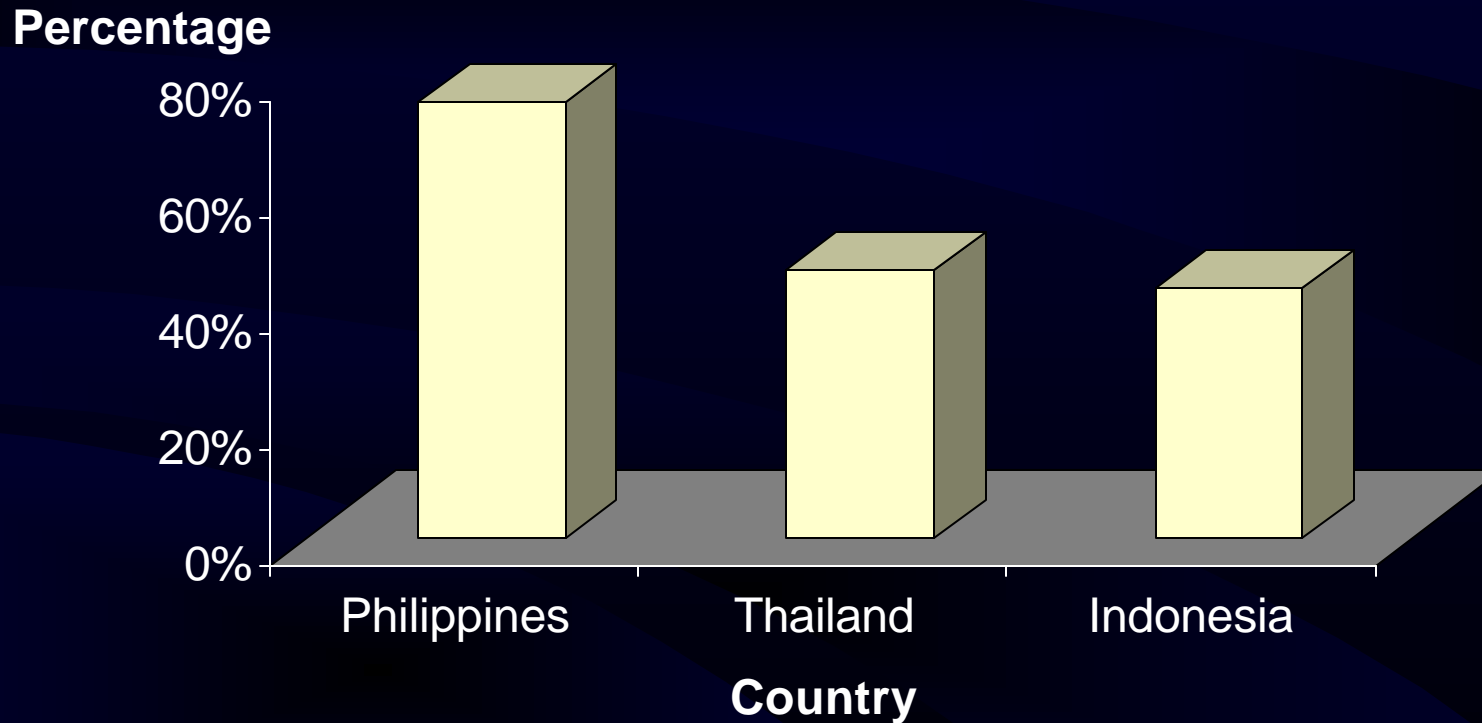
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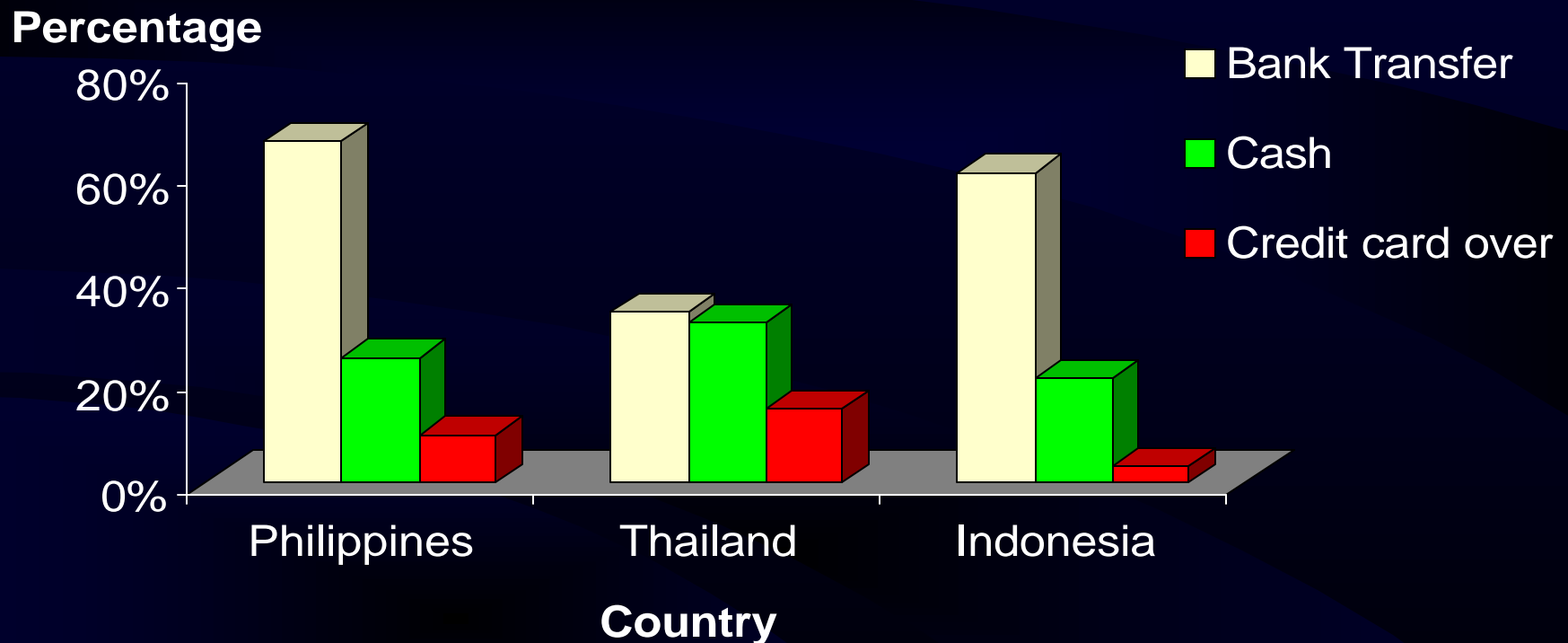
Companies selling through websites



Source: CastleAsia, June 2002

Philippines, Thailand & Indonesia

Pay through bank transfer vs. credit card



Source: CastleAsia, June 2002

Policy recommendations - Philippines

1. Develop a nationwide database to monitor SMEs' e-Commerce activities and progress
2. Create a broad and sweeping awareness campaign on e-Commerce through government-private sector partnerships
 - Promote SME best practices and success stories
 - Free training courses & workshops
 - Develop an awards program

Policy recommendations - Philippines

3. Increase private sector participation in SME development programs

- Mobilize private sector (i.e., banks, financial lending and training institutions, corporations) to provide incentives to SMEs that intend to use e-commerce in their business operations
 - Lower borrowing rates
 - Broaden credit extension facilities
 - Free training – technology transfer from big business
 - Discounts on business solution software packages and software licenses

Policy recommendations - Philippines

4. Develop e-Government to increase citizens' access to government services

- Government as lead user of e-commerce prompts SMEs to move in this direction as well**

5. Enhance network infrastructure services to facilitate usage of ICT by SMEs

End of Presentation

www.DigitalPhilippines.Org