

 **e-Com :**  
**Connecting Canadians to  
Business Success**  
*... The Future is Now !!*



**Presentation to the  
“Building E-Business Capabilities in Canada” Symposium**

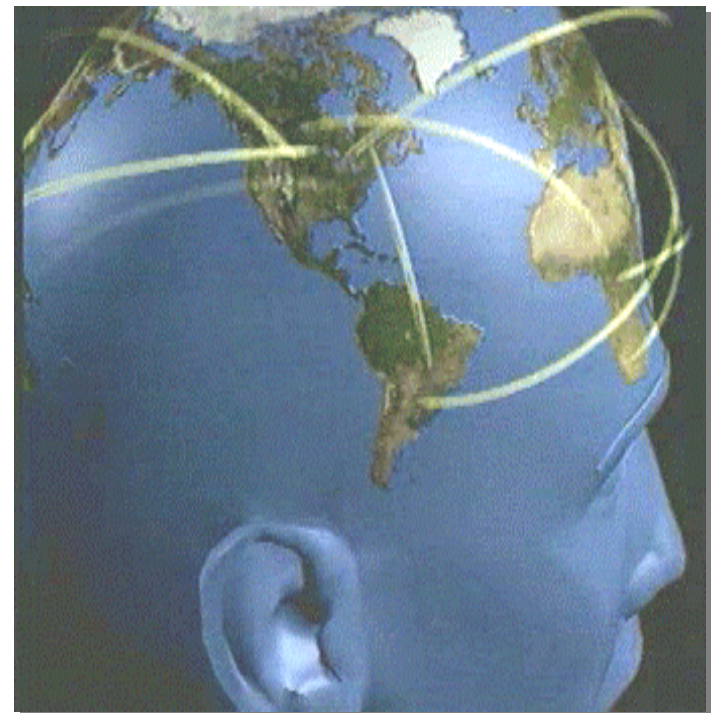
**Kevin G. Lynch  
Deputy Minister  
Industry Canada**

**February 14, 2000**

## *E-Commerce: Seizing the opportunity for Canada*

**"Our goal is to make Canada a world leader in the smart use of electronic ways of doing business. To encourage the rapid use of e-commerce throughout the economy ... Governments can, and should, be at the leading edge of the information revolution."**

**Prime Minister of Canada  
October 13, 1999**






# The Information Revolution is reshaping concepts of products, ways of working, distances...

- Advances in communication technologies provide revolutionary new ways of doing business, at revolutionary new cost points.

“Like objects in a rearview mirror, Internet rivals are closer than they appear... Your future depends on nothing less than transforming your company into a full fledged E-business. Now!”

Business Week, March 22, 1999

## Sending Cost of a 42 page document from Ottawa to Tokyo

	<b>Overnight Delivery</b>	<b>24 hours</b>	<b>\$39.00</b>
	<b>Fax</b>	<b>31 minutes</b>	<b>\$24.49</b>
	<b>Internet</b>	<b>2 minutes</b>	<b>\$0.11</b>

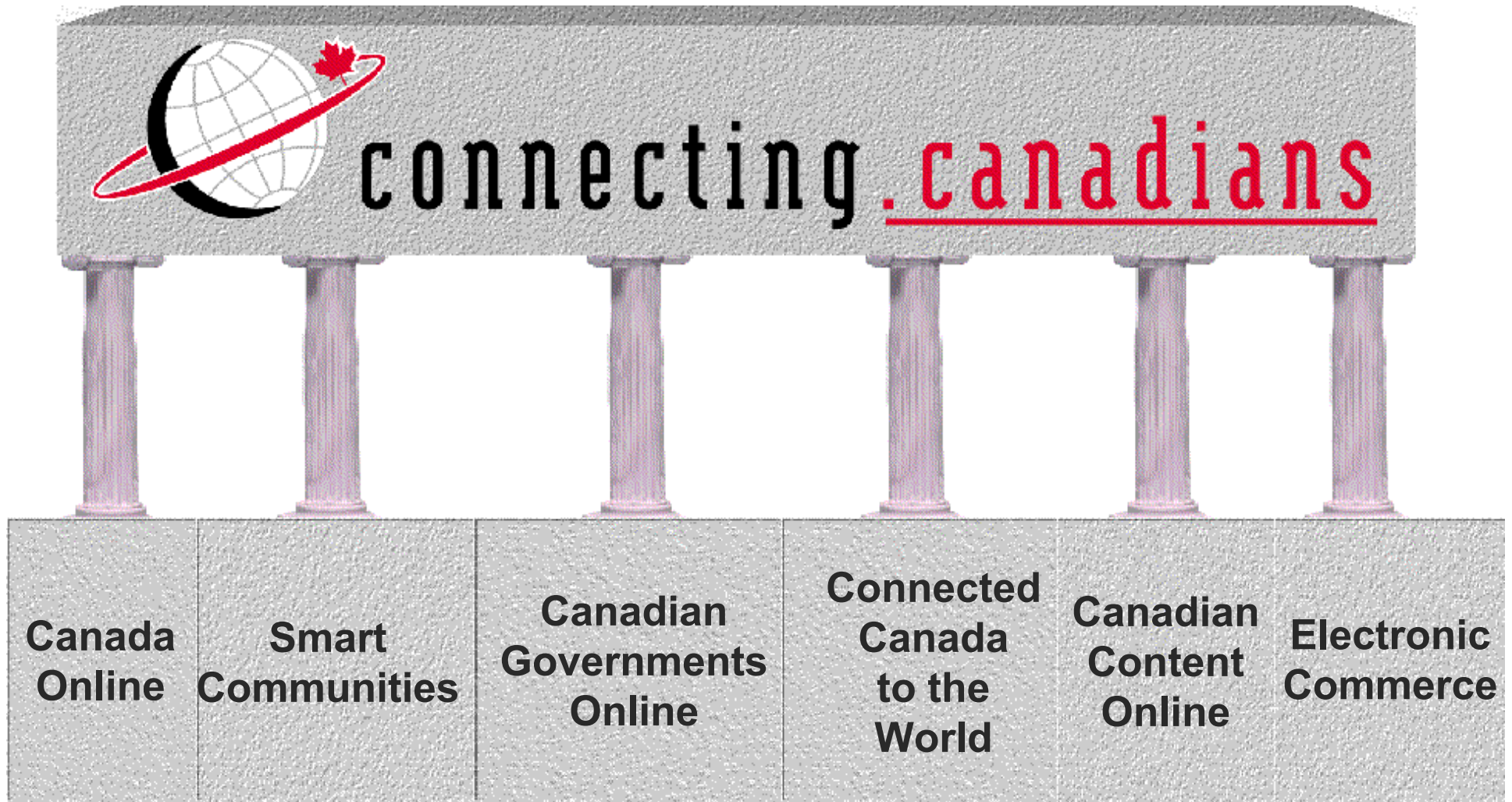


Source: Industry Canada compilations

**720 times faster  
355 times cheaper  
than overnight delivery**

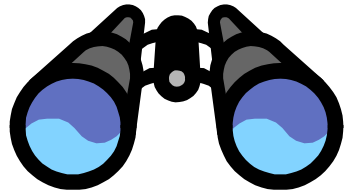
... and countries have barely tapped the new opportunities

*A national strategy...*



*... to make Canada the most connected country in the world*

***To achieve this, Canada is in a global race where:***



### ***National Vision is Essential***

- ◆ Information highway is revolutionizing business, government, society, & citizen participation



### ***Partnerships are Key***

- ◆ Private sector builds; government provides framework



### ***Global Thinking is a Must***

- ◆ Internet marketplace is truly global



### ***Speed Wins***

- ◆ Lead countries will dominate market

# Canada On-Line: Well on the way to universal access



**Households:**  
46% own  
personal  
computers



**Individuals:**  
59% use the  
Internet



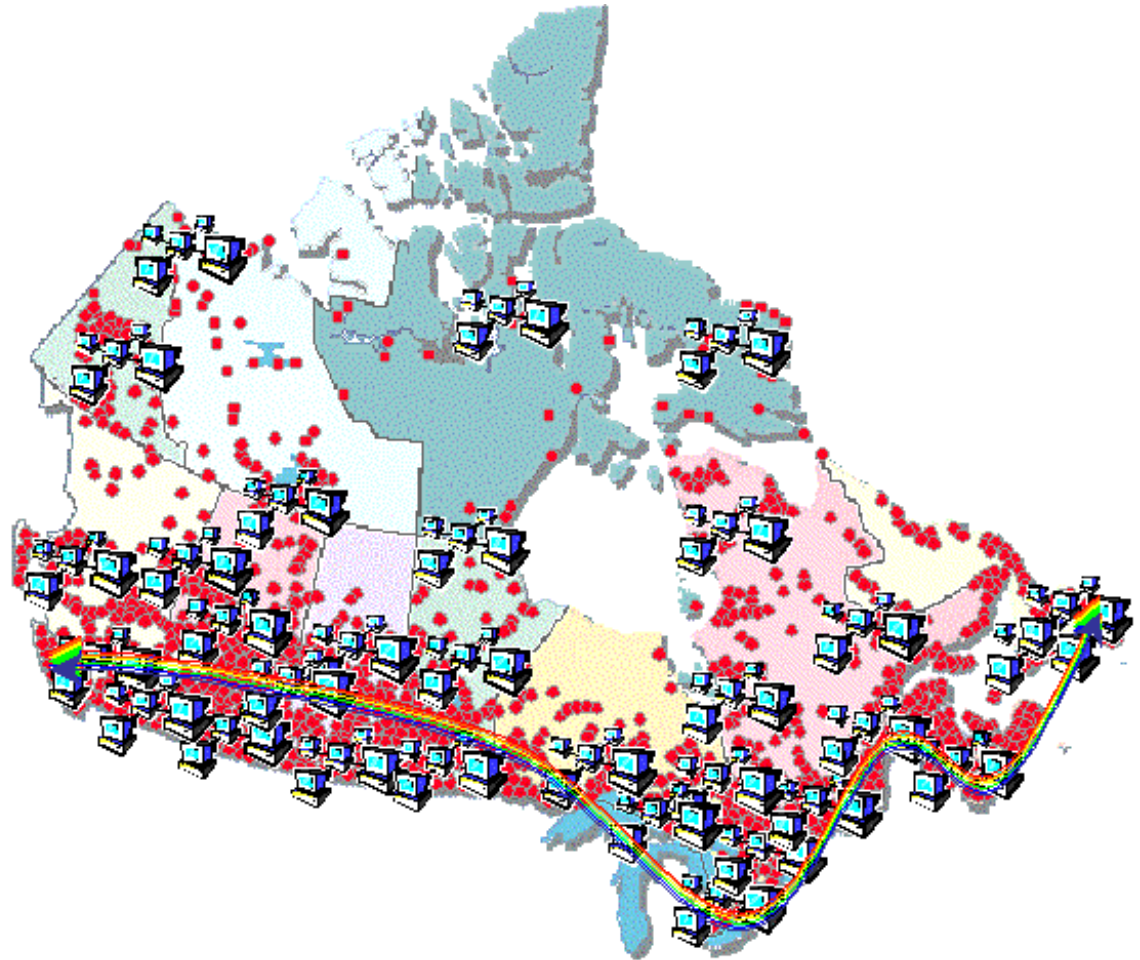
**SMEs:**  
61% use the  
Internet



**School and  
Library  
Internet: 100%**



**Volunteer  
organizations:**  
10,000 to be  
connected



**Community  
Public Access  
Internet Sites  
(CAP) : 4,281**



**CA\*net3:  
World's fastest  
Internet  
backbone**

# Canada Online: Schoolnet

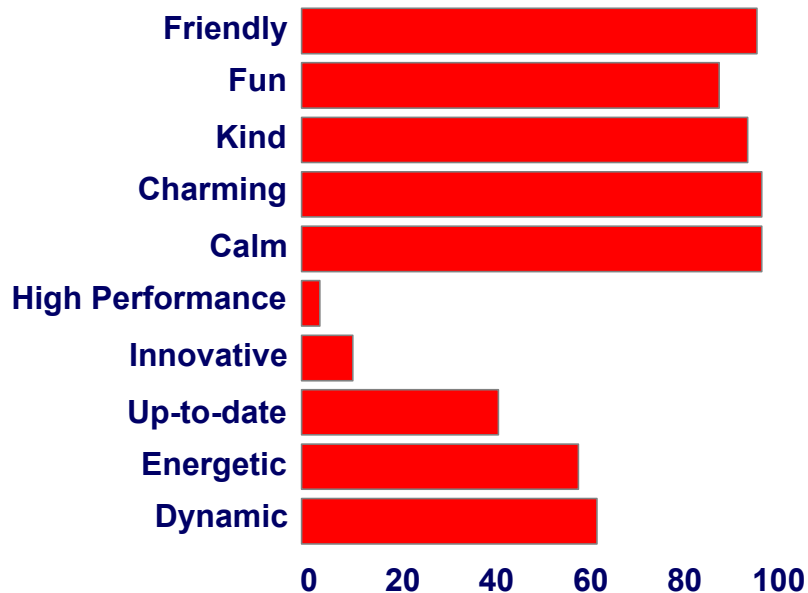


Video

# Connecting Canada to the world: Our image does not match reality ...

## Our Image

### Burson Marsteller Study U.S. – Perceptions of Canada



Source: Young & Rubicon Brand Asset Valuator 1999

## The Reality:

### Connectedness Rankings\* Conference Board of Canada – 10 Country Comparison

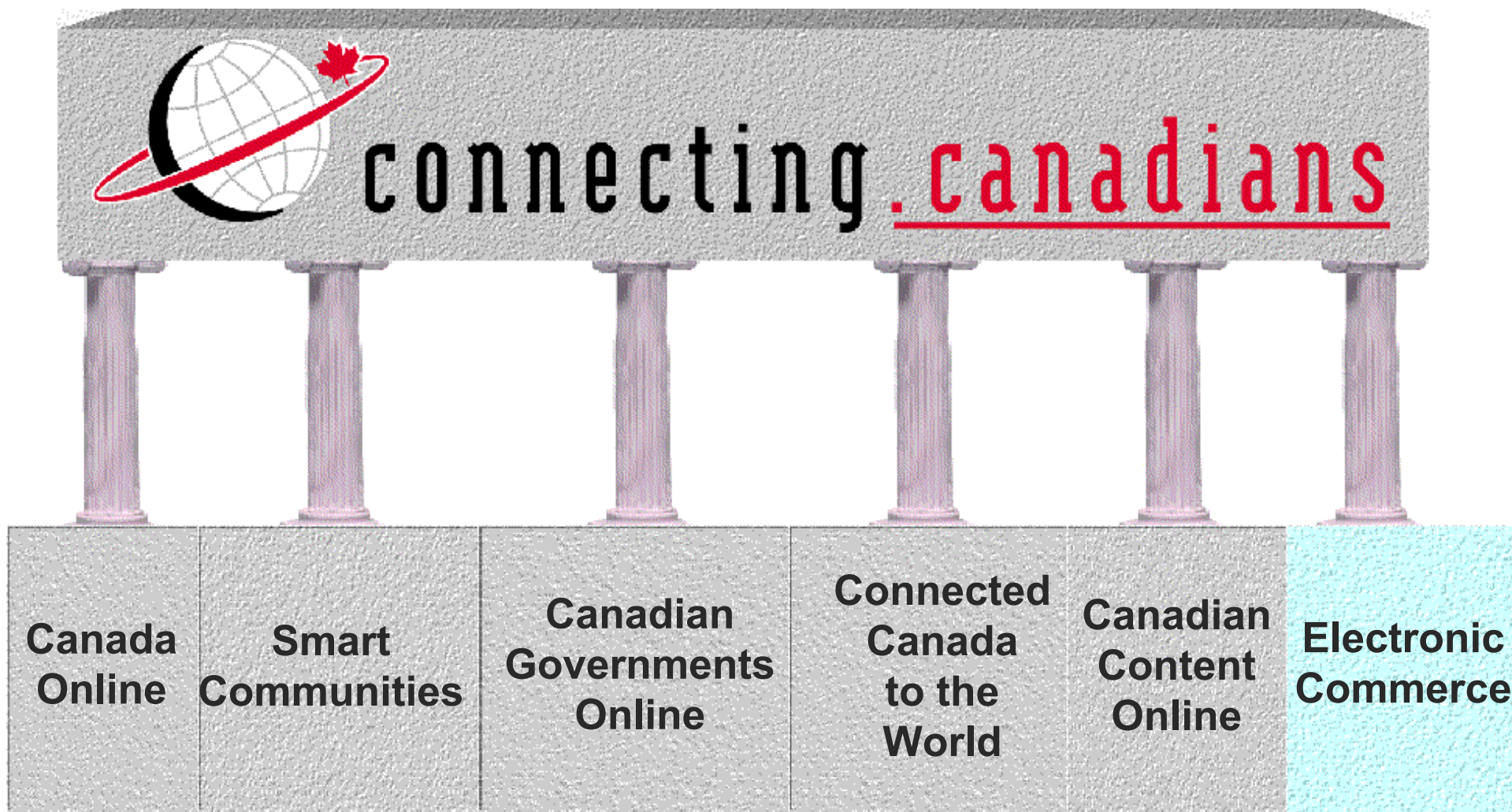
	Overall Connectedness	Infrastructure	Access	Affordability	Usage	Socio-Economic Enablers
U.S.	1	1	4	4	1	1
Canada	2	2	3	1	2	2
Sweden	3	6	1	1	4	6
Finland	4	3	2	3	7	9
Australia	5	5	6	6	3	3
Japan	6	9	5	7	5	4
U.K.	7	5	8	5	5	9
Germany	8	7	7	8	8	7
France	9	9	10	9	10	5
Italy	10	10	9	10	9	10

\* Based on a composite index. The comparisons were based on the most current data available for all countries examined, that is, primarily 1997-98 data.  
Source: Conference Board of Canada

... we need to rebrand

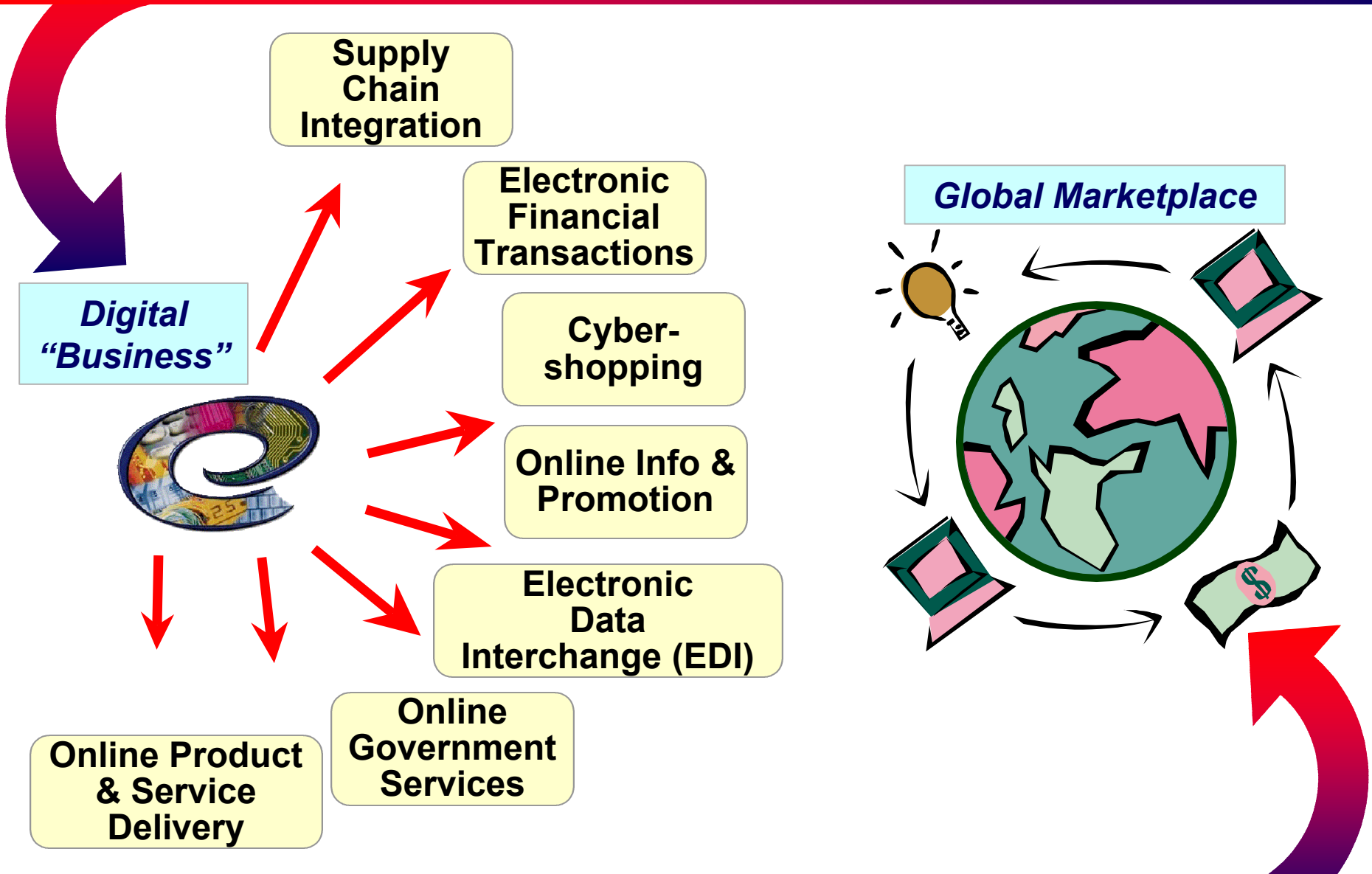


*Electronic Commerce is an area where Canada can be a global leader ...*



*... creating jobs, growth and services for Canadians*

# What is electronic commerce? ...



... Business activities revolutionized by advanced information networking

# **Make Canada a world leader in electronic commerce**



**“The government will take steps to make Canada a centre of excellence for electronic commerce and encourage its use throughout the economy.”**

**Speech from the Throne  
Government of Canada  
October 12, 1999**

**“... I challenge all sectors of our country, private and public, government and business, to work together toward the goal of capturing 5 per cent of the world share of e-commerce for Canada...”**

**Prime Minister of Canada  
October 13, 1999**

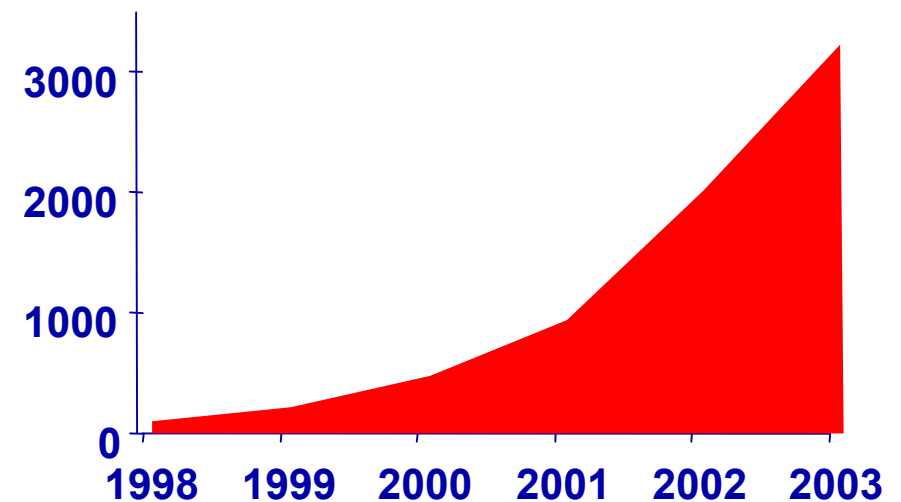
# E-commerce: The potential to contribute significant growth and jobs throughout the Canadian economy

- **Canada's E-Com today (1998)**  
**\$US 5.5 Billion**

Source: Industry Canada estimates based on IDC and Forrester data

## World eCommerce Sales

Billions of US\$



- **World E-Com (2003)** **Potential**

**Opportunity**


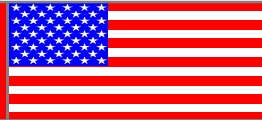


**Canada's E-Com opportunity for 2003:**  
**stretch to capture a 5% world share ... \$200 Billion**

**Benefits**

**180,000+ jobs**  
**0.6% per year in growth**

Source: Boston Consulting Group, and Industry Canada Compilations

## Advantage Canada@: Competitive business environment ...

Key Indicators				
Lowest Deficit	2	1	4	3
Lowest Inflation	2	3	1	3
Highest Growth in 99/2000	1	2	4	3
Knowledge Workers	1	2	4	3
Lowest Labour Costs	1	2	4	3
Network Infrastructure	2	1	3	4
Lowest R&D Costs	1	2	4	3
Highest Quality of Life	1	3	2	4

Sources: 1999 United Nations Human Development Report; 1999 Global Competitiveness Report; OECD; Conference Board of Canada; Statistics Canada; Federal Reserve Bank of St. Louis; U.S. Bureau of Labor Statistics; KPMG Management Consulting; and International Monetary Fund.

# Advantage Canada@: Growing clusters of competitive E-Com companies



# Advantage Canad@: Most E-Com friendly policy environment in the G-7

## Cryptography

- Policy allowing domestic use of any strength cryptography, no mandatory key recovery

## Consumer Protection

- Voluntary business guidelines to protect consumers conducting online transactions

## Tax Neutrality

- Commitment to technology neutral taxation regime

## Privacy

- Framework legislation governing the protection of personal information

## Standards

- Domestic and International E-Com standards framework

## E-Signatures

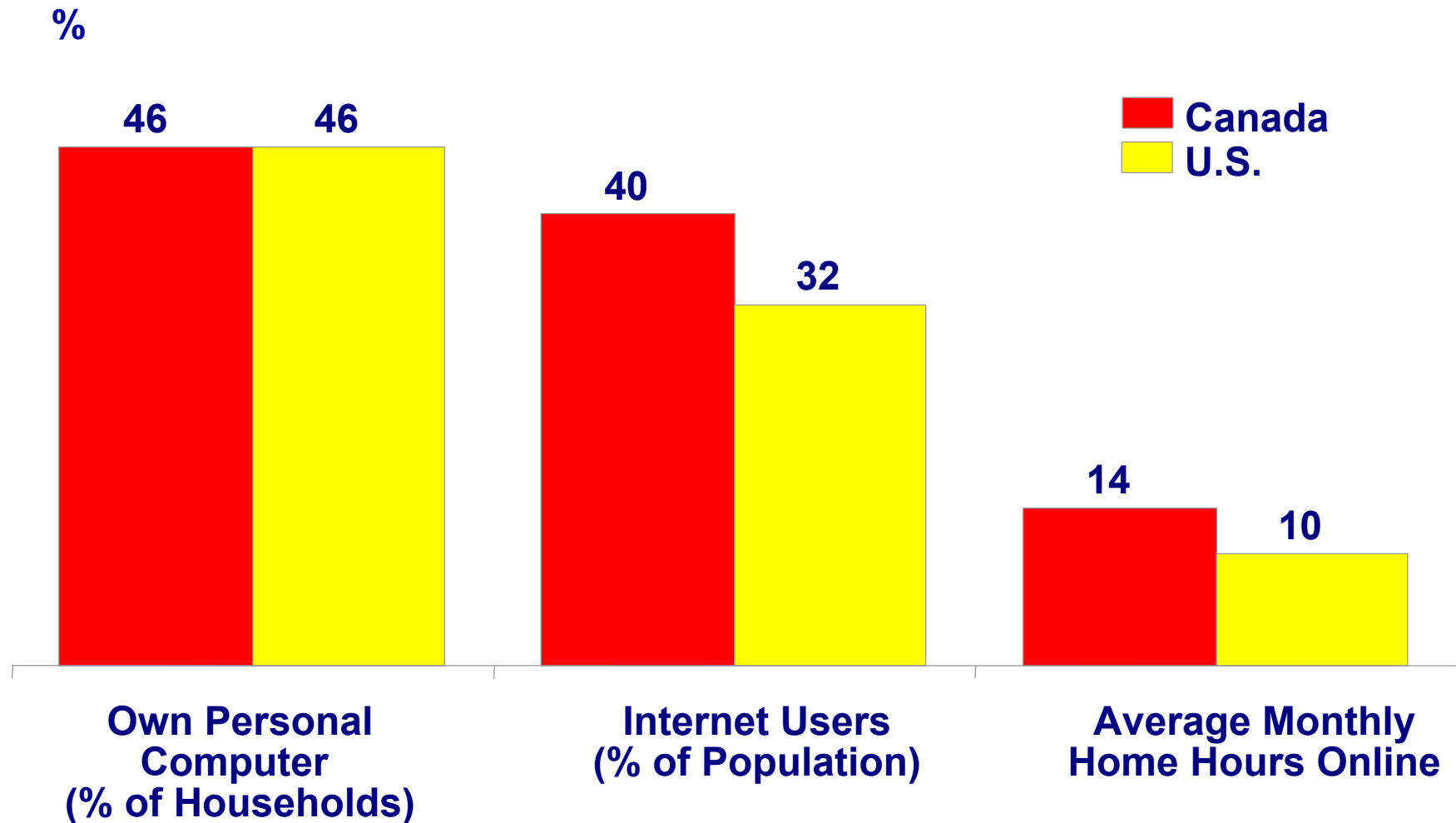
- Legal framework for digital signatures in electronic records

## Public Key Infrastructure (PKI)

- Policy framework for the Government of Canada public key infrastructure



## Canada at the forefront of adoption, access and usage . . .

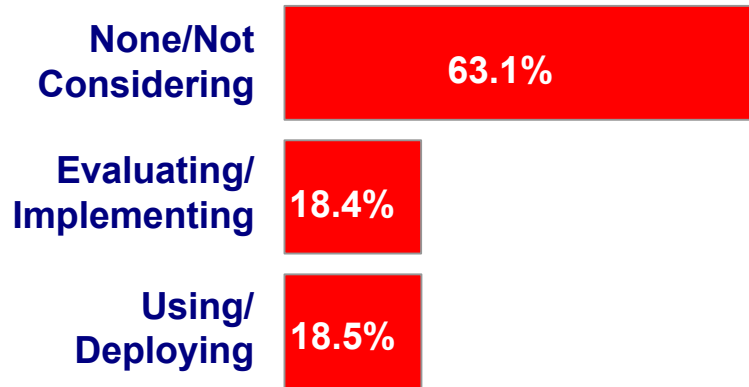


Source: Boston Consulting Group (Canada), 2000



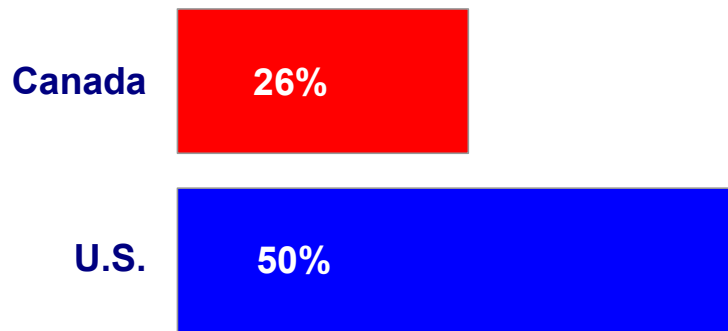
# But, Canadian firms risk falling behind and missing expansion opportunities ...

## Firms using E-Commerce



Source: International Data Corporation, (Canada), Ltd. 1999.

## Top Retailers Online – 1998



Source: eRetail, The Race is On: Who will win Canada's Internet Shoppers? By IBM/Retail Council of Canada, June 1999  
Based on consulting Canada's top 200 retailers and surveying 2,000 online customers

## E-Com is not a top priority for Canadian CEOs



Source: 1999 eCommerce Survey of Canadian Business by Andersen Consulting, May 1999

...in part because E-com is not a top priority for Canadian CEOs

## *The Canadian government e-commerce vision...*

**“The Government will become a model user of information technology and the Internet. By 2004, our goal is to be known around the world as the government most connected to its citizens, with Canadians able to access all government information and services on-line at the time and place of their choosing.”**

**Speech from the Throne  
Government of Canada  
October 12, 1999**



**“To encourage the rapid use of e-commerce throughout the economy ... Governments can, and should, be at the leading edge of the information revolution.”**

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***...and Government on-line can become part of Advantage Canada***

***E-Commerce strategy: Five building blocks required to position Canada as a global leader in e-business***

**Vision: Establish Canada's brand in e-business domestically and globally**

**Accelerate the transformation of existing businesses**

**Foster e-business creation and growth**

**Expand e-business talent pool**

**Make government on-line a major priority for all governments**

**Build leadership in international Internet policy development**

Source: The Boston Consulting Group

***...and GOL is a key element***

# Canadians are highly receptive to government Internet service delivery...

## Percentage of Canadians using the Internet is growing rapidly

Report using the Internet  
Over the past 3 months  59%

## The majority of Canadians support electronic service delivery

Internet is an effective way for  
Governments to communicate with  
Canadians  59% agree

## Internet users are the most enthusiastic

Welcome the government emphasis  
on IT by government  85%

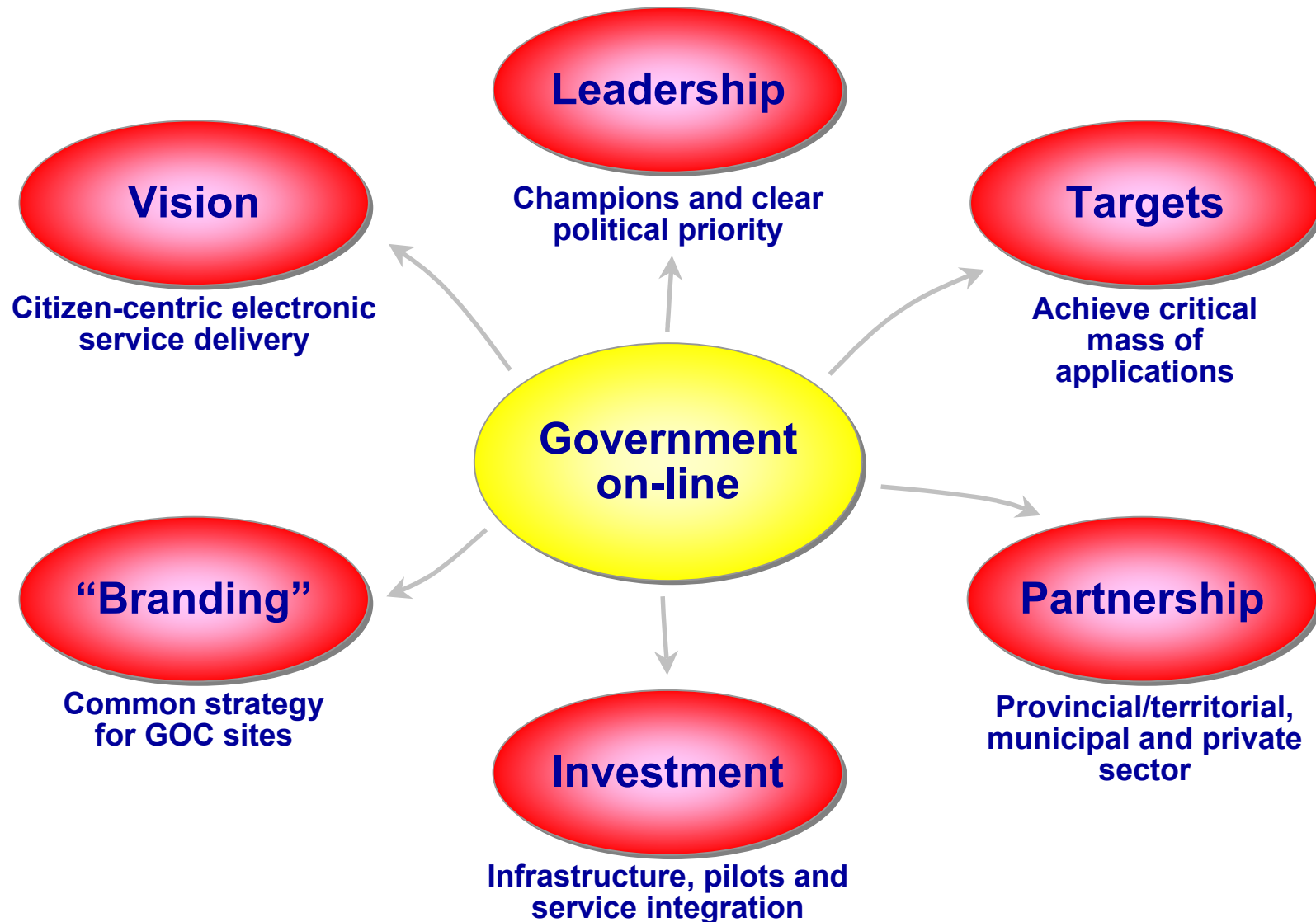
Think the Internet has made it easier to  
find government information and services  67%

Visited a GOC web site  
in past three months  42%

Source: EKOS Rethinking the Information Highway, January 2000

...reflecting rapidly growing usage

# Government on-line: a multi pronged strategy



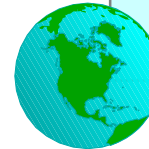
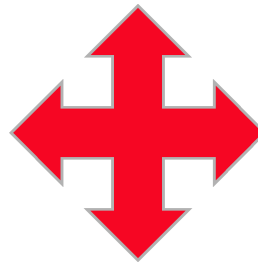
# Advantage Canad@



**Canada can achieve global E-Commerce leadership, which ...**

**Drives productivity growth in all sectors of the Canadian economy**

**"Brands" Canada as a leading edge, knowledge-based economy**



**Builds a strong e-commerce sector in Canada, capturing 5% of global e-commerce market**

**Provides innovative public services to Canadians through government on-line**

**... and Advantage Canada is on our side**