

The Digital Economy Rankings

South Korea's digital development

The Economist Intelligence Unit

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Agenda

About the rankings

South Korea's performance

Conclusions

About the rankings

About the rankings

Published annually since 2000



- Produced in co-operation with the IBM Institute for Business Value
- Based on a ranking model developed by the EIU with inputs from IBM
- Now 70 countries in all regions
- Country scores generated by the EIU's team of regional and country analysts

About the rankings

How we define the digital economy

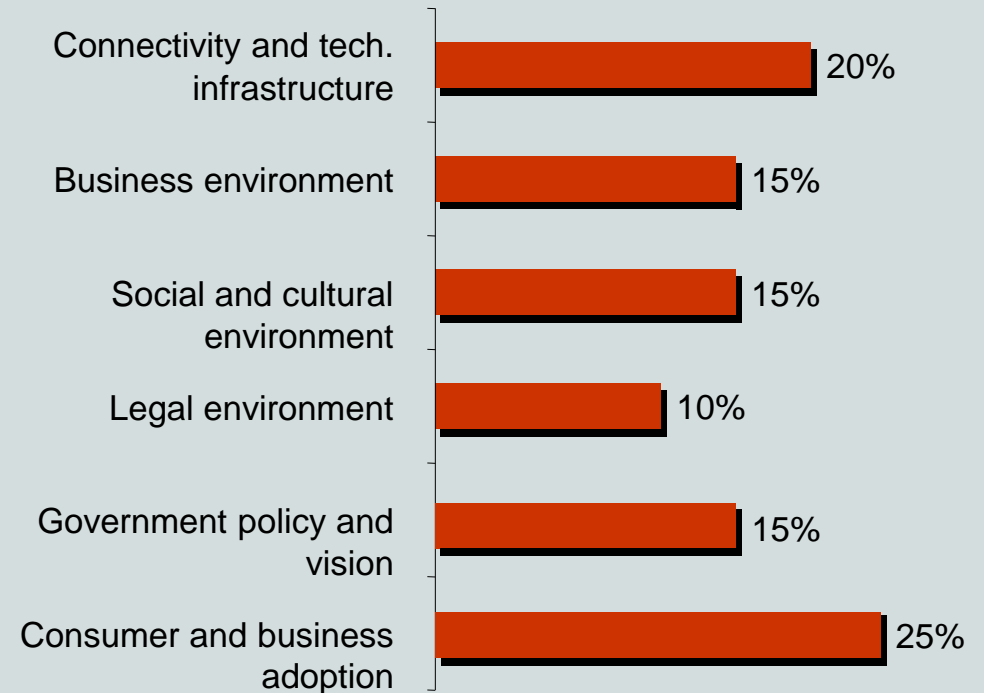
The “state of play” of a country’s information and communications technology (ICT) infrastructure, and the ability of its consumers, businesses and governments to use ICT to their benefit

Previously titled the “e-readiness rankings”, in 2010 the study has been renamed as the “digital economy rankings”, to reflect the increasing influence of ICT in economic and social progress

About the rankings

- Over 100 quantitative and qualitative indicators, grouped in six categories
- A balance of “hard” and “soft” factors
- Weighted according to their estimated importance as influencing factors
- Scores are on a 1-10 scale, with specific criteria for assigning scores
- Data sources include EIU, Pyramid Research, ITU, World Bank, WIPO

E-readiness criteria categories and weights

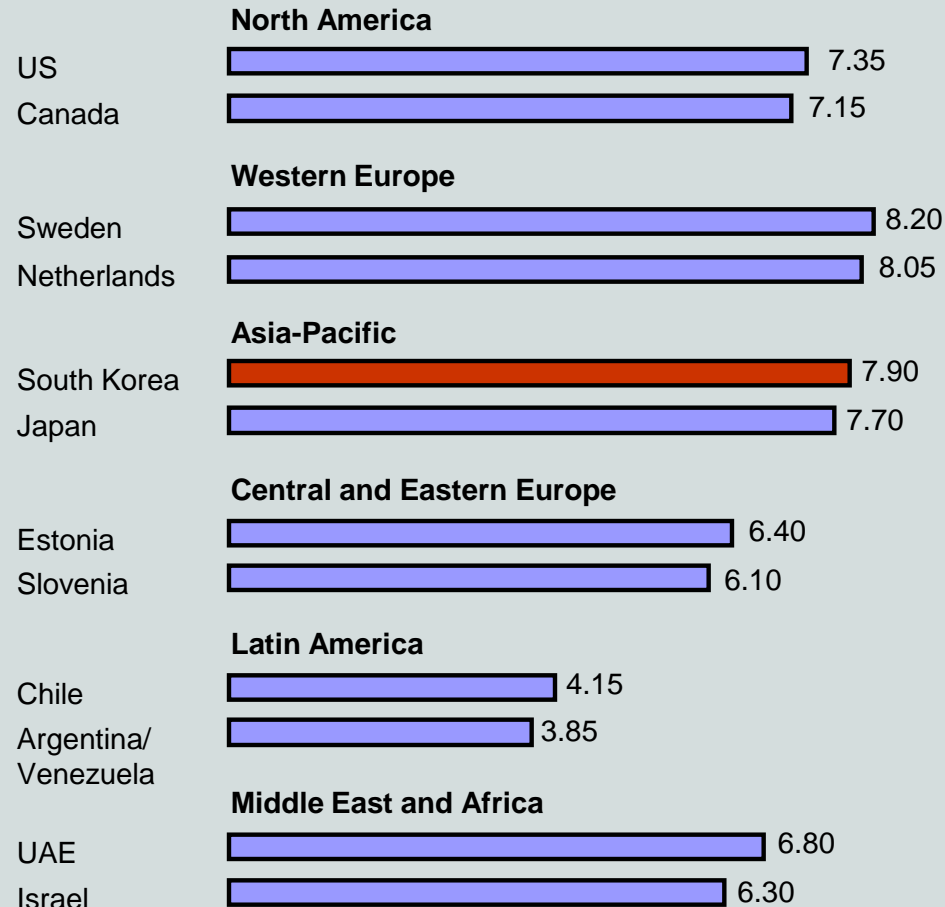


South Korea's performance

South Korea was one of this year's biggest overall risers

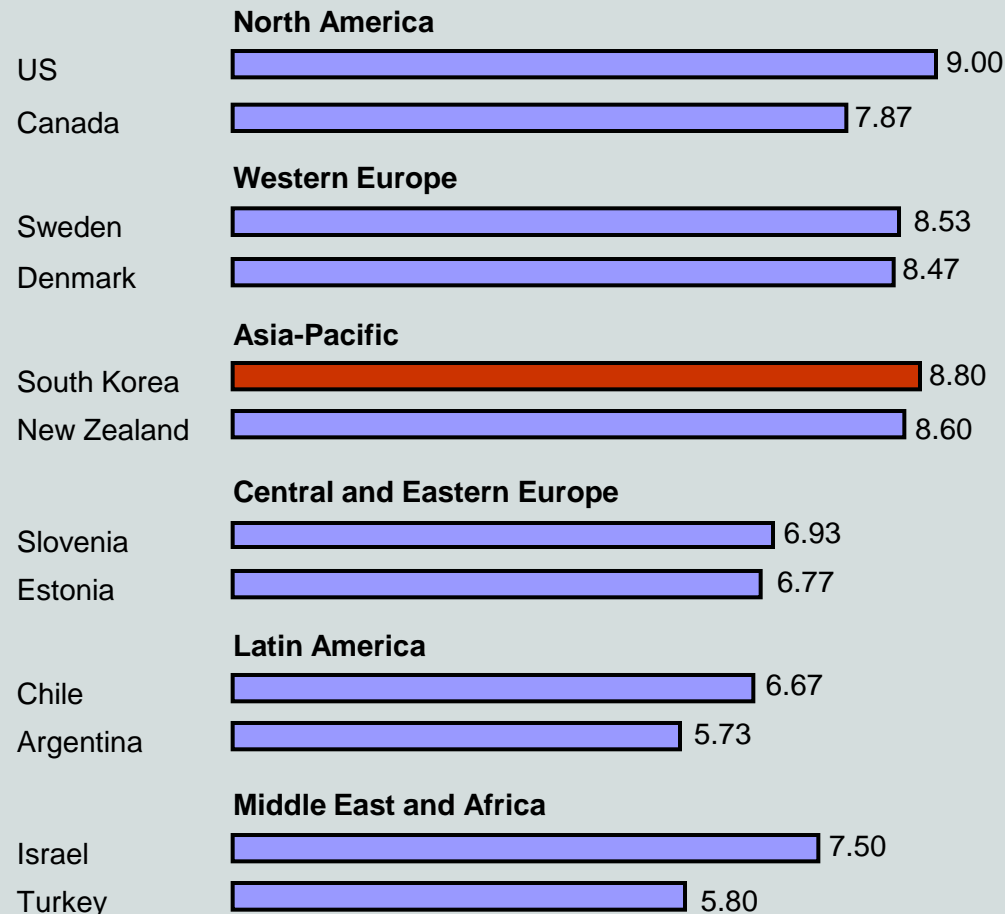
2010			2009		
Rank	Country	Score	Rank	Country	Score
1.	Sweden	8.49	1.	Denmark	8.87
2.	Denmark	8.41	2.	Sweden	8.67
3.	United States	8.41	3.	Netherlands	8.64
4.	Finland	8.36	4.	Norway	8.62
5.	Netherlands	8.36	5.	United States	8.60
6.	Norway	8.24	6.	Australia	8.45
7.	Hong Kong	8.22	7.	Singapore	8.35
8.	Singapore	8.22	8.	Hong Kong	8.33
9.	Australia	8.21	9.	Canada	8.33
10.	New Zealand	8.07	10.	Finland	8.30
11.	Canada	8.05	11.	New Zealand	8.21
12.	Taiwan	7.99	12.	Switzerland	8.15
13.	South Korea	7.94	13.	United Kingdom	8.14
14.	United Kingdom	7.89	14.	Austria	8.02
15.	Austria	7.88	15.	France	7.89
16.	Japan	7.85	16.	Taiwan	7.86
17.	Ireland	7.82	17.	Germany	7.85
18.	Germany	7.80	18.	Ireland	7.84
19.	Switzerland	7.72	19.	South Korea	7.81
20.	France	7.67	20.	Belgium	7.71

A leader in connectivity and technology infrastructure



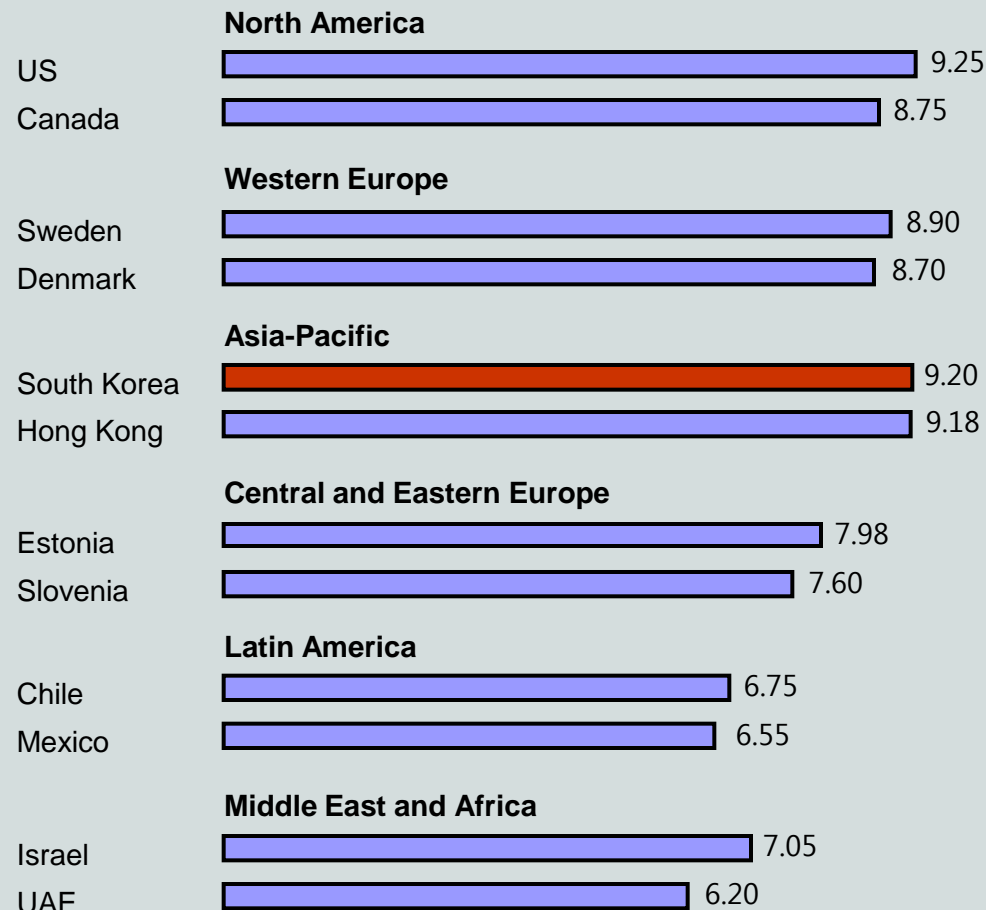
- South Korea's score has slipped to 7.9 from 8.1 last year
 - this was due to the inclusion of a 'broadband quality' parameter
- The country ranks as a recognised international frontrunner in this area
 - 37.7m internet users in 2009
 - optical-fibre connections account for around 90% of total household connections
 - mobile-phone penetration rate is also high, at an estimated 94.8%
 - new technologies, such as 3.5G+ and mobile TV, are adopted remarkably quickly

Social and cultural environment second only to US



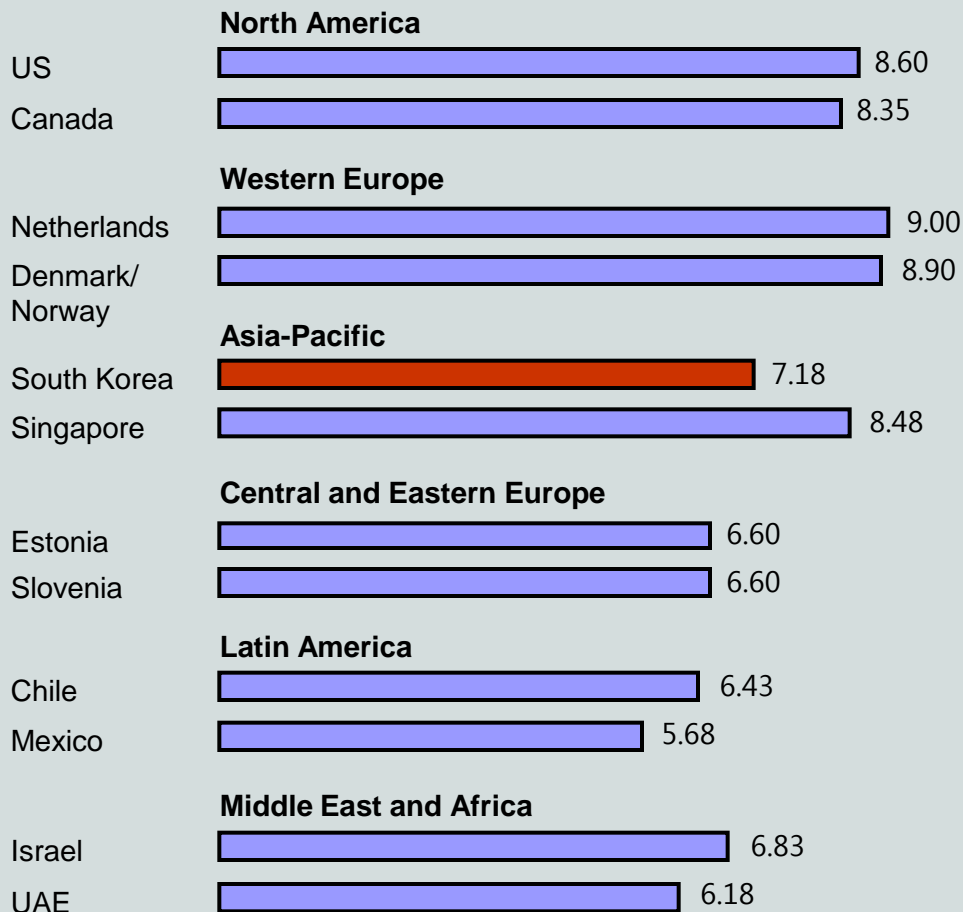
- South Korea's score has risen to 8.8 from 8.6 last year
 - this was largely down to an upgrade to the technical skills of the workforce indicator (based partly on World Economic Forum rankings)
 - the educational score was also increased slightly due to a methodology change
- South Korea's score in terms of innovation is an extremely high 9 out of 10
 - this is based on the generation of patents and trademarks as well as levels of R&D spending
- It also receives full marks for the internet literacy of its population

Backed up by government policy and vision



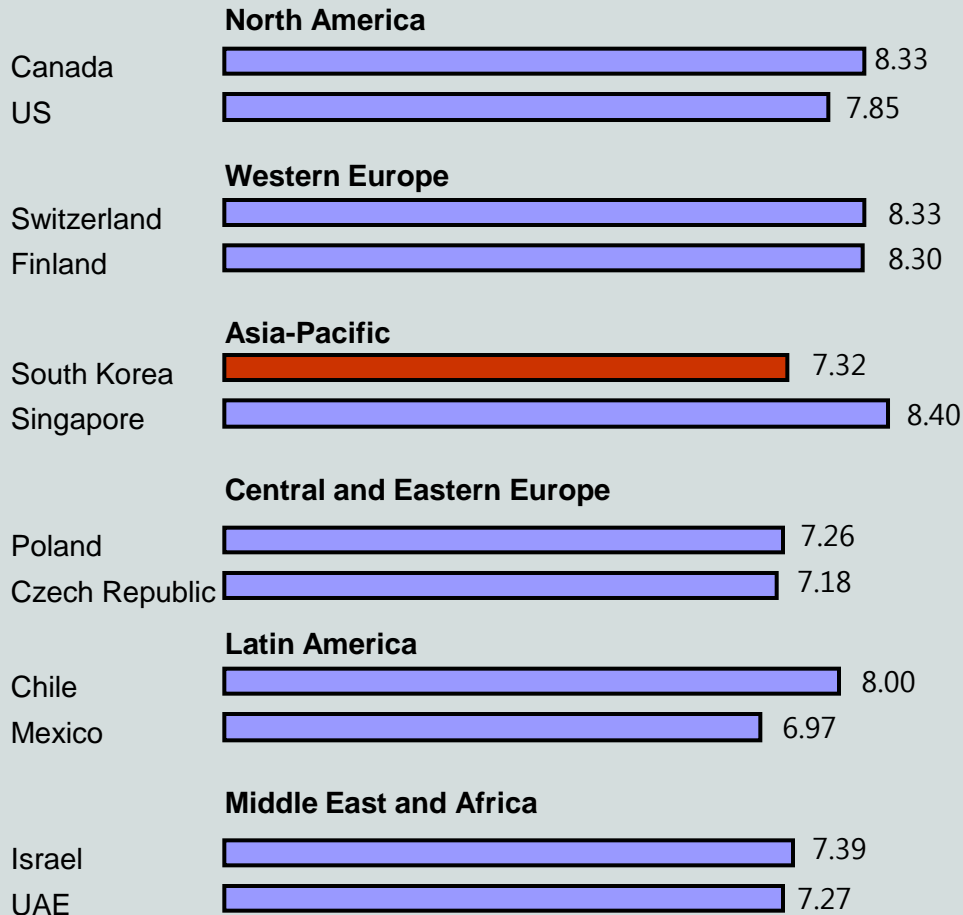
- South Korea's score stayed at 9.2
- Investment in the industry has been substantial
 - government backing largely responsible for South Korea's high level of hyper-fast connectivity
- South Korea scores maximum marks for its e-government strategy
 - however, some criticism that some that some efforts are not being well co-ordinated (“ministries are developing similar systems, leading to a waste of taxpayers' money” (Board of Audit and Inspection))
- Received a score of 9.5 for its digital development strategy
 - no full mark due to lack of success in promoting the WiBro standard

But usage of online public services is lagging



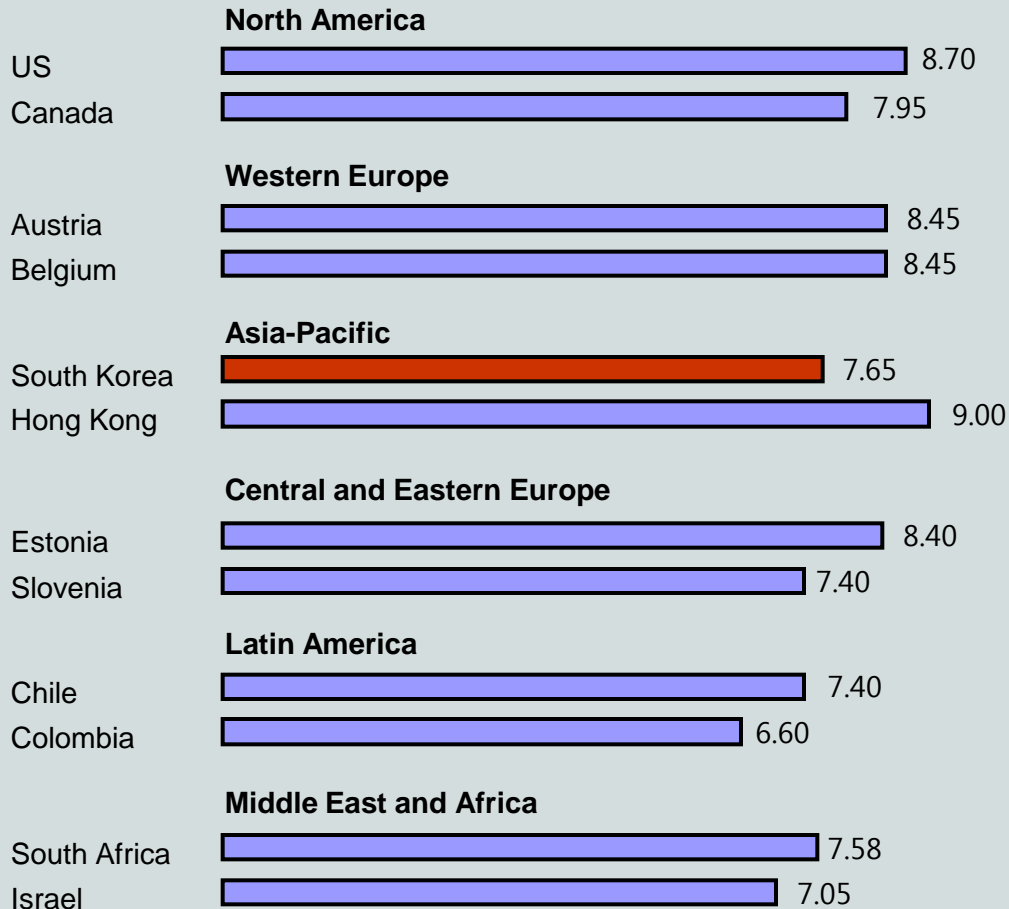
- Score rose to 7.2 from 7.1 last year
 - mobile internet taking off in 2009 and opening up a new range of software apps
 - online purchasing system making headway
- But scores for usage of online public services by consumers and businesses remain relatively low
 - 73% of Koreans aware of e-government services but only 47% using them, according to Board of Audit and Inspection survey
 - low usage rates based on complicated procedures
 - Microsoft monoculture

The business environment is improving ...



- Score rose to 7.3 from 7 last year
 - improvements in macroeconomic environment
 - market opportunities provided by large, wealthy and well-educated population
 - improvements in financing, as sector undergoes restructuring
- Still scores quite poorly on labour market
 - highly educated, but works longest hours in any OECD country and scores relatively poorly for cost, flexibility and militancy
- Political stability still a concern
 - potential for conflict between South and North Korea
- Perception that government continues to pursue policies favouring domestic companies still affects score for foreign investment policy

... as is the legal environment



- South Korea's score rose to 7.7 from 7.3 last year, due largely to an improvement to the indicator for ease of registering a new business
 - minimum capital requirements were eliminated
 - requirements for notarisation were dropped
- An electronic ID card is being issued, but this does not look to be widespread yet
- Korea has respectable laws covering spam and data privacy, and measures that can target cybercrime, but enforcement is a problem

Conclusions

Conclusions

- South Korea is a recognised leader in the area of connectivity and technology infrastructure
- It also boasts an social and cultural environment that is highly conducive to the digital economy
- Government support for the industry and determination to make South Korea an international technology leader are largely responsible for its strengths
- Nevertheless, some technologies and services appear to have been developed and promoted with little apparent regard to their feasibility and/or usefulness
- The business environment is improving but there is still a perception that the state pursues policies that favour national champions
- Changes to legislation for registering a new business have dramatically boosted South Korea's score in this legal category

Thank you

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Annex

About the rankings

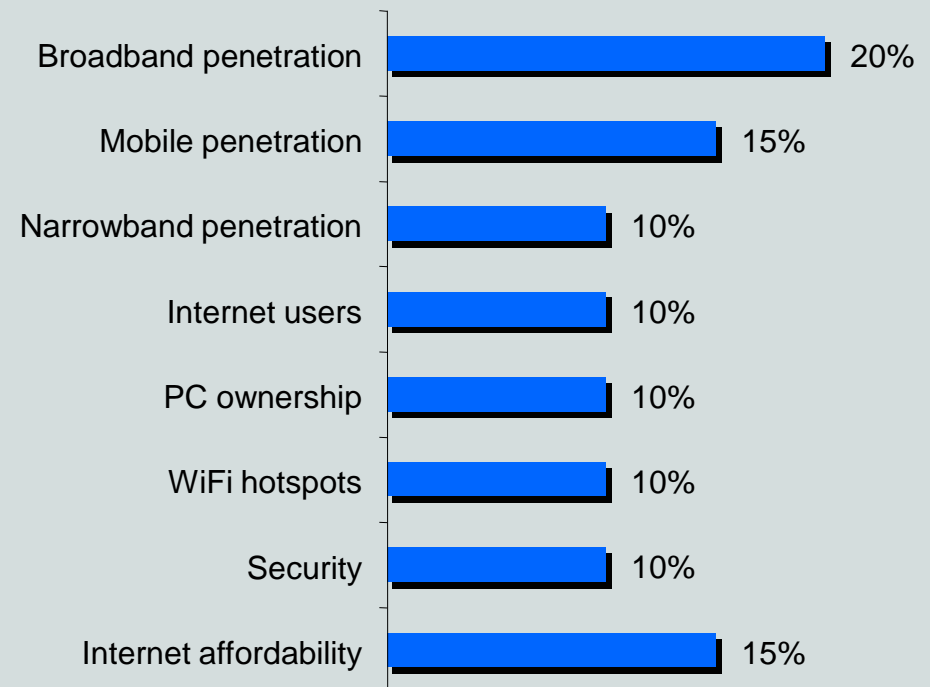
1. Connectivity and technology infrastructure

Physical access to telephony services, computers and internet

Quality, reliability and security of access

Affordability of services

E-readiness criteria categories and weights



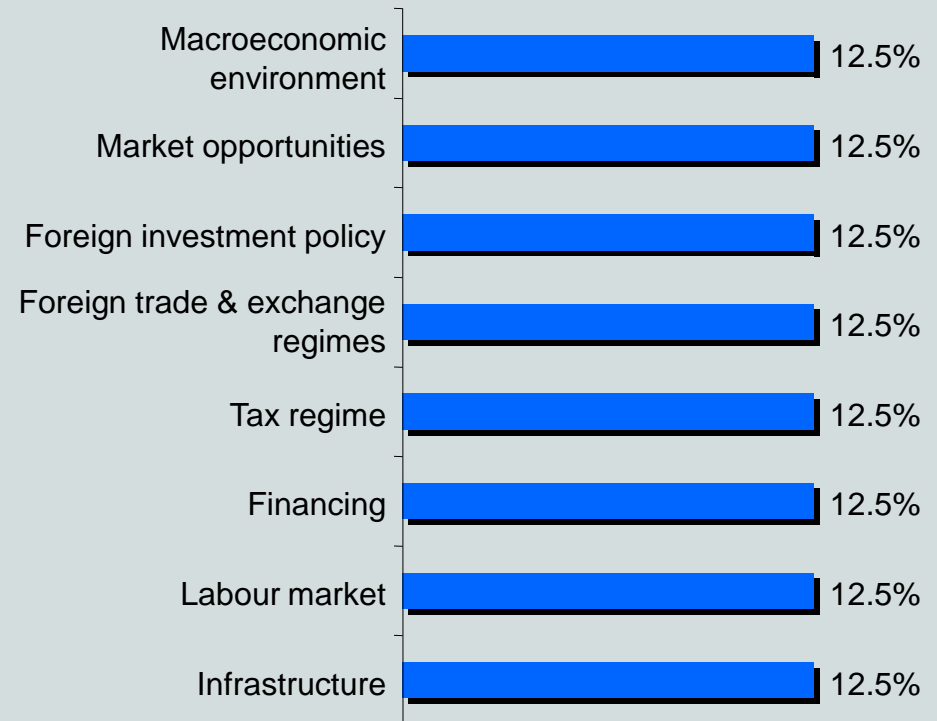
About the rankings

2. The business environment

Taken from the EIU's semi-annual *Business environment rankings*

Expected attractiveness of the general business environment over the next five years

E-readiness criteria categories and weights



About the rankings

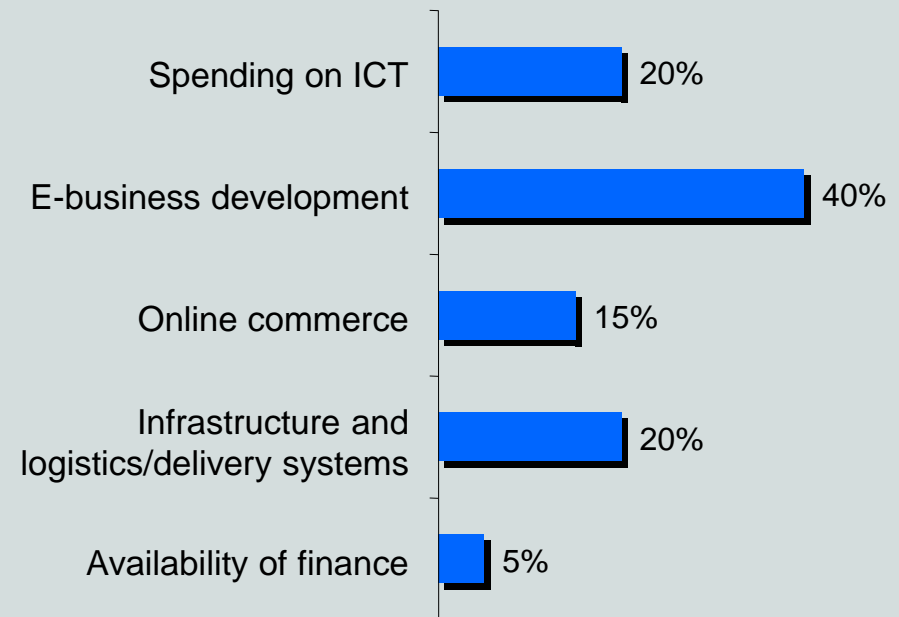
3. Consumer and business adoption

Overall spending on ICT by homes, businesses and government

Use of internet by organisations to automate business processes

Other support factors for online development

E-readiness criteria categories and weights



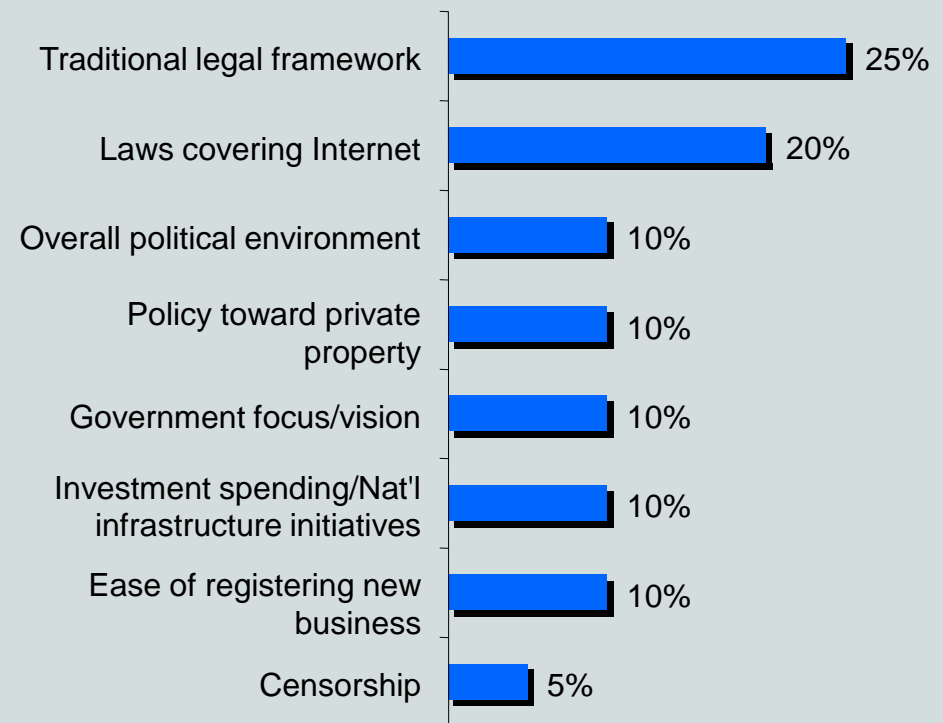
About the rankings

4. Legal and policy environment

Government commitment to national digital development

Capacity of the legal framework to support online development

E-readiness criteria categories and weights



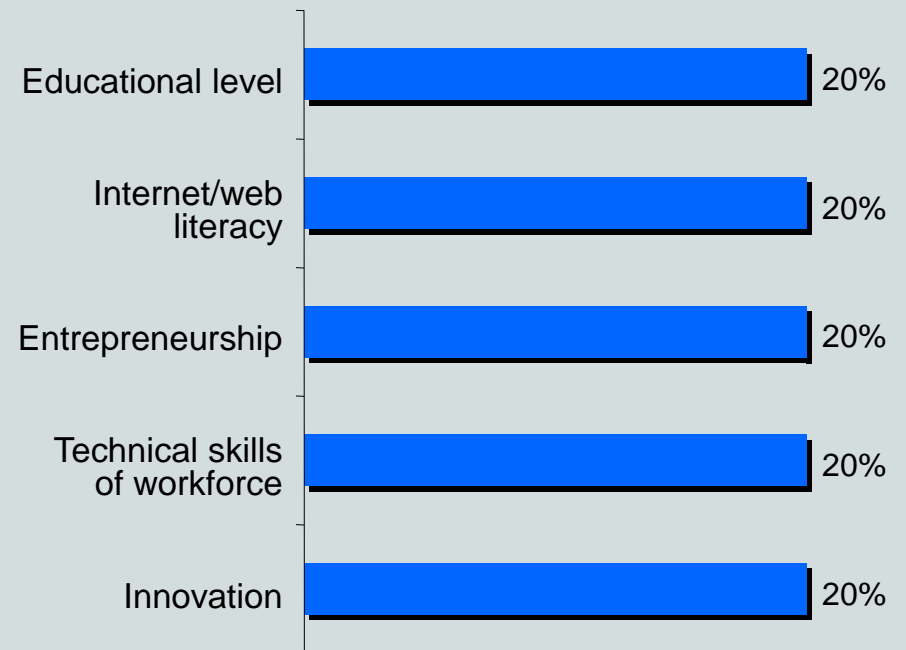
About the rankings

5. Social and cultural environment

Education, literacy and skills

Levels of risk-taking and innovative behaviour among the population

E-readiness criteria categories and weights



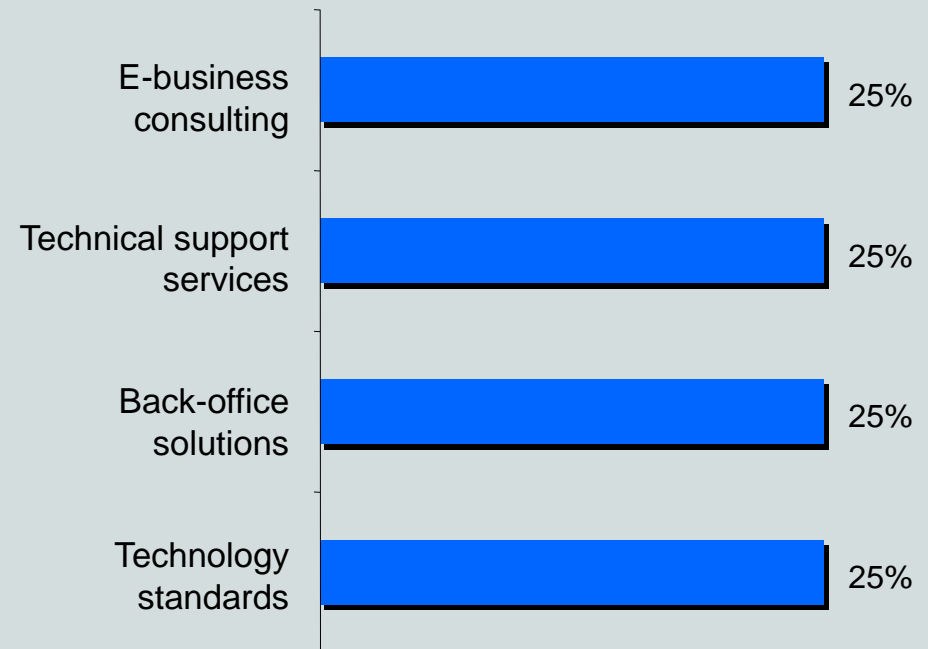
About the rankings

6. Supporting e-services

Existence of intermediary and ancillary services to support e-business

Existence of unified standards and application platforms

E-readiness criteria categories and weights



What's changed in 2010?

- A new broadband quality indicator has been added, which measures, as a proxy for quality, the share of fibre-optic access lines in a country's total broadband access lines
- A new mobile quality indicator assesses the share of 3G and 4G mobile subscriptions in a country's total mobile subscriptions
- In measuring broadband affordability, the lowest DSL connection speed for which pries are considered is now 256kbps (previously it was 128kbps)
- The scoring scale for internet user penetration has been adjusted, with 100% of the population now representing the highest penetration achievable in a country (previously this had been 75%)
- The educational level indicator has been expanded to encompass a third sub-indicator – 'gross enrolment in tertiary education', which measures the number of students in higher education as a share of the total population in the relevant five-year age group