

Breakout Session 6

Exporting Information and Communications Technology (ICT) Services – Still an Opportunity?

The Issue: International market growth of the ICT services sector (software design, networking services, specialized ICT consultancy and training) continues to be impressive. For developing countries and economies in transition, this sub-sector is particularly interesting since it not only represents a possible source of direct export revenue, but it is also an essential constituent of success of other sectors (product and service) with export potential.

However, while commercial opportunities abound, the reality is that the majority are accessible only to the major players in the sub-sector. Firms in most developing / transition economies simply cannot compete. They cannot keep pace with the speed of the market. On the "border-in" side, the lack of infrastructure, limited use of ICT and the absence of trained human resources in the right numbers represent constraints that cannot be resolved in the medium-term. Lack of market presence and credibility, together with strong marketing by competitors, represent severe "border-out" constraints.

Yet most developing / transition economies continue to regard this sub-sector as being a sector of export promise.

Strategy-makers in developing countries and economies in transition must come to terms with the reality. Possibilities for success in the market are minimal and strategy in the sub-sector must be adjusted to reflect this.

The Proposition: Rather than focusing strategy on the direct export of ICT services, the export component of the national ICT strategy should concentrate on diverting ICT capacity into those product sectors and service sub-sectors where the country possesses an actual or potential advantage.

This indirect approach to ICT as an export sector should focus on:

- Developing and introducing specialized e-business processes and ICT-enabled services that will reinforce the competitiveness of existing and prospective export sectors, and in so doing.
- Creating specialized ICT competency that can eventually be exported to niche markets.

Focus of the Debate: It is proposed that the debate focus on the following:

1. Do you agree with the above analysis? Should the strategic focus continue to be on the direct export of ICT services, or on the indirect approach recommended above, or a combination of both?
2. What are the principal constraints or gaps to competitiveness confronting those enterprises in developing / transition economies that are seeking to participate in the international market for ICT and/or ICT-enabled services? What are relevant approaches to overcoming these constraints and gaps?
3. What are the key ingredients of a realistic strategy for the ICT services sub-sector (i) for a country with direct export potential and (ii) with no immediate direct export potential? In either case, where do the respective responsibilities of government and the business sector lie?