

The “Look@World” Project: An Initiative from Estonia’s Private Sector to Boost Internet Use

Alar Ehandi, head of the “Look@World” project, Hansapank, Estonia

In early March, nine Estonian companies announced a cooperation project that is called the “Look@World” project. Its objective is to increase the quality of life of Estonia’s residents, as well as the country’s competitiveness in Europe, by supporting a rapid increase in the use of the Internet. A measurable target has been set – Estonia wants to exceed Finland’s Internet penetration levels within three years’ time.

There has recently been a great deal of will and initiative in the area of developing the E-society in Estonia throughout all of the various sectors in the country, but activities that have been undertaken have been somewhat hectic. There has been no single program or vision to provide a common direction for private sector initiatives in this area. We hope that the Look@World Foundation, which is being set up by the companies that are behind this project, will become an umbrella organization to bring together companies which are willing to contribute toward the development of

the E-society by making investments and by engaging in very close cooperation with the state. The mission statement for the project is presented in this article.

WHAT IS BEHIND THE MISSION STATEMENT?

In Estonia today, some 32% of the adult population uses the Internet, while in Finland the figure is around 55 or 58%. It is expected that three years from now the numbers in Finland will be around 80 or 85%, and we must count on this happening.

Many people who have read our

The Mission Statement of Look@World Project

Mission:

By supporting the use of the Internet, to raise the quality of life of Estonian people and the country's competitiveness in Europe.

Means:

- To offer people more possibilities for access to the Internet;
- To help raise the availability, simplicity and user-friendliness of public sector services on the Internet;
- To help the private sector to offer its services more broadly over the Internet;
- To promote the Internet as a channel for accessing information and using services, changing people's attitudes and organising Internet trainings.

Objective:

Estonia will catch up and exceed Finland by Internet penetration within three years.

Table 1. Companies which are participating or investing in the Look@World project

Name	Investment (EEK)
Hansapank	100 million
EMT	30 million
Eesti Ühispank	30 million
Eesti Telefon	30 million
IBM	30 million
Oracle	15 million
MicroLink	15 million
IT Grupp	A smaller amount
BCS	A smaller amount
Total	EEK 250 million

goal of exceeding Finland's Internet penetration rates in three years' time have expressed their doubt about whether this is in any sense a realistic aim. Actually, the purpose of benchmarking our objective against Finland is mainly to demonstrate our ambitions in this area. Our mission statement says that our general idea is to improve the quality of life of Estonia's residents and to make Estonia more competitive at the international level; in practice this involves the following:

- Making the entire value chain of the Estonian economy more effective;
- Improving the activities of individuals, companies and the public sector through the use of Internet-based applications;
- Creating a qualitative leap in the value chain of the Estonian economy, leading to an increase in GDP growth of a few percentage points.

A recent study of competitiveness in various countries the world that was run by the Swiss International Institute for Management Development showed that Estonia has much less bureaucracy than the average country in the world, but we believe nonetheless that Estonia (and everyone else) still has a long way to go. It would take much less time to obtain all kinds of personal and business services if they were available and integrated on the Internet. The private sector has been bringing services to the Net quite quickly in developed coun-

tries, but state and municipal institutions have been much slower in doing so.

We believe that by helping various entities, and especially the state, to put services on the Internet and to make them available to everyone, we will greatly help to make people's lives easier and to make the business value chain shorter and more effective.

There are some economists who believe that our goal is not realistic – that it is not possible to increase GDP without increasing exports or just by making business more efficient. It is true, of course, that a more efficient economy and society do not necessarily increase GDP in and of themselves, but increased economic efficiency and user friendly government services involve two factors which will serve both to increase export and to increase GDP: Existing companies will be able to produce more at a lower cost, and Estonia will be able to attract more in the way of major foreign investment in areas which are export-oriented.

PROJECT PARTICIPANTS AND THE BUDGET

The Look@World project was initiated by Hansapank, which then promoted it to some 30 companies at the beginning of this year in order to look for partners. We were

not very sure about how Estonian business would accept the idea, but the reaction was surprisingly positive. We have now been joined by the Union Bank of Estonia, EMT, the Estonian Telephone Company, IBM, Oracle, MicroLink, Baltic Computer Systems and the IT group. These companies have undertaken to invest a total of EEK 250 million into the project over the next three years. Hansapank, which is the project leader, will contribute EEK 100 million of that sum. The Union Bank of Estonia, EMT, the Estonian Telephone Company and IBM have each promised to invest EEK 30 million during that time. We are talking to three or four other companies that might join us in this process, and we hope that total funding will exceed EEK 300 million in time (Table 1).

We hope that by the time this article is published, we will have established the Look@World Foundation, which will be the legal entity which runs the project. As I mentioned previously, our aim is not to set up a closely knit "club" of companies. Rather, we want to set up an umbrella organization and to elaborate the vision within the context of which any company which wants to help increase Internet use in Estonia can make its own contribution.

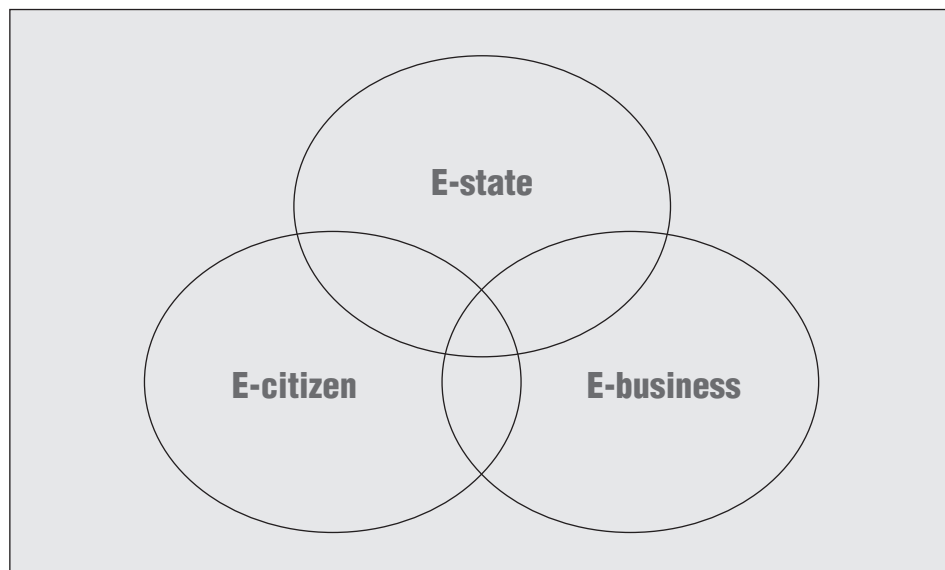


Figure 1. The basic structure of the E-society.

There are two main reasons why these nine companies in particular started the project. First, there is the issue of corporate social responsibility. The economy of independent Estonia has been growing for the last decade, but only now have we reached the point at which companies can not only focus on their own existence, but also devote attention to the development of the business environment. Both Estonian legislation and the country's society are very supportive for entrepreneurs, and when this is the case, businesses should provide for the opposite process – support for society.

A second reason for this program is the development of the environment in which or businesses operate. All of the companies which are involved in the project use the Internet for their own businesses, and if the relevant infrastructure is expanded, this provided the potential for more customers and more business.

COOPERATION AMONG THE SECTORS

From the very beginning it has been clear that in order to reach our goal, we must help in developing the much-discussed E-society or Information Society. Estonia has many initiatives and plans in this area, and cooperation with the state is of utmost importance if the Look@World project is to be successful. This does not mean that the private sector should replace the state in making investments, but we can certainly help the state in speeding up existing plans. We have know-how which can help in elaborating further visions, plans and business models, and we can help to reach agreement on which sector is to make which investments, how those investments are to be financed and administered, etc. We believe that a public-private partnership in the planning of the E-society is enormously important, and it can help to speed up developments in this area even without ex-

tra investments.

The E-society consists of three different parts (Figure 1):

- The public sector (E-state), which offers services widely over the Internet so that companies and residents can access them easily, inexpensively and conveniently;
- The private sector (E-business), which offers services widely over the Internet;
- People (E-citizens), who know how to use public and private sector

We must demonstrate to people the value, the comfort, the time savings and the other benefits which come along with accessing services over the Internet; we must also help people to overcome their fear toward computers.

services over the Net and are willing to do so.

In Estonia, business sector services are already rather available over the Internet. The major opportunity to expand this process involves public sector services, for

There must be a critical mass of local Internet content, and solutions must be made available to business and home users in order to motivate new users to join the Internet.

example, in areas like health care and education. General information services, the filing and approval of applications and other, similar processes can also be handled. The fact is, however, that only one part of the Estonian popula-

tion currently uses the Internet, and it requires a lot of effort to demonstrate to other people the value which the Internet can provide, to provide them with Internet access and to train them – in other words, to make them “E-citizens” in current context. That is what the Look@World project plans to do.

FOCUS AREAS

One of the major threats in our project is that the focus is very wide.

Increasing Internet use is a process which involves many different activities, and we found early on that one of the first things that we had to do was to narrow our focus with greater precision.

The Internet and its content are developing rapidly, and the driving force has been the private sector with its profit-oriented projects. It is obvious, therefore, that Look@World should not finance projects which would be undertaken by the private sector in any event. On the other hand, we must also not take up projects which are the obligation of the state and which are a part of the state's plans anyway. These considerations allowed us to conclude that the Look@World Foundation must finance and run projects which contribute to Internet use but which are neither attractive to the private sector nor are a part of state planning and budgeting.

In order to increase Internet use, we must make project investments in four areas:

- Internet content and the services that are provided: Those services which are available on the Net today are aimed mostly at younger and wealthier residents, and the average Estonian citizen does not gain all that much value from the Internet;

- Internet access: Physical access is the other major reason why people don't use the Internet, and we must invest in projects which will increase access possibilities as much as possible;

- Attitudes toward the Internet: We must demonstrate to people the value, the comfort, the time savings and the other benefits which come along with accessing services over the Internet; we must also help people to overcome their fear toward computers;

- Training: We must teach people to use the computer and the Internet.

In the first stage, the Look@World project will focus on the first two of these areas – services and access. Once the situation there has improved, we must shift our emphasis toward attitudes and training.

PREREQUISITES FOR THIS PROJECT

We believe that the current state of the Estonian society and the Estonian economy is very appropriate for our ambitious challenge. Residents, as well as the public and private sectors, have demonstrated will and readiness to use services through the Internet. Recently the government has been prominent in creating the Information Society mindset, and Estonia has run many E-projects that have won international recognition. Success stories such as the world of Internet banking are showing the way toward a wider belief in E-services.

Sometimes I have been asked what it takes to initiate a public-private partnership in order to promote Internet usage in a specific country. Along with Linnar Viik, who is the IT advisor to the Estonian prime minister, I have drawn up a list of prerequisites as we see them. Perhaps this will help in developing a few ideas about what must be done:

- The first and most important factor is a liberalized telecommunications market which involves lots of competition and which offers affordable connectivity solutions to businesses and residents alike;

- There must be a critical mass of local Internet content, and solutions must be made available to business and home users in order to motivate new users to join the Internet;

- There must be appropriate awareness building, as well as an appropriate IT educational infrastructure, with all of the necessary programs for adults and members of the younger generations;

- The business culture must value innovation as a leading tool for continuous improvement of competitiveness, both domestically and in terms of expanding into export markets;

- The business sectors which use the Internet must be consolidated, with just a few strong players in the sector, which creates a situation in which it is cheaper to create networks than to fight over existing ones; companies will then be ready to invest into infrastructure and society, as well as to expect indirect benefits rather than direct benefits from conventional marketing;

- The initiators of such projects must have sufficient market share to expect that infrastructural investments are justified in terms of the benefits which the initiators obtain in the context of total benefits in the relevant sector;

- The state must demonstrate a clear interest in developing the Information Society and E-services; this interest must be backed up with investment readiness and with practical visionaries who represent the state;

- The state must also make it clear that it is ready to work with the private sector, to obtain advice, to listen, and to coordinate and share the development work among the various sectors;

- There must be sufficient Internet penetration which is at an appropriate critical mass; subjective opinion holds that this critical mass is reached at a penetration rate of about 25% of the adult population;

- Existing success stories which demonstrate that the Internet makes easier the lives of service providers and service users alike must be propagated; in Estonia already we have hanza.net, the E-tax office, the U-plaza, Delfi and Hot – all of which are successful in various ways. □