



IBM Institute for Business Value
IBM Business Consulting Services



The 2006 Lithuania e-readiness rankings

A survey performed by the Economist Intelligence Unit
in association with the IBM Institute for Business Value
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Objectives

- Assess the e-readiness of the country in comparison with best-in-class:
What is your position?
- Identify the e-readiness' strengths of the country:
Which strengths can you build on?
- Identify opportunities to improve and/or issues to further investigate:
What are the areas that require deeper understanding?

Overview of the rankings, methods and changes

- E-readiness, now in its seventh year of publication, is defined as an indication how amenable a national market is to Internet-based opportunities
- The ranking evaluates the technological, economic, political & social assets of 68 countries and their cumulative impact on respective information economies
- The rankings are based upon nearly 100 quantitative and qualitative criteria, organized in six distinct categories*:
 - ▶ **Connectivity & technology infrastructure**
Availability, affordability, quality & reliability of telephony services, personal computers & the Internet
 - ▶ **Business Environment**
Expected attractiveness of the general business environment over the next five years
 - ▶ **Consumer & business adoption**
Prevalence of e-business practices in the country
 - ▶ **Legal & policy environment**
The country's overall legal framework and specific laws governing Internet use
 - ▶ **Social & cultural environment**
Pre-conditions for applying e-business, like literacy, education, Internet experience, and entrepreneurial attitude
 - ▶ **Supporting e-Services**
Presence of intermediaries and ancillary services like standards, consulting & IT services, and back-office solutions

* See appendix for the detailed criteria

Indicative, used in 2004 but still relevant

Executive overview - Key-messages

- To become as much as possible e-ready governments should consider following actions:
 - ▶ Proactive coordination and fostering partnerships across government agencies and with private industry
 - ▶ Walk the talk. Use e-business for government processes and leverage purchasing power to influence adoption rates of citizens and business.
 - ▶ Think inside-out, be innovative. Don't just replicate the paper process over the net
 - ▶ Mind the customer / make your business case. Make sure there is sufficient consumer and business adoption rate for new services.
 - ▶ Centralise efforts to develop e-government in order to achieve maximum benefit.

Worldwide ranking on E-readiness

2006 Rank	2005 Rank	Change (Ranks)	Country	E-readiness score (of 10)
1	1	-	Denmark	9.00
2	2	-	US	8.88
3	4	▲	Switzerland	8.81
4	3	▼	Sweden	8.74
5	5	-	UK	8.64
6	8	▲	Netherlands	8.60
7	6 (tie)	▼	Finland	8.55
8	10	▲	Australia	8.50
9	12	▲	Canada	8.37
10	6 (tie)	▼	Hong Kong	8.36
38	40	▲	Lithuania	5.45

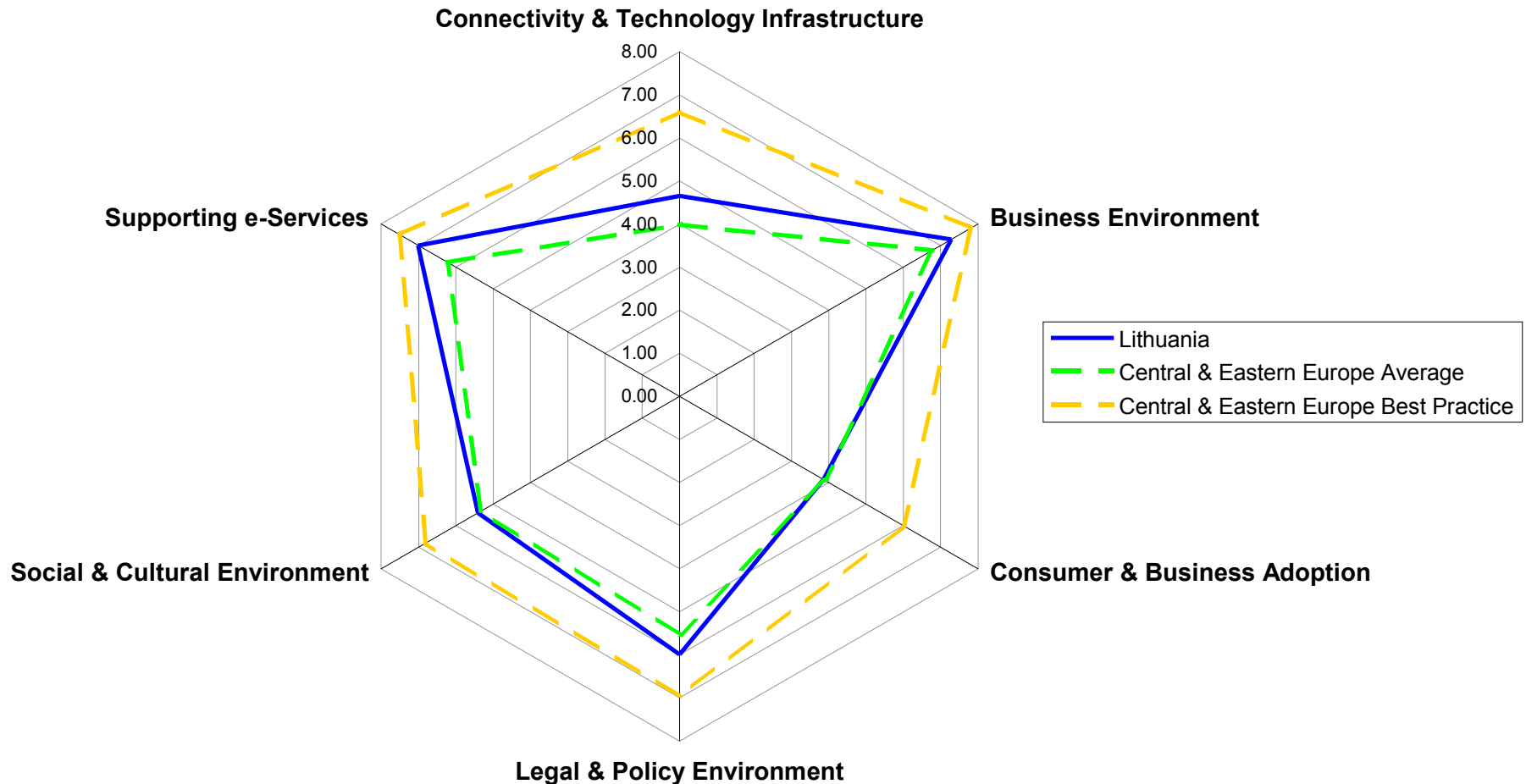
Source: EIU/IBM e-readiness ranking 2006

Top ten ranks on key-criteria

Connectivity & Technology Infrastructure		Business Environment		Consumer & Business Adoption		Legal & Policy Environment		Social & Cultural Environment		Supporting e-Services	
Rank	Country	Rank	Country	Rank	Country	Rank	Country	Rank	Country	Rank	Country
1	Denmark	1	Denmark	1	US	1	Hong Kong	1	Denmark	1	US
2	Switzerland	2	Canada		UK	2	Australia		Sweden	2	Canada
3	Netherlands	3	US	3	Sweden	3	Bermuda	3	US	3	Denmark
4	Hong Kong		Finland	4	Denmark	4	Singapore		Switzerland		Sweden
5	Sweden	5	Hong Kong		Switzerland	5	New Zealand	5	Australia		Switzerland
6	UK		Singapore	6	Norway	6	US	6	Germany		Australia
7	US	7	Netherlands	7	Germany	7	Denmark	7	New Zealand		Germany
8	Australia		UK	8	Finland		Canada		Finland		Finland
	Finland	9	Switzerland	9	Hong Kong	9	Sweden		Netherlands		Netherlands
	Singapore	10	Ireland	10	Singapore	10	Ireland		Korea		UK
					Netherlands						Ireland
											Austria
											Norway
											Belgium

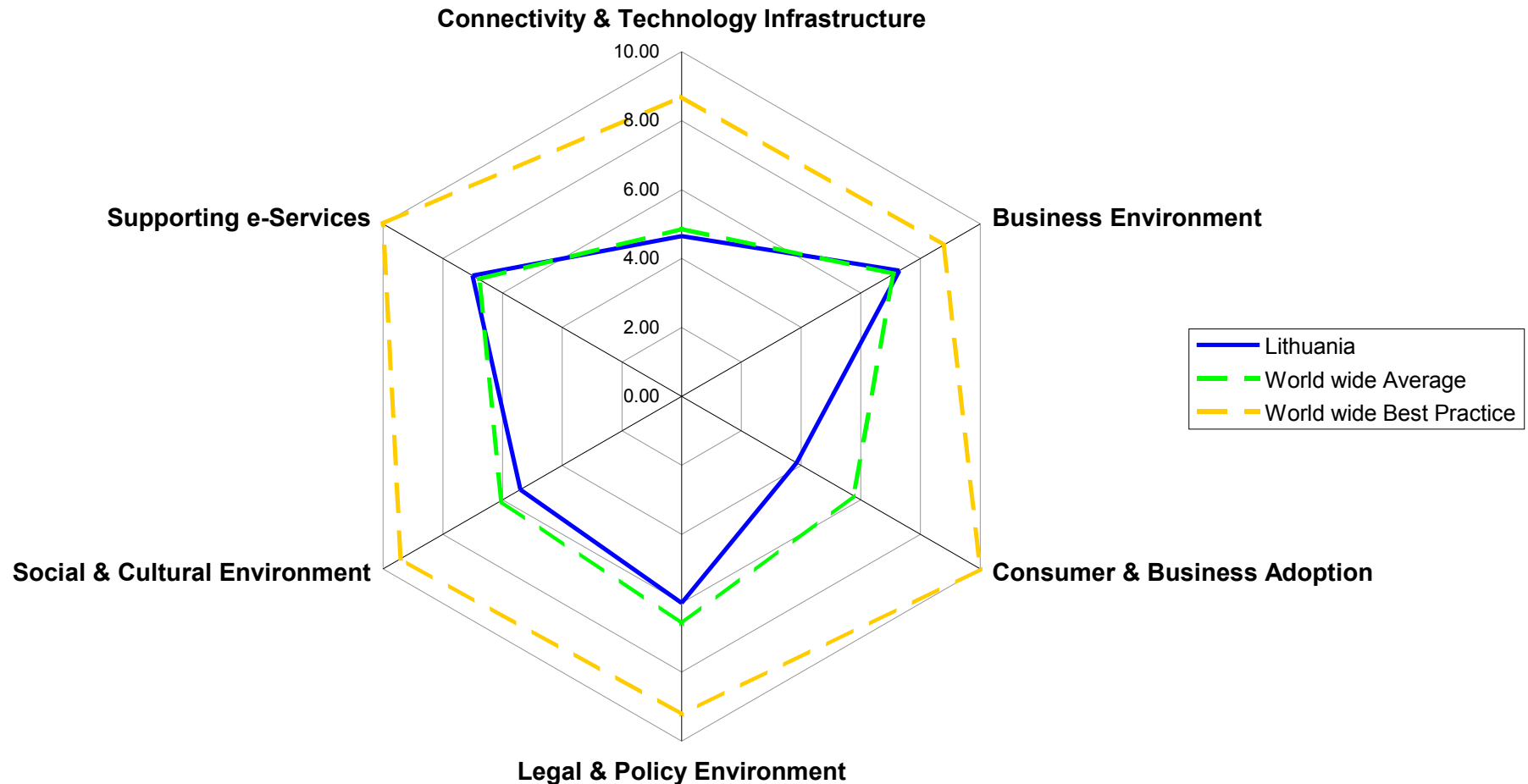
Source: EIU/IBM e-readiness ranking 2006

Position of Lithuania in Central and Eastern Europe



Source: EIU/IBM e-readiness ranking 2006

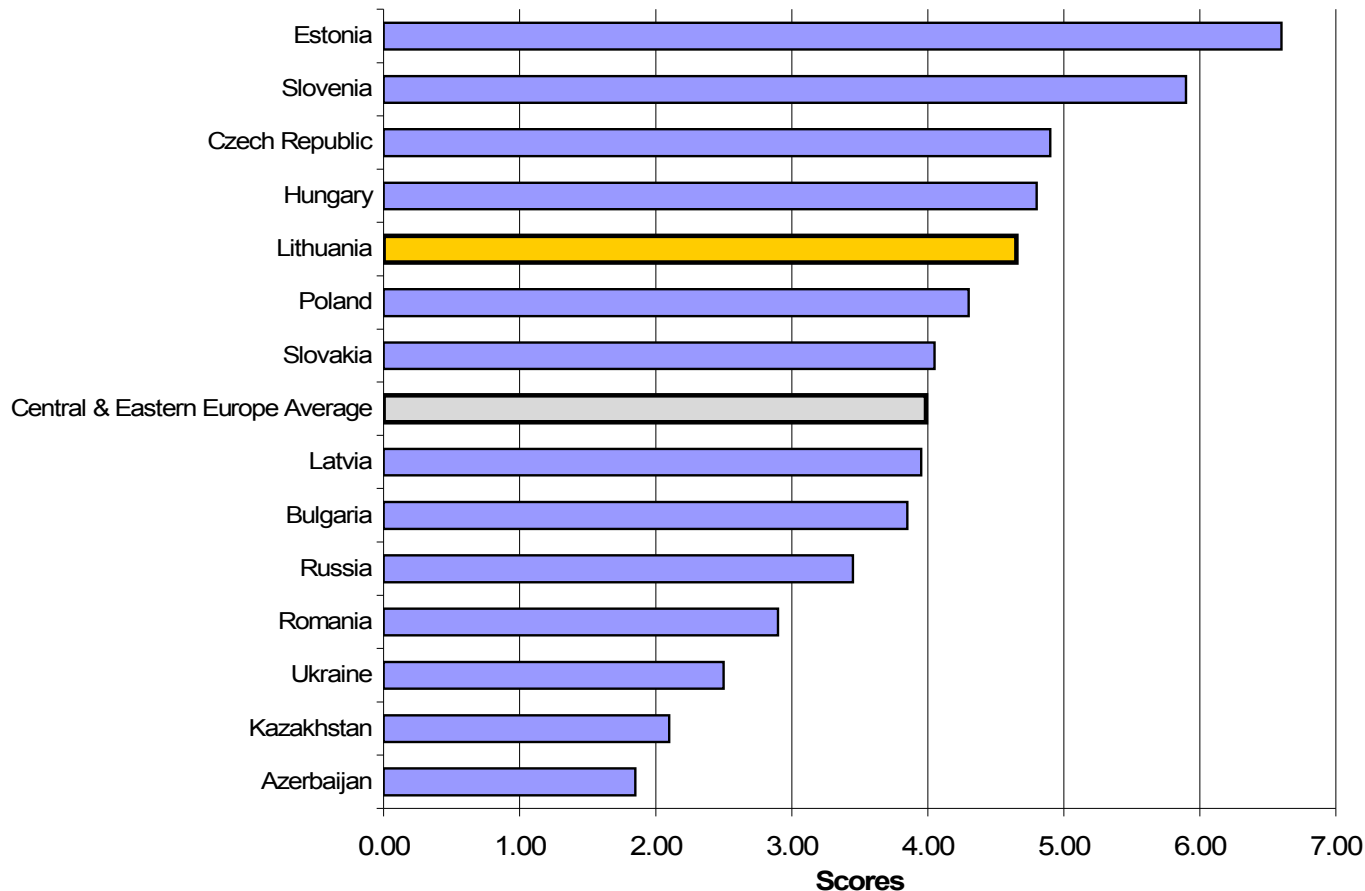
Position of Lithuania in World



Source: EIU/IBM e-readiness ranking 2006

Lithuania ranks 5th in Central and Eastern Europe and is 33rd worldwide on the Connectivity and Technology Infrastructure criteria

Connectivity & Technology Infrastructure



Strong

Weak

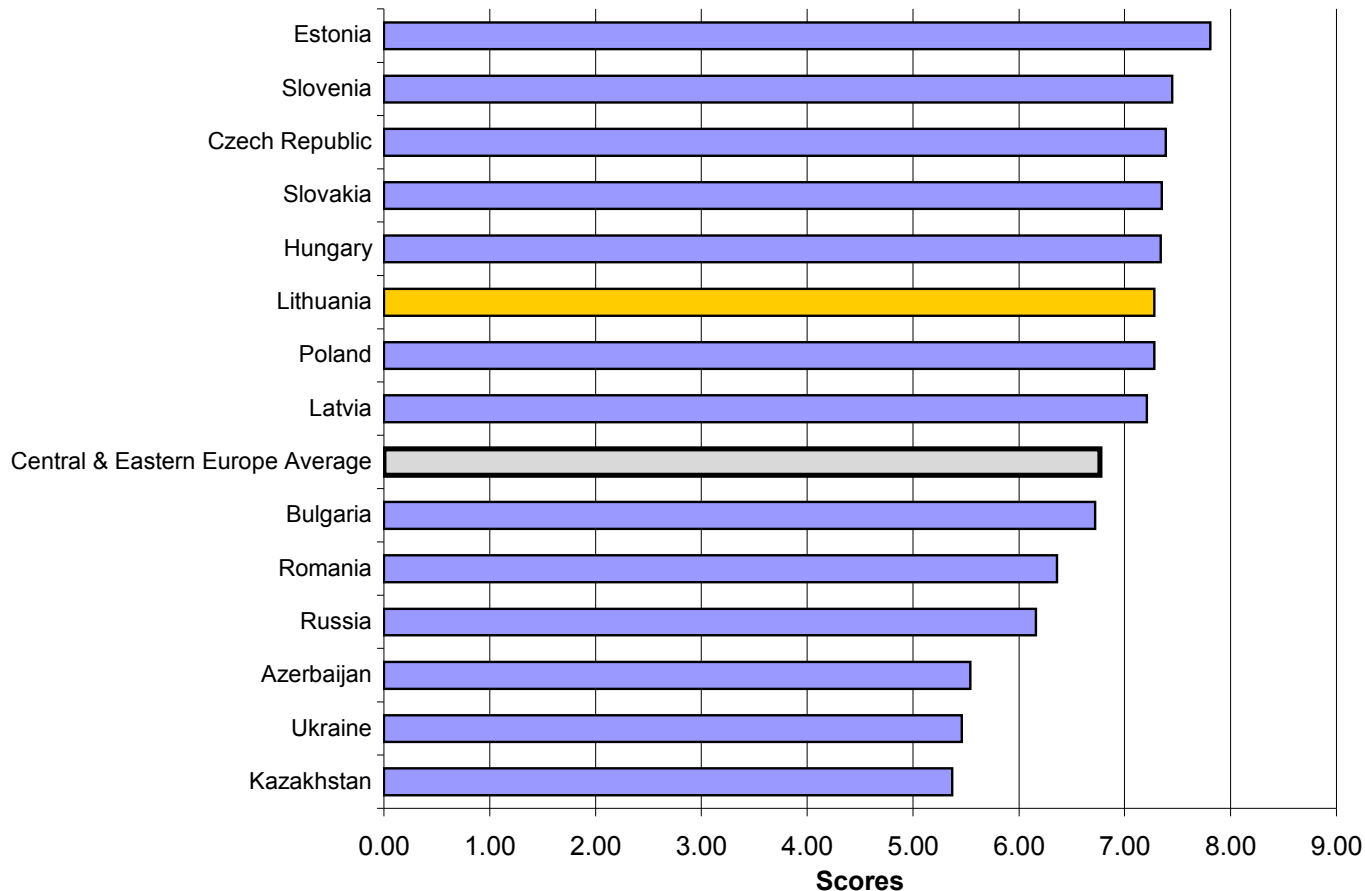
Connectivity & technology infrastructure

Availability, affordability, quality, and reliability of telephony services, personal computers and the Internet

Source: EIU/IBM e-readiness ranking 2006

On Business Environment criteria, Lithuania ranks 6th in Central and Eastern Europe and ranks 34th worldwide

Business Environment

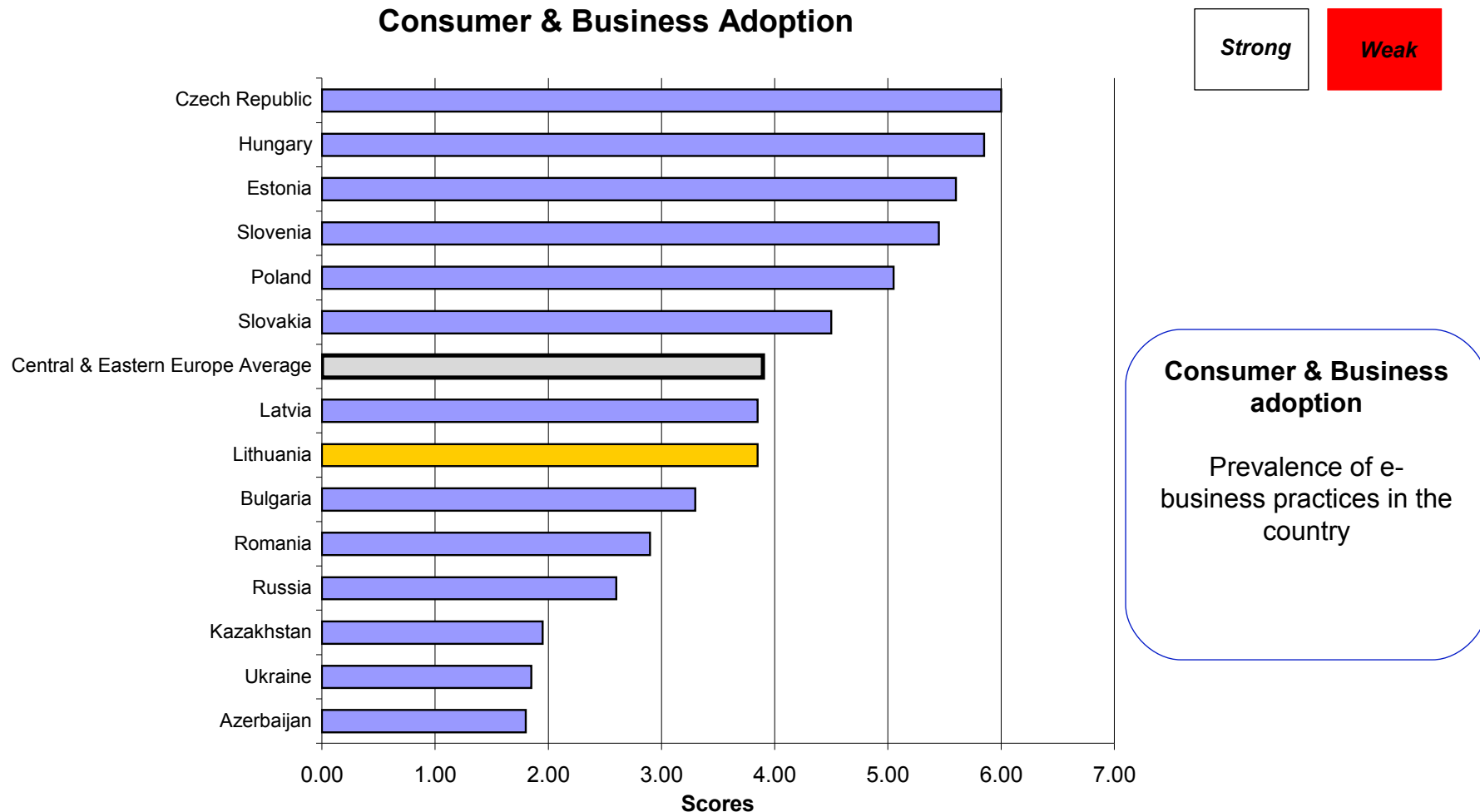
Strong**Weak**

Business Environment

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

Source: EIU/IBM e-readiness ranking 2006

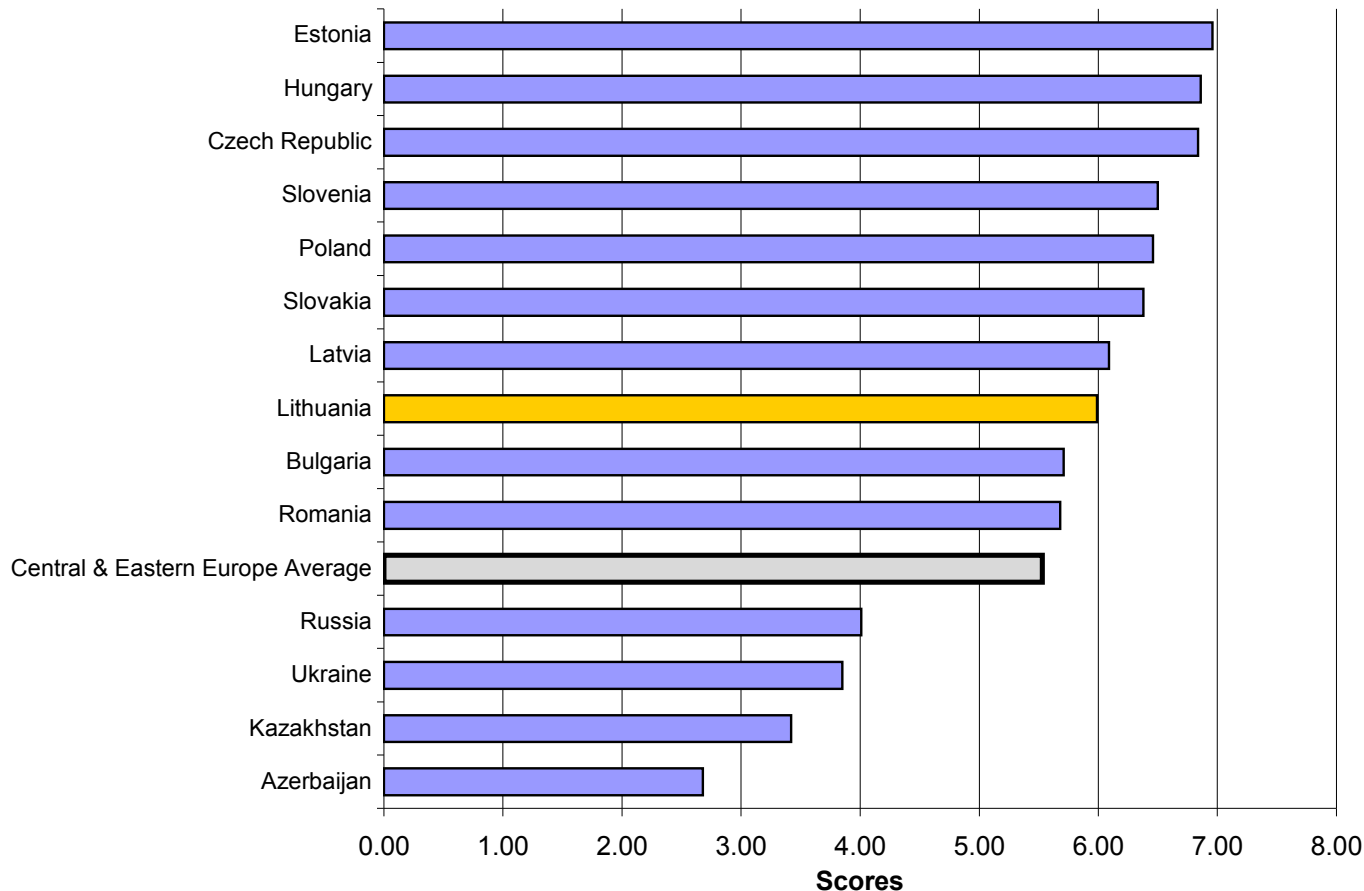
Lithuania is ranked 7th in Central and Eastern Europe and 46th in the world on the Consumer & Business Adoption criteria



Source: EIU/IBM e-readiness ranking 2006

On the Legal and Policy Environment criteria, Lithuania ranks 8th Central and Eastern Europe and ranks 44th worldwide

Legal & Policy Environment

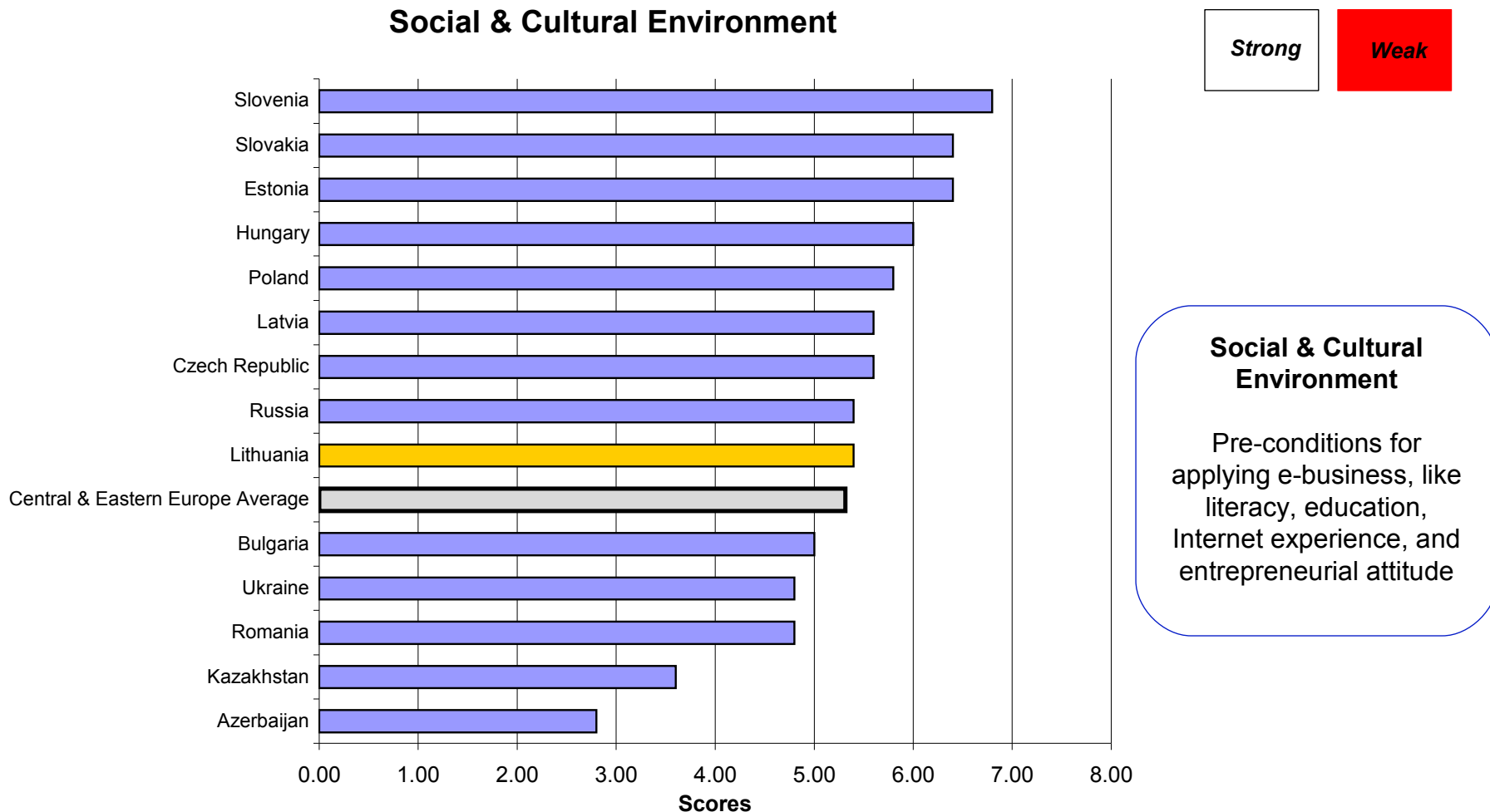
Strong**Weak**

Legal & policy environment

The country's overall legal framework and specific laws governing Internet use

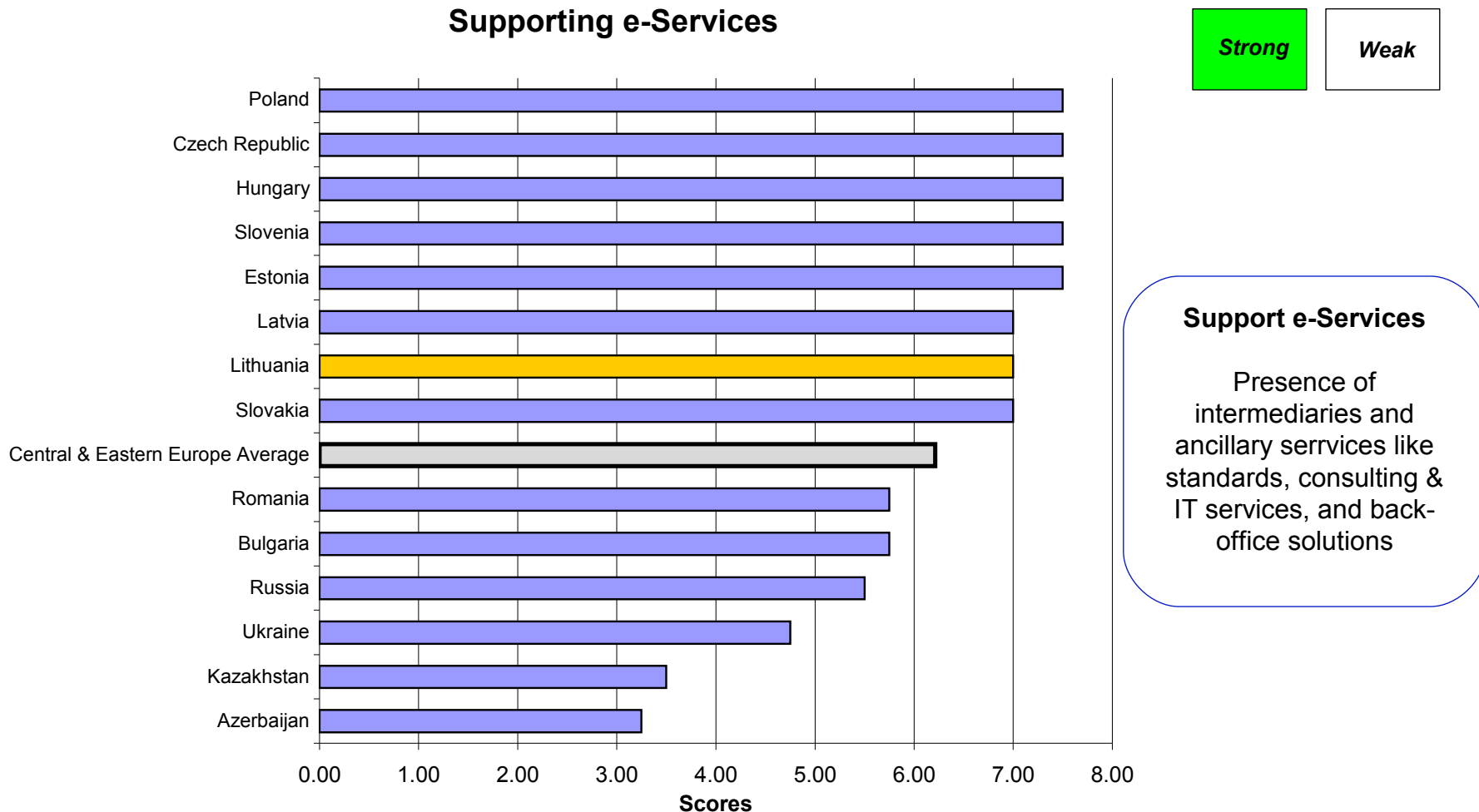
Source: EIU/IBM e-readiness ranking 2006

On the Social and Cultural Environment criteria, Lithuania is ranked 6th along with Russia in Central and Eastern Europe and 38th in the world



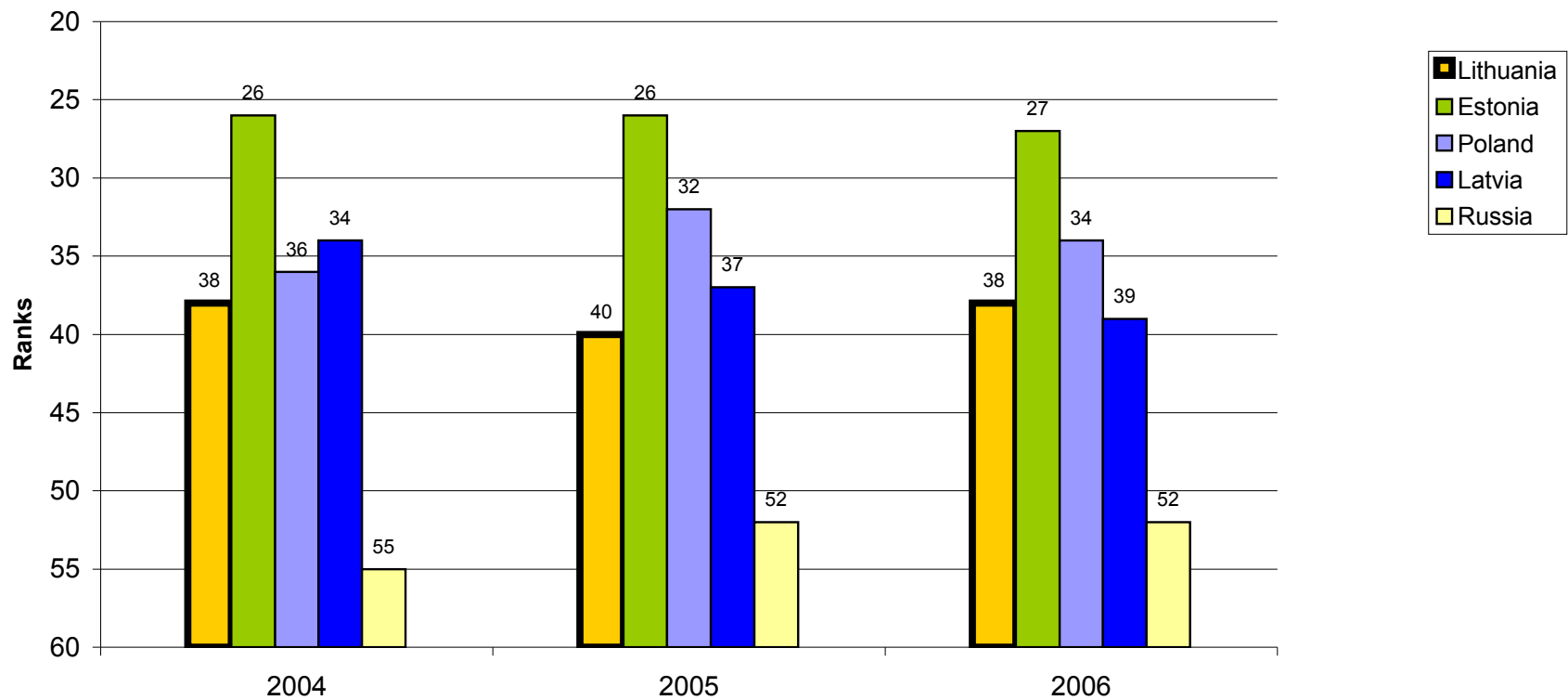
Source: EIU/IBM e-readiness ranking 2006

On the Supporting e-Services criteria, Lithuania shares 2nd rank with other countries in Central and Eastern Europe and ranks 35th in the world



Source: EIU/IBM e-readiness ranking 2006

Comparison of world rank



Source: EIU/IBM e-readiness ranking 2004, 2005, 2006

Note: Estonia, Latvia & Lithuania added to the rankings in 2004.

Conclusions & issues

1. Lithuania gains 2 places and reaches 38th position worldwide and gains one place to get 7th position in Central and Eastern Europe in 2006 e-readiness rankings
2. Connectivity & Technology Infrastructure poses a major challenge to its e-readiness
 - ▶ 'Broadband penetration' is currently on the lower side
 - ▶ Improvement of IT security and investing in increased WiFi hotspots will help improve the overall rating
3. Lithuania needs to improve its Social and Cultural Environment with a focus on web literacy and creating intellectual property
 - ▶ Government needs to improve financial support for internet infrastructure development and usage.
 - ▶ Need to approve more legislation addressing internet usage including privacy, security, cybercrime etc

Indicative**To be adapted
by Lithuania Public
Sector Lead**

Next steps

To improve the e-readiness position, we recommend the following actions:

- Strategic investments in infrastructure
 - Investments by central government
 - Coordinated funding for decentralized governments
- Public-private partnerships to ensure progress and top-quality

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Appendix - Country scores

Connectivity & technology infrastructure		4.65
Criteria	Weight	Lithuania
Narrowband penetration	0,10	4
Broadband penetration	0,20	3
Mobile penetration rates per head	0,15	10
Internet users per 100 head	0,10	4
PC ownership rates per head	0,10	2
WiFi hotspots	0,10	6
Internet Affordability	0,15	5
Security	0,10	2

Business environment		7.28
Criteria	Weight	Lithuania
Regular EIU Country forecast, based on 70 indicators	1	7.28

Consumer & business adoption		3.85
Criteria	Weight	Lithuania
Spending on information technology	0,20	2
E-business development	0,40	4
Online commerce	0,15	4
Infrastructure and logistics/delivery systems	0,20	5
Availability of finance	0,05	5

Scores are on a 1-10 scale, with 10 as best score

Legal & Policy environment		5.99
Criteria	Weight	Lithuania
Overall political environment	0,10	6.4
Policy toward private property	0,10	7
Government focus/vision	0,10	6
Investment spending/Nat'l infrastructure initiatives	0,10	4
Traditional legal framework	0,25	6
Laws covering Internet	0,20	6
Censorship	0,05	9
Ease of registering new business	0,10	5

Social & cultural environment		5.4
Criteria	Weight	Lithuania
Literacy/education level	0,20	8
Internet/web literacy	0,20	5
Business culture	0,20	5
Technical skills of workforce	0,20	7
Innovation	0,20	2

Supporting e-services		7
Criteria	Weight	Lithuania
E-business consulting	0,25	6
Technical support services	0,25	7
Back-office solutions	0,25	6
Technology standards	0,25	9