

E-commerce in the Czech Republic

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E-commerce in the Czech Republic

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B2B e-commerce in the Czech Republic

In 2000, B2B e-commerce end-user revenues accounted for about 80% of the total volume of e-commerce, and amounted to between \$32 mln-\$ 40 mln.

The overwhelming majority of 25,000 Czech large and medium-sized businesses use the internet. Of large companies that don't use the web in their current operations, only about 20, or 1%, have no intention of doing so in the future. Among medium-sized enterprises, this number is slightly higher and amounts to 4%, or 935 businesses. The overall number of businesses using the internet has increased gradually between 1997 and 2000. The most popular form of internet access among large and medium-sized companies have to date been dial-up connections and leased lines.

The Czech Republic key infrastructure indicators in 2000

Fixed-line penetration	37.5%
Mobile penetration	40.9%
PC penetration	12.0%
Internet usage penetration	12.3%
Cable TV penetration	20.0%

Source: ESIS, 2001; mobile operators, 2001; Polish Market Review, 2001

According to PricewaterhouseCoopers, the larger the business, the more likely it is to have a website. Their research also shows that small and medium-sized high-tech, industrial and service companies have been the quickest to set up websites. Moreover, large businesses that did not yet have a website were making up for this very quickly in order to keep abreast of new business trends.

Large and medium-sized enterprises in the Czech Republic use the internet mostly for communication. Medium-sized businesses use the internet more than large businesses for shopping, education, and entertainment (in this respect Czech businesses are not an exception, as the generally observed trend in the EU and Poland is that smaller companies are much more likely to use the internet for buying, selling, and advertising online than larger companies). As in other countries, most Czech business websites are passive and not designed to handle business transactions.

Although a relatively high percentage of large and medium-sized companies use the internet for business purposes, only a very small percentage of them a mere 16% have implemented some sort of an e-business strategy. In aggregate numbers, this amounts to only slightly over 4,000 companies. Still, this number is growing fast.

There are many factors slowing down e-business implementation in companies, such as the slow speed of data transfer, and the high costs of internet access. Results of an Andersen Consulting survey show that many

more Czech managers than their EU counterparts cite concerns over the lack of payment security and low PC penetration as reasons for low e-business take-up among Czech businesses. The government is also perceived by Czech executives as to not be doing enough to improve the business environment.

B2B e-commerce in the Czech Republic does not have equal impact on all sectors of the economy and all types of businesses. Transportation, telecommunications, high-tech, IT and service companies were the first to do e-commerce, and are currently also the best developed among Czech companies in this respect.

The enactment of the Act on Electronic Signatures in October 2000 should provoke faster growth in the Czech B2B sector.

Business automation in the Czech Republic

In spite of the positive attitudes expressed towards e-business by company executives in all of the surveys, the actual level of business automation in most Czech enterprises can hardly be called advanced. EDI was one of the first systems of electronic exchange of data to become available. Some large Czech companies have already invested vast sums of money in EDI software and hardware and this has made them reluctant to implement more advanced e-commerce solutions. ERP is the most popular technology for replacing EDIs. The number of large and medium-sized companies in the Czech Republic that have implemented ERP solutions to date is, however, still small, with only about 7,500 enterprises out of the total of about 25,000 having done so.

CRM solutions are even more rare, with Czech companies only just beginning to implement them. CRM penetration is even lower than ERP penetration, and amounted to 6% at the end of 2000 among large enterprises, which translates into a mere 117 companies.

ASP services have not been overwhelmingly popular in the Czech Republic. According to Markent, only about 150 large businesses claim to use ASP services, and approximately 100 other companies plan to do so in 2001.

Key e-commerce-related indicators for the Czech Republic in 2000

Number of online retail sites	1050
B2C revenues	US\$ 8.2 million
B2B revenues	US\$ 32 mln - 40 mln
Online shoppers	205,000
Number of banks offering internet banking	9

Source: IDC, 2000; Markent, 2001; Incoma & GfK Praha, 2000; Polish Market Review, 2001

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