

MARI KIVINIEMI

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Now it is a great pleasure to have an ex-prime minister. You have run a state and now you look at what is going on in the world through the OECD. It will be a fantastic opportunity for us to get the view of the OECD on the global policy and how policy is orchestrated around all the countries in this digital world.

Mari KIVINIEMI, Deputy Secretary-General, OECD, former Prime Minister of Finland

Thank you very much and thank you, first of all, for the invitation to this event. I am very happy to be here again. I participated at this conference last year and I am particularly excited to be participating in this interesting panel on the global challenges of digital technologies. Our discussions today could not be more timely. I am going to explain, where OECD countries stand when it comes to development and challenges in the digital world. At the end of my presentation, I will outline policy recommendations based on the OECD's policy framework, in order to answer the question what should be done. I will also highlight areas in which governments should take action, in order to tackle the challenges of the digital world in the best possible manner.

I will start by presenting the following figures. They show that broadband penetration is almost universal throughout the economy. I am happy to see that my own home country, Finland, is leading when it comes to broadband penetration rates in the OECD. Further, you can see from these figures, that the uptake of broadband has been very rapid. The uptake of broadband has increased, for example, in Latvia from 65 % to 95 %. In Mexico, it went from 50 % to 80 %. This is remarkably rapid change.

Patrick has already mentioned certain new areas and developments in the digital world, like the Internet of Things, Big Data, quantum computing and telecommunications. You can see here, which countries are taking the lead when it comes to the development of the newest and high-potential digital technologies. For example, the United States tops the leader board in terms of patents for technologies related to the Internet of Things and Big Data. However, the US falls to third place with respect to quantum computing technologies and telecommunication. This, on the other hand, is an area where the EU comes first. When we have a look at single countries at the European level, countries like France and Sweden focus very much on technologies related to the Internet of Things, but much less on the other two types of technologies.

As you can also see in this graph, the United States, Japan and Korea take the lead when it comes to the new generation of information and communication technologies. Especially Korea is pushing ahead with regard to the Internet of Things. You can also see that China is leading when it comes to Big Data. Further, there are still very big differences in the use of specific productivity-enhancing technologies. We all know how much productivity can be improved when using these new technologies, but still companies are not using digital technologies to their full potential. You can see this from the graph on the diffusion of selected ICT tools and activities in enterprises. Broadband use is high, but then when it comes to cloud computing, e-sales and also radio frequency identifications, there really is a lot of room for improvement concerning their use and also a lot of potential to increase productivity.

Furthermore, as you can see from the graph on enterprises by size using cloud computing services, there are quite big differences between countries when it comes to using digital technologies to their full potential. There are improvement possibilities for all companies, but especially for Small and Medium Enterprises (SMEs). SMEs are lagging behind, so there is a gap here that needs to be closed. Again, Finland seems to be doing well when it comes to the uptake of cloud computing. Cloud computing, which offers firms access to new capabilities, is still only being used by a small share of SMEs in European countries, though by up to 50 % of all SMEs in Finland. However, Finland does

not do as well when it comes to other new technologies. In general, the OECD average for the use of cloud computing is around 20 % and you really can see the difference between SMEs and large enterprises. Thus, there is huge potential here for improvement. Ensuring that SMEs have access to digital technologies is crucial to ensuring that the benefits of technology are widely shared.

Regarding the policy recommendations, I will try and answer the question, what should be done? The OECD has made many policy recommendations in different areas when it comes to the digital world. I will sum them up here in a nutshell.

We have five main recommendations:

The first policy recommendation, is to keep the Internet open. In order to be able to use the potential of digital technologies in the 21st century, keeping the Internet open and accessible is absolutely key. Further, it is critical for trade. According to a survey done by USITC, the Internet reduces the trade costs of US exports and imports by 26 %.

The second policy recommendation, is that countries, and of course companies, should invest in modern infrastructure, broadband, new Internet addresses and all those kind of areas which I mentioned earlier, especially where SMEs are lagging behind. There is a lot of potential here.

Thirdly, all countries should put a special emphasis on removing regulatory barriers. This is essential in order to allow innovation to flourish.

The fourth policy recommendation, concerns the need to strike a balance between the economic and social benefits of the digital economy and legitimate concerns about security, privacy and intellectual property. We know that there are a lot of concerns when it comes to this, and those really should be taken into consideration. The OECD offers guidelines and recommendations when it comes to privacy and also digital security risk management.

Lastly, it is important to foster the skills that can help people succeed in the digital economy. When it comes to skills, our Survey of Adult Skills in 2013 found that less than 40 % of people in the OECD countries have the skills to succeed in an environment rich in technology. Of course, we all know that my children are much better at using technologies than I am. Therefore, the next generations will be even better, but we should particularly invest in the skill of people who are already working. There need to be enough training possibilities available for adults to improve their digital skills. When it comes to adults and digital skills, the Netherlands, Norway and Sweden are the countries that are leading and then at the other end, you can see France, Italy, Greece and Turkey doing not so well.

To conclude, I would like to draw your attention to some of our recent work. The data I have been presenting today comes from the OECD Data-Driven Innovation report, which was launched a couple of weeks ago. It is of the utmost importance that data on the global challenges of technologies is collected because data can guide countries to improve their policies and encourage their companies to use the full potential of the digital economy.

Thank you, Mr Chairman.

François BARRAULT, Chairman of Idate/DigiWorld Institute; former CEO of BT Global Services and a BT Group PLC board member

Thank you, Mari, for this great perspective.