



## What is our networked readiness?

**When the INSEAD/WEF Global Information Technology Report was created 11 years ago, the countries with the most fixed-line telephones were the best-connected in the world. Today, it's a much different story.**

Evaluating 142 countries in the world on their “Networked Readiness” is no easy task – made more difficult by the warped speed at which technology changes – and the 2012, 11th annual Global Information Technology Report (GITR) incorporates significant changes in the research methodology.

“Revisions in the methodology this year meant that new indicators such as broadband access, have been included while more outdated indicators have been removed,” said Soumitra Dutta, Roland Berger Chaired Professor in Business and Technology at INSEAD, a co-editor of the report. “One of the key changes has been the addition of the impact dimension,” he says. “We realise today that technology is transforming lives, governments, [and] businesses. So we need to better understand and better measure how technology is impacting governments, businesses and individual societies.”

Other important changes to the methodology include restructuring the readiness pillar with emphasis on infrastructure, affordability and skills; and simplifying and refocusing the environment pillar. “Considering how Information and Communications Technologies (ICT) have become omnipresent, the focus has moved from access to making the best use of ICT in order to improve

business innovation, governance, citizens' participation and social cohesion.”

Dutta adds that while the technical metrics are important in the methodology, a whole range of associated variables and dimensions are also important to the framework.

The report, subtitled “Living in a Hyperconnected World,” uses 53 impact-oriented metrics with a special emphasis on the transformational aspects of ICT to explore the causes and consequences of living in an environment where the internet is accessible and immediate, machines are interconnected, and business and personal communications happen instantaneously. The Networked Readiness Index (NRI) – the key outcome of the report - captures the main drivers of a rapidly-changing ICT industry.

### The top ten countries

Those countries which did best in the NRI ranking of the 142 countries surveyed in the GITR use ICT to increase competitiveness and effect changes in public policy to increase social well-being. And the top ten countries are Sweden, followed by Singapore; Finland is in the #3 position, followed by Denmark, Switzerland, the Netherlands, Norway,

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U.S.A., Canada, and the U.K.

The NRI has been adopted by several governments as a valuable tool for assessing and leveraging technology for competitiveness and development.

### Digital divide remains

The exponential growth of mobile devices, big data and social media is a driver of this hyperconnectivity which, in turn, fosters fundamental changes in all areas of society. Yet, aside from the top-tier developed world, a digital divide still exists. The BRIC countries, for example, despite improvements in many drivers of competitiveness, still face problems resulting from an insufficient skills base and institutional weaknesses, especially in the business environment, which stifles entrepreneurship and innovation. In Sub-Saharan Africa, ICT readiness is still low: poor skill levels and the high cost of still-insufficiently developed ICT infrastructure do not allow for efficient use of that technology which is available.

**Bruno Lanvin**, co-author and Executive Director of INSEAD e-Lab, believes that the GITR report can help to assess the state of inequality and allow governments to take measures to close the gap. For instance, the report indicates that contrary to popular belief, the internet was not at the heart of the technological revolution. "It has been mobile telephony," says Lanvin. "It has really touched more individuals worldwide than the internet." As mobile broadband takes off, Lanvin believes that the internet and mobile technology will come together to produce results that the world has only imagined. As more people in underdeveloped countries gain access to the internet through their cell phones, there may be new opportunities for the poor to participate in the knowledge society.

### The rest of the pack

There has been a surprising level of stability among the top 10 countries in the ranking. The Nordic countries, Singapore, the U.K. and the U.S. are always among the most networked countries on the list. However, there has been some degree of change among the mid-ranked countries. Lanvin says that the most striking area of change was in the middle of the rankings. These countries tend to have dynamic, emerging economies, such as those among the BRIC countries and the Gulf Cooperation Council (GCC).

Says Lanvin, "Those who have made massive investments in infrastructure, typically the GCC countries, such as Bahrain, Kuwait, Qatar and the U.A.E., have moved very quickly from the 60s to being in the top 30. It is quite spectacular, but they

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get stuck there because competition is not yet developed, skills are missing, and there are other elements that need to be brought into play." Lanvin says that if these countries are able to address the remaining roadblocks on their path to development, they could move up significantly.

Large developing economies, such as Indonesia and Vietnam, also have great potential. According to Lanvin, these countries are developing their education, competition and openness to the outside world while also weaving alliances with large companies. These countries, because of their large populations, can make a massive difference to the global markets if they develop their ICT.

### Investment is key

The U.S. is better ranked in terms of "readiness" (#5); however, in order to further boost this pillar, efforts must be made to upgrade the skill set of its population (#32). Dutta explains, "I think where action needs to be taken more aggressively is in the area of investing, in particular in the level of skills". He says the test is to be able to use the technology, not just have the infrastructure in place. He cites affordability as another weakness for the U.S.: broadband penetration rates are low because of low investments in both the public and private sectors. Broadband communications costs remain excessively high and although broadband availability is improving, relative to other countries, the U.S. is falling behind. "A lot of the infrastructure elements are not as well developed as in some economies. It's funny to say but our research shows the infrastructure and mobile phones and other key technologies are often lower than in other economies such as in Scandinavia or in Singapore."

Dutta concludes that in order to strengthen the skills and regulatory pillars, and to allow the U.S. move back up into the top 5, there needs to be a holistic strategy to invest in all three key areas: infrastructure and digital content; affordability and skills level.

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