

**WORKSHOP ON
USE OF INFORMATION RESOURCES IN INTERNET FOR
START-UPS AND SMEs**

Moscow, 16 – 17 June 2003

Summary Proceedings

1. The Workshop titled “Use of Information Resources in Internet for Start-Ups and SMEs” was held in Moscow, the Russian Federation, on 16-17 June 2003. It was organized by the Organization of the Black Sea Economic Cooperation (BSEC) and the Representation of the Konrad Adenauer Foundation (KAF) to Turkey, in cooperation with the Department of Small Business Support and Promotion of the Moscow City Government; the National Business Partnership “Alliance Media” (Moscow); the International Association “Interregional Marketing Centres (IMC) Network” (Moscow); and the Moscow Center for Business Information “BINEC”.

2. Welcoming statements were delivered by Mr. Alexander D. IOFFE, Adviser to Mayor of Moscow, President of the Russian Association of Small and Medium Enterprises (RASME); Dr. Wulf SCHÖNBOHM, Representative of the KAF to Turkey; Ambassador Tugay ULUÇEVİK, First Deputy Secretary General of the BSEC Permanent International Secretariat; and Dr. Markus INGENLATH, Representative of the KAF to the Russian Federation.

2.1. Mr. A. IOFFE delivered a welcoming speech on behalf of H.E. Mr. Eugeny EGOROV, Minister of Moscow City Government, Head of SME Support and Promotion Department. He also read out a message by the Mayor of Moscow who welcomed the Participants of the Workshop and wished success to them. In addition, Mr. IOFFE presented information on the Government policies to support using the Internet in start-ups and SMEs in the Russian Federation.

2.2. Dr. W. SCHÖNBOHM welcomed the Participants of the Workshop on behalf of the KAF. He gave information on the activities of the KAF in field of SMEs in Turkey, particularly in countries in transition, through the Organization of the BSEC.

2.3. Ambassador T. ULUÇEVİK emphasized the significance of the Workshop and stated that its main theme related to the present day realities and needs and it also embraced future challenges. He pointed out both the advantages and the barriers of the uses of the Internet and ICTs by the start-ups and SMEs. He underlined the importance attached to the

development of SMEs in the BSEC Member States and stated that today matters relating to the SMEs ranked high in the priority list of the BSEC. He drew attention to the fact that the world had entered a new age of “knowledge-based economy” supported by the ICTs and coupled by a widening process of globalization and in that process the role of Internet had emerged as an incontestable fact. He also pointed to the existence of digital divide. He dwelled on the benefits which the SMEs could derive from the use of Internet supported by the ICTs. Yet, he pointed to the lack of awareness and understanding on the part of the start-ups and SMEs of the potential benefits which Internet could provide to them. He also touched upon the financial aspect of the subject. In conclusion, he emphasized that in order to help SMEs to overcome barriers in using Internet and ICTs, the supporting role of the politicians, Governments and SME support institutions was necessary. Ambassador ULUÇEVİK expressed the wish that the Workshop would be useful in enhancing and making more effective the provision of business support services to start-ups and SMEs by making use of Internet and its associate technologies.

2.4. Dr. M. INGENLATH welcomed the Participants of the Workshop and presented information on the activities of the KAF to the Russian Federation. He emphasized that a political foundation must consider in its activities the appreciable change of paradigms in the sphere of politics, economics and society due to the Internet. He denoted this change of paradigms by three major key words: major transparency; higher speed; and– accordingly–changing social behavior.

3. The Workshop was co-chaired in rotation by Mr. IOFFE; Ms. Elena EMELIANOVA; President of the International Association “Interregional Marketing Centres (IMC) Network”; Dr. SCHÖNBOHM and Ambassador ULUÇEVİK.

4. The Workshop was attended by the representatives of the following BSEC Member States:

Republic of Albania
Republic of Armenia
Republic of Azerbaijan
Republic of Bulgaria
Georgia
Republic of Moldova
Romania
Russian Federation
Republic of Turkey
Ukraine

5. A representative from Germany also attended the Workshop as a Guest speaker.

The list of participants is attached as Annex I and the Program of the Workshop is attached as Annex II.

6. Ms. Nadezhda KALLINA, Head of the Department of Small Business Support and Promotion, Moscow City Government; Dr. Alexander P. KUTSOBIN, Director of the Center for Business Information and Consultations, Chamber of Commerce and Industry of the Russian Federation; Ms. Elena EMELIANOVA; Mr. Igor GORODNICHY, President of NBP Partnership “Alliance Media”; and Dr. Hans-Jürgen REICHARDT, Managing Director, Stuttgart Chamber of Commerce and Industry (Germany) addressed the Workshop as lead speakers.

6.1. Ms. N. KALLINA presented information on the current position of e-commerce in Russia. Among those who purchased through the Internet, a large share is made up of entrepreneurs and top managers- it exceeds that in any other group 2 or 3 times. With respect to the use of the Internet resources by SMEs, she stated that over one fourth of SMEs class themselves as the regular users of the Internet, and coupled with SMEs that do not exploit Internet resources on a regular basis, the total number of users approaches 30%. The share of Internet users in Russia, in groups of enterprises by the number of employees (51-100 people: 50%; 31-50 people: 32%; 11-30 people: 30%; 6-10 people: 27%; under 5 people: 25%) and the share of Internet users in groups of enterprises by sectors (science and scientific service: 78%; market infrastructure: 70%; transport and communication: 63%; industry: 42%; construction: 40%; services: 27%; trade and catering: 15%) were mentioned. The purposes of the Internet usage by SMEs are listed as searching for necessary information (90%), business correspondence via e-mail (76%), company’s web-site or home page (34%), advertising on the internet (30%), market research (26%), internal company’s correspondence (21%), commercial transactions (5%), and payments (3%). Ms. KALLINA also informed the Participants of the Workshop on the barriers to the use of e-commerce in Russia. The main reason for the fact that 2/3 of SMEs do not use the Internet is financial problems. Over 40% of the SMEs stressed that it was too expensive for them to use the Internet; about 20% pleaded having no computers. Approximately 40% of the SMEs do not know how e-commerce can be employed in practice. Entrepreneurs who assess their business position as good are much more inclined to make use of the advantages of e-commerce. The number of SMEs that have access to the Internet is 2-2,5 times larger in Moscow than that in other regions of Russia. The use of the elements of e-commerce gives an opportunity to SMEs in Russia to get a number of advantages (although they can be quite risky, too), such as: a considerable market expansion; speeding up the reaction time to market fluctuation; participating in product supplies to the state and non-governmental organizations, etc.

6.2. Dr. A. KUTSOBIN gave explanation on the activities of the Chamber of Commerce and Industry of the Russian Federation, in particular of the Centre for Business Information and Consultations, and he emphasized the importance of development of relations with other Chambers of Commerce and Industry.

6.3. Ms. E. EMELIANOVA made a presentation on international projects in the sphere of information support of small business. Inter alia, she cited their typical partners as national Chambers of Commerce and Industry, specialized agencies for business development, state investment companies, private investment companies and industry associations. She emphasized the need for cooperation by saying “No remedy comes with each, results are gained all together.” She informed the Participants about the experience of the International Association “IMC Network” with Italy in partnership, together with the results achieved so far in this partnership. Ms. EMELIANOVA also presented the addresses of IMC Network’s

official representatives in Italy, IMCs outside Russia and IMC Network's presence in Germany.

6.4. Mr. I. GORODNICHY explained Moscow experience in using Internet as the information resource for SMEs.

6.5. Dr. H.J. REICHARDT presented the German experience on the use of information resources in Internet for start-ups and SMEs. He first gave an overlook over the media situation in Stuttgart, Germany. Most companies now are represented in the Internet with their own homepages. They use the Internet especially for advertising, for catalogues and provide the possibility for customers to purchase directly via internet. To be present in the internet is the state of art. He mentioned that only 5% of the companies in Russia have access to the Internet. This is not enough for an efficient networking. He showed an example of two databases in which useful information is provided twice about local authorities and companies. He mentioned the requirements for an efficient internet use:

- Infrastructure: First of all, it is necessary to have a low-price access to the Internet. He explained the price in Germany which is 1 Eurocent per minute.

- Information Input: It is often necessary to have public companies or chambers of industry and commerce to provide information due to the possibility to give some subsidies.

- Legal Framework: Normally, it is necessary to have a free telecommunications market to use low prices for the Internet access. There should be a very wide legal framework. No regulation about contents, no control and no limitation for access and using the Internet.

Dr. REICHARDT concluded with the recommendation to have necessary support through the administration to spread out the use of Internet.

7. Exchange of experiences in supporting use of information resources in Internet for start-ups and SMEs by national experts were delivered. Issues addressed included: i) situation of internet infrastructure in the country; ii) legal framework for internet use for SMEs in the country; iii) experiences of the entrepreneurs from the countries in using the internet as the information resources for their start-ups and SMEs; iv) web-site creation experiences of the entrepreneurs.

8. The following presentations regarding the Use of Information Resources in Internet for Start-Ups and SMEs in the BSEC Member States were made:

a) The representative of the private sector from the **Republic of Albania** drew the attention of the Participants of the Workshop to the important developments that Albania had during the transition period (1991-present) in the Internet infrastructure and the Internet population increase, emphasizing as well as the big gap still existing between the country and developed countries. To narrow quickly this gap, a greater role of the State and the

Government is requested as regard to the creation of a better legal framework stimulating the private sector initiative, as well as education and public investments in the field. He hailed the recent engagement of the Albanian Government in the formulation of the Information and Communication Technology Strategy, realized with the assistance of the local UNDP office, as well as its willing to work together with other actors to put the document into action.

b) The representative of the Ministry of Trade and Economic Development of the **Republic of Armenia** emphasized that the established trends of the world economy over the last decades and the practical development of SMEs in Armenia over the last years had demonstrated large significance to provide with e-business information and an opportunity to Internet access under modern conditions. The Program of State Support to the SMEs is aimed at solution of the problems of SMEs. An important component of the Program is informational logistics of the SME agents. A Support Program Directory has been published that provides assistance to SMEs. A web-site has been designed by the National Center for SME Support. Development of information and Internet resources on a regular basis is being done for SMEs. Development of a simple-to-use directory on accountancy in SMEs is underway and it will be entered into the Internet. This will help the entrepreneurs to access necessary information to start-up and run their business.

The representative of the Chamber of Commerce and Industry of the Kotayk Region of Armenia stated that the Internet today was a powerful information medium where information was classified category by category, subcategory, section. Over the past two years in Armenian Internet Resources the systems of e-business (132B/132C) have been created. There has also been registered a sharp increase in the number of official web-sites in Armenian companies as well as the appearance of new information and search systems. The creation of the internet portal Armenia B2B and a local network database in the system of CCI of the Republic of Armenia coordinating CCI of Kotayk Region of Armenia with the participation of “Pros Me” project of the German Technical Cooperation (GTZ) and “PEM Consult” GmbH. Also CCI of Kotayk Region is being introduced in the system of the CCI of the Republic of Armenia of the “System Internet Marketing” in support of the SMEs as well as to expand export.

c) The representative of the Ministry of Economic Development of the **Republic of Azerbaijan** presented information on the support given to the SMEs under the patronage of H.E. President of the Republic of Azerbaijan, the Government Program of Business Development for 2002-2005, and the information support to the SMEs. Furthermore, he described the main features of the web-site of the Department for Development of Entrepreneurs of the Ministry of Economic Development of Azerbaijan.

The representative of the private sector from Azerbaijan informed that beginning from 1997 there were commercial internet providers in Azerbaijan. Since that time the number of Internet users has grown up to 100,000. In 2002, they adopted a National Program of Development of I&C technologies. It is aimed at support of information technologies, for SMEs inclusive. The Entrepreneurs Confederation of Azerbaijan conducts diverse arrangements for businessmen to use technologies in their business. There are some web-sites for businessmen on Internet: www.sahibkar.biz and www.nicts.az.

d) The representative of the Industrial Association of the **Republic of Bulgaria** provided information on the Association, a non-profit organization. In the Bulgarian Industrial Association (BIA), there are 77 branch organizations of employees, 26 regional associations, 60 municipal associations and municipal government bodies, the Bulgarian Academy of Science, universities and science-technical unions – in total more than 26,000 companies, among which 267 belong to the 300 biggest firms in Bulgaria. The BIA improves the information cycle among its members, also assures their participation in international exhibitions and fairs; develops on-line systems, gives digital certificates and certificates for origin. The BIA organizes business forums and meetings on the purpose of establishing business contacts between Bulgarian and foreign firms and attracting of investments. The BIA helps in the process of preparing documents for concluding trade and custom agreements, license conditions etc. It also cooperates the registration process of objects of intellectual property – patents, stamps, industrial design and also helps the protection from infringement of the rights of the intellectual property. The Association acts as an intermediary of overcoming and solving disputes between trade subjects and also between syndicates and employees, including solving through arbitration. It also accomplishes different programs and directions, including – information technologies, for qualification and re qualification. The BIA organizes every year in cooperation with other organizations “Investment Forum” and “Business in Internet”. In support of the Start-Ups and SMEs in BIA Internet Portal, there is the information system called “The FIRST-STOP-SHOP”. The system includes six levels with sub-levels as follows: “Administration”; “Statistics”; “Services & Information”; “Entrepreneurship and Business”; “Buyers”; “Useful Advice”.

e) The representative of the Ministry of Economy, Industry and Trade of **Georgia** explained that in Georgia communication via Internet had started to develop quite recently. Many firms and companies are working in this field, the largest of which are “Georgia On-Line” and “Sanet”. With the aid of the program provided by Georgian companies the entrepreneurs find and disseminate some information which is of vital importance, advertising and selling their goods, saving their time and money. The Government of Georgia welcomes the foreign investments in this sphere, not only on the financial aspect, but also on marketing.

f) The representative of the Association of Women Managers of the **Republic of Moldova** presented that this Association was a public organization engaged in economic, social and cultural self-identification of women in the society. The women managers solve multiple issues and they cannot work without informational support; the Internet being an essential component of this support. In Moldova the Internet is largely used in big towns. There are some attempts to use the Internet in remote areas as well. The Internet is used in various areas. It is mainly the information sites of Ministries, Government Agencies, advertising of goods and services, e-shops. E-mail is a very important part of Internet services. A number of specific sites have been designed: www.docs.md (legal and regulatory frameworks) and www.smallbiz.md (special site for small business). In Moldova there is no opportunity to submit the reports on an “on-line” basis. “Customer-Bank” relations are widely spread. Educational sites are of great importance, where it is possible to write research papers to get some skills to design data base, websites, etc. Thus, the SMEs can design their own sites to freely register them. Access to the web-sites of other countries is

important as well. “The Strategy of Socio-Economic Development of the Republic of Moldova for a Mid-Term Period (up to 2005)” of 19 December 2001 is a national strategy. This document reads that integration of Moldova into globalization will be practical through fast and effective transition to an information society, and by that, to a “new-type” e-economy.

g) The representative of the Chamber of Commerce and Industry of **Romania** and Bucharest stated that Romania had celebrated the 10th year in Internet since the beginning of existence of “.ro” domain name and that over 200 internet service provider companies were registered at the National Regulatory Authority for Communications. She provided statistical information as to the communications in Romania. She informed the Workshop of the Domain Name System and explained the legal framework governing e-commerce. She pointed that start-ups and SMEs needed information on legal framework, start-up documentation, registration forms, financial incentives, financing programmes, business opportunities, fairs and exhibitions, expertise, training and consultancy and source of these information on Internet on the Romanian web-sites. Ms. MARCUSANU also explained the strategy of the Romanian Government underlining that the main objective was to join the e-Europe Plan by acting to adopt the new legal framework; privatize and liberalize the telecommunications sector; develop IT&C sector, as a priority of the actual Cabinet; introduce IT&C in primary and secondary schools and get public services on-line. She also informed the Workshop of the governmental initiatives as well as of the involvement of the CCI of Romania and Bucharest in promoting the use of Internet in doing business.

h) The representative of the Small and Medium Industry Development Organization (KOSGEB) of the **Republic of Turkey** presented the SME Portal of Turkey, namely the “KOBINET”. KOBINET has been designed as the national sub-network of Euro Info Centre. It provides all the services of Euro Info Centre Programme including e-commerce/e-business services. The main purpose of the KOBINET is to develop the B2B e-commerce relations among SMEs by building an e-market place where the virtual SME shops are grouped according to the EU’s product coding system. KOBINET, as an umbrella network of SMEs, puts the SMEs and the organizations serving for SMEs together in a virtual environment in order to create e-commerce awareness. KOBINET has 76 Information Providers composed of various chambers, associations, banks, unions and foundations. KOBINET provides a web-page and a life-long e-mail address free of charge to its current 15.500 members. KOBINET allows SMEs to register themselves via Internet and become a member. KOBINET members can also update their web-pages. The company profiles are published in seven languages.

The representative of the private sector from Turkey, a distributor of world’s leading watch brands (Seiko, Pulsar, Lorus, Nike Timing, Dolce Gabbana - D&G, Gant, Breil, Disney, etc.), explained in his presentation that using Internet technologies were important for his company in terms of communicating with all the partners in the world as well as communicating with consumers in Turkey. With its “Electronic Authorized Dealership” system on its web-site (www.aydinsa.com), this Company was chosen the best company in Turkey at the Internet Technologies category of the Best “Internet Solutions” competition in November 2000 which was organized by the leadership of Microsoft and Cisco Systems,

HP, Intel etc. At the web-site of the Company while they give information on their products, they also have an e-commerce system. Through this system the consumer can purchase the products from the Company's e-dealers.

i) The representative of the State Committee for Regulatory Policy and Entrepreneurship of Ukraine made a presentation on the Internet development in Ukraine. With the aim in view of practical implementation for the development of Ukraine via Internet, the Government of Ukraine in cooperation with the World Bank has prepared the project "Ukraine - Development via Internet" which is aimed at introducing state-of-art Internet technologies in State Government, private sector, better information exchange in the sphere of communication of the state government bodies and the public. "Ukraine - Development via Internet" is one of the most important Government projects in the field of Internet technologies which are supported by the world community. It may demonstrate the possibilities of introducing in Ukraine the information computer technologies and will give an impetus to the further steps of using Internet in all the spheres of activities. The project will help develop procedures which will solve the existing problems in the sphere of regulating the system of e-document exchange and well provide for further development of Ukraine on the basis of high technologies. The aim of the project "Ukraine - Development via Internet" is improving the effectiveness of the work of a number of Government Agencies, enhancement of the role of society in the process of management in the regions and creation of opportunities to conduct e-transactions.

The representative of the Poltava Agency for Regional Development (Ukraine) emphasized in his presentation that the development of Internet in Ukraine was proceeding with the active participation of SMEs. Over 20% of SMEs in Ukraine have access to the Internet. They are using Internet to address a wide spectrum of problems. The main aim is the search for information and for business partners. The SMEs have mastered the basic techniques of working but they have a poor command of the more complicated know-how, such as e-commerce. About 1.7 percent of Ukrainians have access to the Internet provided by 280 internet service providers. But the annual growth of the number of Internet users in Ukraine is still far behind from that of the European ones.

Question and answer session was held after each presentation.

9. On the second day of the Workshop, presentations by the Women Business Centre (Moscow); the Moscow Center for Business Information "BINEC"; and the NBP "Alliance Media" took place which included:

- Experience in training women entrepreneurs to create and use corporate web sites;
- Organizational and technological issues of corporate sites development and use of the Internet as information resource for business;
- Introduction to web resources development and promotion technologies; "Virtual Offices" for SMEs (IMC Network Experience).

10. Later on, the Participants of the Workshop had the opportunity to observe some demonstration and a training session by the NBP “Alliance Media” in creation of sample web-sites for the entrepreneurs was provided as well.

Final Discussions and Conclusions

11. The concluding remarks were made by Ambassador Tugay ULUÇEVİK, First Deputy Secretary General of the Permanent International Secretariat of the BSEC, and Mr. Igor GORODNICHY, President of the National Business Partnership “Alliance Media”.

Ambassador ULUÇEVİK made the following points in conclusion:

- The Workshop on “Use of Information Resources in Internet for Start-Ups and SMES” provided a new opportunity to emphasize once again the important role of SMEs in the economic, social and political transformation and development of the countries in general, and those of the BSEC members in particular.
- The Participants of the Workshop acquainted themselves with the Russian and German experiences on the use of information resources in Internet for SMEs and start-ups.
- The exchange of experience on the subject has been very useful. The national presentations were businesslike, enlightening as much as they were inspiring.
- The contents of the presentations have revealed that utmost importance is being attached and serious efforts are being exerted in the BSEC Member States in making the SMEs benefit from the boons of ICTs including the Internet. The BSEC Member States will benefit from each other’s experience on the subject.
- Throughout the discussions held during the Workshop, one point has emerged as incontestable. That is, in the age of knowledge-based economy, the start-ups and SMEs are in absolute need of proper access to information resources in Internet. Therefore SMEs should be made realize the important benefits which they can derive from the Internet and related technologies.
- SMEs should be helped by the Governments and other SME support institutions- national or international- to overcome barriers in several forms of the use of Internet and new ICTs.

Mr. GORODNICHY expressed satisfaction at the successful conclusion of the Workshop. He stressed the importance of the use of information resources by the SMEs. He said that the tools that had been developed within the Moscow system of information support of SMEs were useful for the development of web-sites for national agencies and private companies of the BSEC Member States. He also expressed gratitude to the organizers of the Workshop.

12. The Participants expressed their sincere appreciation and thanks to the Department of Small Business Support and Promotion of the Moscow City Government; the NBP “Alliance Media”; the International Association “IMC Network”; and the Moscow Center for Business Information “BINEC” for their help in the organization of the Workshop in Moscow.

