

Romania switches to a digital economy

Information and Communication Technology (ICT) in Romania is an emerging market with enormous potential. Despite considerable economic challenges ahead, Romania's progressive new government is preparing its skilled IT workforce to join the European Union and become part of the world-wide digital economy.

The EU connection

Romania's government is renewing its IT infrastructure for both economic and political reasons.

First, a legacy of restrictive policies has hampered Romania's economy, forcing many of the 5,000 IT specialists graduating each year from its universities to leave for Silicon Valley. Switching over to an e-commerce environment will attract foreign investment and stop the brain drain.

Second, EU guidelines state that government services must be accessible on-line by 2003.

To this end, the government has started to lay the legal, regulatory and technical foundation that will bring Romania into the information society.

New ministry formed

The newly formed Ministry of Communications and Information Technologies (MCIT) has drafted legislation pertaining to digital signatures, fraud and e-commerce and has formed a regulatory body to oversee liberalization of the telecommunications and postal services.

Dan Nica, head of MCIT, explains: "E-commerce, e-government and e-law are the new watchwords and our ministry is moving quickly to help small- and mid-sized ICT companies adapt to a competitive digital economy. Time is of the essence because each passing month costs us in terms of lost opportunities."

Government e-projects

The Information Technology

Promotion Group, headed by the Romanian Prime Minister, has launched 24 Internet projects to be conducted over the next five years. Among the projects is the establishment of Internet access for over 17,000 schools, the launching of "Romania Gateway", a Web portal promoting business



opportunities, and an electronic platform for conducting referenda.

Market overview

The estimated value of the Romanian IT market in 1999 was US\$227 million. Hardware accounted for 75% and software and services for the remainder.

The mobile phone penetration has increased 168%, with industry experts predicting 3.6 million mobile phones in use this year.

Computers — Overall PC sales increased 14% in 2000. Although notebooks continued to sell well, desktop sales accounted for 90% of the market. The proportion of corporate customers rose to 53%. Experts forecast a modest 12% annual growth rate in PC sales until 2005.

Intel dominates sales of servers (93.1%), half of which are for mid- to high-end systems (greater than US\$25,000).

Software — Software outsourcing is clearly Romania's main IT strength: software exports reached US\$30 million in 1999, a three-fold increase since 1997.

Internet — Internet use increased 15% in two months after Romtelecom (Romania's national telecom operator) slashed dial-up costs 50% during day-time hours. Approximately 40% of households and 35% of businesses have Web access, mostly dial-up.

Internet clubs are a growing phenomenon in Romania. Approximately 1,000 such clubs are located in Bucharest, 500 in Cluj and 300 in Constanta.

Financial services — The following financial institutions now offer on-line banking services:

- Tiriac Bank
- Bank Austria Creditanstalt Romania (BA/CA Romania)
- DemirBank Romania SA (WAP-based "m" banking)
- The Commercial Bank of Greece (BCG)

Major IT players

Although the hardware market is dominated by big names such as Compaq Romania (16.6% of computer sales), HP and IBM, the real success stories are in Romania's software industry. The following companies lead the market:

- **Softwin** (www.softwin.ro) — has developed popular products such as "AntiVirus eXpert", "RoDactilo" and "Web Call", a successful Internet search engine.
- **RDS** (Romanian Data Soft) (www.datasoft.ro) — develops client/server network architecture.
- **Scala Business Solutions SRL** (www.scala.ro) — supplies e-business management solutions (eBMS).
- **SoftNet** (www.softnet.ro) — is developing an on-line mall and has already launched three Web portals: www.kappa.ro, www.apropo.ro and www.rol.ro
- **PCNet** (www.pcnet.ro) — is developing the first B2B portal for local companies.
- **Mobifon** (www.connex.ro) — provides WAP, mobile chat, and e-mail services.
- **Teleglobe Inc.** (www.teleglobe.ca) — offers full-service solutions to Romanian ISPs.

Continued on page 11 — Romania