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> " The Internet has offered a great source of efficiency and has promoted new kinds of services in Austria's travel industry."
>
> ***—Austrian business analyst***

> " The total bandwidth of the international backbones is too small."
>
> ***—Manager of Austrian ISP***

Austria's overall ranking of ninth in the Index of Readiness for the Networked World is a good indicator of the country's transition from dependence on tourism and more traditional industries to greater reliance on ICTs and the high-tech sector. The Austrian ICT industry is becoming an increasingly important component of the country's economy.

One of the main drivers of Austria's accelerated Networked Readiness has been the growth of its mobile telephony market, which boasts one of the highest rates of mobile penetration in the world, a result of an effective regulatory environment and fierce competition (Ranking in Effect of Telecommunications Competition: 7). However, liberalization efforts have not been as successful in the fixed telephony market, where the former monopoly provider, Telekom Austria, continues to dominate the numerous smaller providers that have emerged since market liberalization took place in 1998.

E-commerce is developing gradually in Austria, with large enterprises taking the lead (Ranking in e-Commerce micro-index: 20). However, B2B e-commerce on a national level is still at a relatively nascent stage. Although a vast majority of enterprises have access to the Internet, most are unwilling to use it for sophisticated business purposes. The promising sectors in Austrian B2C e-commerce have been online travel services, media, and trading. Prospects for more rapid growth of e-commerce are stifled by relatively high telephone costs and subscription fees and concerns over online security.

With high mobile penetration and booming use of Short Messaging Service (SMS), coupled with relatively low PC and PC-based Internet penetration, many observers feel that opportunities for mobile e-commerce are ripe in Austria. WAP-enabled phones are becoming increasingly available, although inadequate content and security concerns are credited with slowing overall demand. Six third-generation (3G) UMTS cellular telephony licenses were awarded in 2000, and there was noticeable disappointment within the Austrian government that total revenue from the auction was significantly less than that raised in nations such as Britain and Germany, where 3G licenses were sold at exorbitant prices.[1]

Several initiatives, such as *@21* and the *Osterreich Digital Initiative*, are public-private partnerships that are leading the nation in Networked Readiness.[2] The Austrian government has also developed several e-government initiatives (Ranking in e-Government micro-index: 14), implementation of which is challenged by the highly decentralized government structure and inadequate coordination among national agencies. One of the main platforms for online government services, at <http://help.gv.at>, gives information on basic services and provides access to some legal systems and databases (Ranking in Online Government Services: 17). With enforcement of an electronic signature law already in place, the government plans to create an electronic identity card for government-citizen interaction.

Compared to its neighbors, Austria has a fairly large rural population (35 percent of the country's total populace), a situation that has made universal access and use of rural telecommunications services a high government priority. The Internet portal of the Agricultural Department[3] and *Netvillage*[4] are two major initiatives to promote the use of ICTs in rural areas (Ranking in Public Access to the Internet: 19). Austrian schools are generally well-equipped with PCs and LANs and most have access to the Internet.

Austria

Key Facts

Population	8,211,000
Rural population (% of total population) 1999	35.38 %
GDP per capita (PPP)	US$26,314
Global Competitiveness Index Ranking, 2001–2002	18
UNDP Human Development Index Ranking, 2001 (adjusted to GITR sample)	14
Main telephone lines per 100 inhabitants	47.36
Telephone faults per 100 main telephone lines	6.27
Internet hosts per 10,000 inhabitants	588.49
Personal computers per 100 inhabitants	27.65
Piracy rate	37.00 %
Percent of PCs connected to Internet	21.29 %
Internet users per host	4.35
Internet users per 100 inhabitants	25.58
Cell phone subscribers per 100 inhabitants	78.55
Average monthly cost for 20 hours of Internet access	US$16.30

	RANK
Networked Readiness Index	**9**
Network Use component index	**11**
Enabling Factors component index	**13**
Network Access	**17**
Information Infrastructure	13
Hardware, Software, and Support	20
Network Policy	**13**
Business and Economic Environment	17
ICT Policy	8
Networked Society	**9**
Networked Learning	12
ICT Opportunities	8
Social Capital	6
Networked Economy	**16**
e-Commerce	20
e-Government	14
General Infrastructure	15