

Indran Ratnathicam, *Harvard University*
with T. Finbarr Livesey, *GeoPartners Research Inc.*

“ In Ireland, from day one you think about exporting. Your domestic market is too small to matter.”

—*Irish software CEO*

“ There’s more to Ireland than the tax breaks. Companies already in Ireland realize that they like the lifestyle, the talent level is high, and even now wages are still competitive.”

—*Irish software consultant*

Information and communication technologies led a transition in the Irish economy away from low-end manufacturing to hardware manufacture and software development, making Ireland one of the strongest growth stories in the EU over the past decade, and giving the nation the nineteenth spot in the Networked Readiness Index. Heavy government spending on technical and tertiary institutions in the early 1980s led to a steady supply of highly skilled workers, and tax and trade regulations have created a welcoming environment for ICT companies.

Ireland is the home of European operations headquarters for many technology multinationals. The net inflow of foreign direct investment in 1999 was equal to 20 percent of GDP, the second highest in the world behind Sweden¹ (Ranking in Business and Economic Environment micro-index: 16). Locally spawned software companies have added to Irish software production, helping Ireland to become the world’s second leading software exporter.² Additionally, Dublin has become a hub for European telephone call centers, which import language students to take advantage of in the city’s well developed network infrastructure.

Reliance on global exports has made the Irish ICT sector especially susceptible to recent economic downturns. Slowing demand in the ICT sector in 2001 led to layoffs and worry in the country throughout the year. In the first eight months of 2001, it is estimated that more than 4,300 jobs were cut in the technology industry.³

While Ireland has enjoyed great success, it is also racing to bring its infrastructure and local economy to levels commensurate with its international ICT industry. In late 1998, the Government of Ireland commissioned the Information Society (IS), a private-public partnership, to build and deliver an ICT vision for the people of Ireland (Ranking in ICT as Government

Priority: 6). The IS has identified infrastructure, local e-commerce, and research as priorities for improvement, and action is already underway in each area.

At the beginning of 2001, the government completed rollout of a national fiber-optic network to more than 120 towns. This faster modernized network should provide a boost to recently liberalized Eircom, the incumbent state telecommunications provider, and its competitors (Ranking in Effect of Telecommunications Competition: 38). Ireland will also be the European node of a new transatlantic cable in the global backbone, improving international bandwidth by a factor of 15.^{4,5}

Though more than 96 percent of Irish companies had Internet access at the end of 2000, local businesses have been slow to move to e-commerce⁶ (Ranking in e-Commerce micro-index: 23). The Government of Ireland has responded to the IS’s recommendations and hopes to draw businesses online by moving all of its own procurement and business transactions to the Web—an estimated 50 percent of the nation’s purchasing power. In addition, the E-business Act was passed in 2001, creating legal support for online transactions and digital signatures (Ranking in Legal Framework for IT Business: 12).

Many Irish university research programs are now connected to more than 170 U.S. universities with a dedicated fiber-optic line through the Next Generation Internet and Internet 2 research consortiums.

Key Facts

| | |
|---|------------|
| Population | 3,730,000 |
| Rural population (% of total population) 1999 | 41.22 % |
| GDP per capita (PPP) | US\$29,080 |
| Global Competitiveness Index Ranking, 2001–2002 | 11 |
| UNDP Human Development Index Ranking, 2001 (adjusted to GTR sample) | 17 |
| Main telephone lines per 100 inhabitants | 42.62 |
| Telephone faults per 100 main telephone lines | 38.00 |
| Internet hosts per 10,000 inhabitants | 296.37 |
| Personal computers per 100 inhabitants | 36.46 |
| Piracy rate | 41.00 % |
| Percent of PCs connected to Internet | 8.13 % |
| Internet users per host | 9.41 |
| Internet users per 100 inhabitants | 27.88 |
| Cell phone subscribers per 100 inhabitants | 66.75 |
| Average monthly cost for 20 hours of Internet access | US\$19.10 |

RANK

Readiness for the Networked World **19**

Network Use Index **20**

Network Enabling Factors Index **18**

■ Network Access **20**

Information Infrastructure 26

Hardware, Software, and Support 13

■ Network Policy **22**

Business and Economic Environment 16

ICT Policy 27

■ Networked Society **16**

Networked Learning 15

ICT Opportunities 15

Social Capital 17

■ Networked Economy **23**

e-Commerce 23

e-Government 15

General Infrastructure 30