EGOVERNMENT TRENDS

- eGovernment usage by citizens (41% in 2011) is stable compared to last year, however this hides significant progress for some smaller countries
- Reasons for non-use of online public services by citizens reside primarily on lack of need, lack of trust and lack of skills. The importance of the latter increases rapidly with age and signals an emerging divide.
- eGovernment usage by firms has increased steadily from 76% in 2010 to 84% in 2011. EU convergence in rate of use can be observed for large and (to a smaller extent) medium firms, while usage rates for small firms remain quite dispersed.
- Lack of skills is still an important limiting factor in small enterprises but also incomplete digitalisation of public services is an important barrier to an increasing eGovernment take-up.

EGOVERNMENT TRENDS **1**

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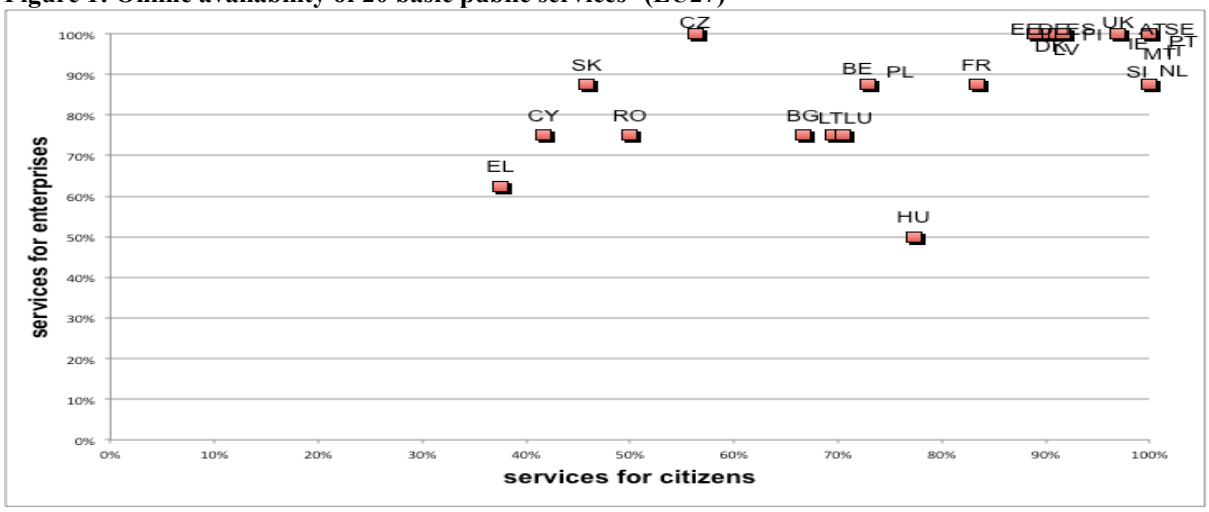
Introduction

The 2010 edition of the "EU eGovernment Benchmark Report"[1] shows that availability of online public services is less and less an issue: a wide range of basic services is available in almost all EU27 countries (Figure 1). The use by enterprises has shown an increasing trend. However, the use by citizens remains low and this poses questions and challenges to European policy-makers who want to make the best use of the considerable budget invested until now in digitising their public administrations. These questions need answers more than ever in the current time when budgetary pressure due to the ongoing crisis demands best use of available resources.

Figure 1: Online availability of 20 basic public services[2] (EU27)



Source: CapGemini 'Digitizing Public Services in Europe: Putting ambition into action - 9th Benchmark Measurement', 20103.

1.1. Use of eGovernment by businesses improves

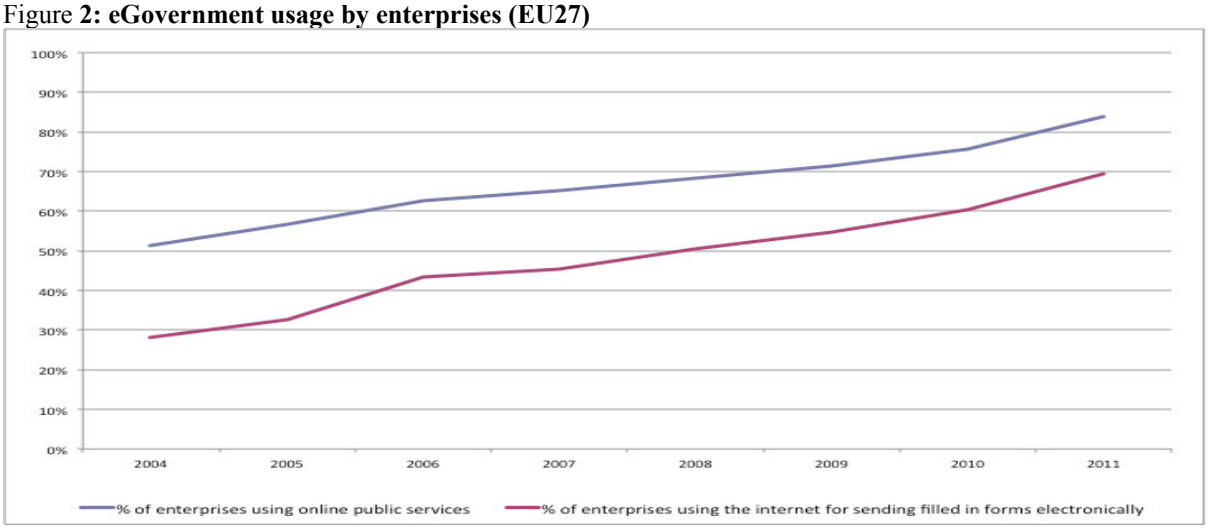
The usage of eGovernment services by enterprises has shown an increasing trend since the beginning of the measurement. The trend has become steeper, reaching 84% of enterprises in 2011 from 76% in 2010 (Figure 2). Usage has also become more sophisticated: in 2011 over 69% of enterprises sent filled-in forms to public administrations via the internet, that is 83% of firms having used online public services (compared to 55% in 2004).

[1] See footnote 133

[2] 'Basic' refers to the 20 services (12 for citizens, 8 for businesses) used to benchmark the online availability of public services (full definition in the 9th eGovernment Benchmark Report, see footnote 3). These are: income taxes, job search, social security benefits, personal documents, car registration, building permissions, declaration to police, public libraries, certificates, enrolment in higher education, announcement of moving, health-related services (citizens), social contributions, corporate tax, VAT, company registration, statistical data, customs declaration, environment-related permits, public procurement (businesses).

[3] This publication constitutes the 9th edition of the European Commission's eGovernment Benchmark Report prepared by CapGemini and available at the following link:
http://ec.europa.eu/information_society/newsroom/cf/item_detail_dae.cfm?item_id=6537

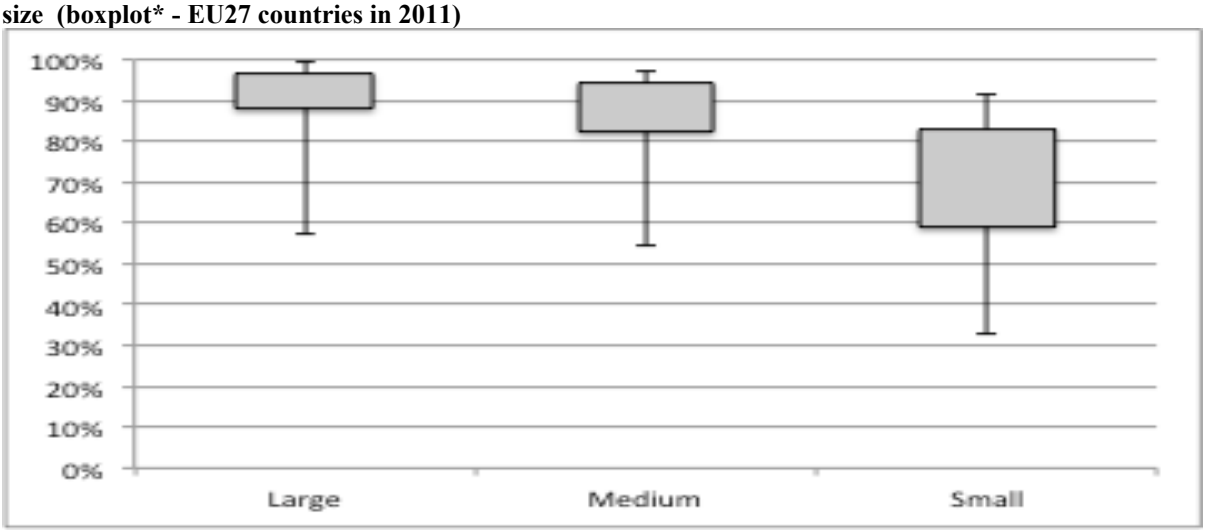
Figure **2: eGovernment usage by enterprises (EU27)**



Source: Eurostat, Community Survey on ICT Usage and eCommerce in Enterprises, 2011

The data on usage of sophisticated interaction with public administrations in the different EU countries and by enterprise size (Figure 3) show very clearly that the process of convergence across EU countries is almost complete for large firms and to a lesser extent for medium-sized firms. Indeed the situation for large firms is better than what emerges from the boxplot: only two countries have percentages below 80%. Small firms on the other hand, display a smaller percentage of advanced users of eGovernment services and a wider dispersion across EU27 countries.

Figure 3: Percentage of enterprises using the internet for sending filled in forms electronically – by firms' size (boxplot* - EU27 countries in 2011)



EU 27 Average	90%	85%	66%

Source: Eurostat, Community Survey on ICT Usage and eCommerce in Enterprises, 2011

*Boxplot: The upper and lower borders of the box contain the values for interactive eGovernment use of the countries in the second and third quartile of the country distribution, while the upper and lower whisker represent the range of variation of, respectively, the first and fourth quartile.

Table 1: Percentage of enterprises sending filled-in forms via the internet for the most common public services, by size class (EU27-2011)

	All	Large	Medium	Small
Declaration of corporate tax	54%	61%	57%	54%
Declaration of customs/excise	31%	51%	41%	28%
Declaration of social contributions for the persons employed	72%	85%	81%	70%
Declaration of VAT	77%	81%	79%	76%
Other services	10%	7%	7%	11%

Source: Eurostat, Community Survey on ICT Usage and eCommerce in Enterprises, 2011

The Eurostat survey on 'ICT usage and eCommerce in Enterprises' in 2011 dedicated a special module to eGovernment use. The answers allowed the identification of the online services most frequently used in an interactive way (i.e. sending filled-in forms). From those responses it emerges that declaration of VAT and declaration of social contributions for employees are the most popular services with a wide diffusion also among small enterprises (Table 1). On the other hand, declaration of corporate tax and especially declaration of customs are relatively less diffused than other services. For the latter the difference in enterprise size is relevant as small enterprises are less likely to be exporters. Finally, other services are far less used than the four mentioned above.

1.2. Barriers to eGovernment adoption in enterprises depend on enterprise's size

The special module helped spread more light on barriers to usage. The incomplete transfer to the online channel of all procedures linked to a particular service is cited by enterprises as the most relevant barrier limiting the increase of online interaction with public administrations (Table 2). Too complicated and/or time-consuming services are the second largest barrier to increased usage but the relative importance of this cause is very much dependent on an enterprise's size. Since larger enterprises have most likely specialised personnel that deals with public administrations, they possess better skills to help them deal with complicated administrative forms. On the other hand, small enterprises not counting on specialised employees suffer most from a lack of user-friendly services. More awareness about availability of services could still boost usage, according to one fifth of enterprises already using interactive online public services and from one quarter (large enterprises) to one third (small enterprises) of enterprises not using them. Data confidentiality and security is not a major concern for both enterprises sending and not sending filled-in forms and this view is homogeneously distributed across enterprise sizes.

By looking at the correlations between the relevance of the barriers and the percentage of enterprises that do not return filled-in forms online (figures in brackets in Table 13), the relative importance of the barriers is confirmed with only two additional remarks. First, since awareness is the logical premise to usage, it is not surprising that it has the highest correlation among large enterprises, which have a low percentage of non-users and for which the other barriers should be less insurmountable than for SMEs. Secondly, all the correlations displayed are higher for medium-sized enterprises than for small enterprises. This could mean that many small enterprises find it more cost efficient to outsource their administrative paperwork in any case and therefore the lowering of barriers could have smaller effects on their take-up rate. On the other hand, medium enterprises have more specialised administrative staff, which could be

very responsive to a quality improvement of public websites like the setting up of life events[4] completely online or an improvement of the user interface.

Table 2: Reasons limiting electronic interaction with public authorities (multiple answers are possible) (EU27 – 2011, enterprises with internet access) and correlation with percentage of firms not returning filled in forms

	enterprises returning filled in forms			enterprises not returning filled in forms		
	Large	Medium	Small	Large	Medium	Small
Lack of awareness of available electronic procedures	20%	20%	23%	26% (37%)	28% (31%)	34% (33%)
Electronic procedures are too complicated and/or too time consuming	20%	23%	28%	27% (20%)	30% (67%)	39% (52%)
Electronic procedures still require exchange of paper mail or personal visits	32%	31%	32%	34% (15%)	37% (61%)	39% (45%)
Concerns related to data confidentiality and security	18%	18%	20%	25% (9%)	26% (45%)	28% (44%)

Source: Eurostat, Community Survey on ICT Usage and eCommerce in Enterprises, 2011.

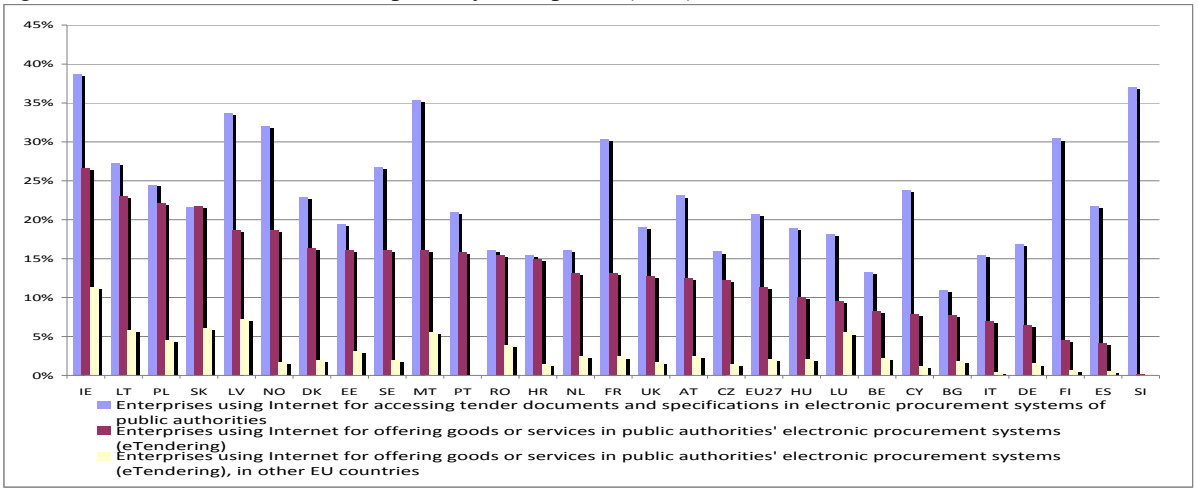
1.3. eProcurement diffusion in the EU27 is still low

The submission of online tender offers for public calls (eTendering) in the EU27 countries (Figure 4) remains quite low: on average, as the 2011 Eurostat Survey on ICT Usage and eCommerce in Enterprises shows, only 11% of enterprises did that. However, there are some positive exceptions with four countries displaying eTendering percentages above 20% (Ireland, Lithuania, Poland and Slovakia). Still lower is the percentage of enterprises that did cross-border eProcurement; only 2% of EU27 enterprises. Conversely, the percentage of enterprises accessing tender documents via the internet is only around 21% in the EU27, a much lower figure than what could reasonably be expected given that the publication of tenders online is mandatory for all the public procurement contracts above a certain threshold[5] and given the diffusion of the internet in enterprises.

The limited take-up of eProcurement does not seem to be entirely justified by the specialisation pattern of enterprises: just 50% of businesses not doing eTendering give as a reason the fact that the public sector is not a customer for the enterprise[6]. Moreover, only 32% of these firms gave this as the only reason, signaling that eliminating other barriers to the use of eProcurement would increase the number of companies participating in public tenders. Other barriers to eProcurement cited by enterprises that did not use eTendering are lack of awareness (26% of enterprises), concerns related to confidentiality and security (10% of enterprises) and other reasons (29% of enterprises).

[4] Life events are package government services which are usually provided by multiple government agencies around a subject that makes sense to the citizen or business.
[5] The threshold varies by type of contract. For service contracts the threshold is currently EUR 200,000
[6] This and the following statistics are calculated as a simple average (not weighted) for the statistics of 11 EU countries that were asked a question on reasons for not using eTendering.

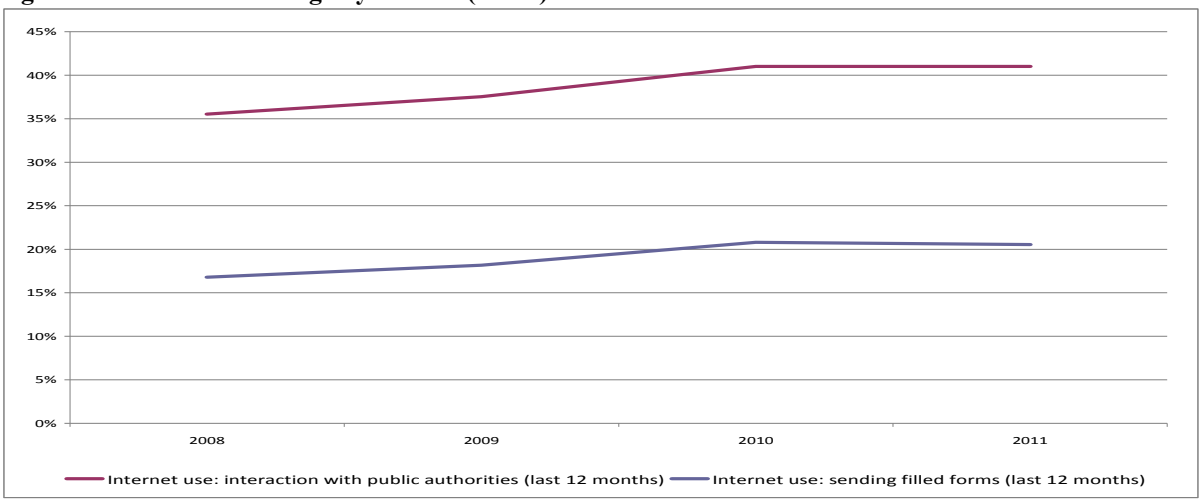
Figure **4: Public eProcurement adoption by enterprises (2011)**



Source: Eurostat, Community Survey on ICT Usage and eCommerce in Enterprises, 2011.

1.4. Use of eGovernment by citizens is stalling

Figure 5: eGovernment usage by citizens (EU27)



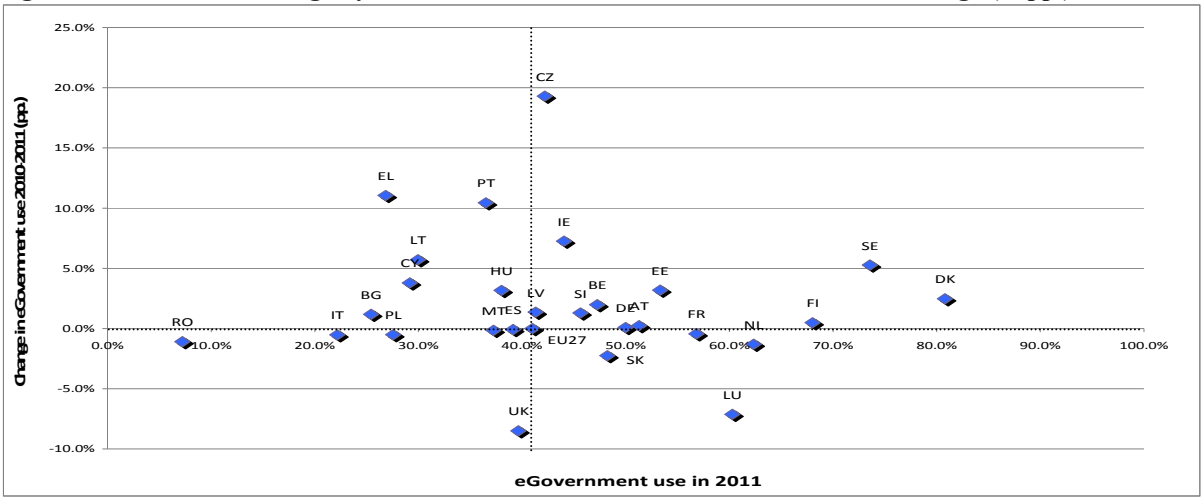
Source: Eurostat, Community Survey on ICT Use in Households and by Individuals, 2011.

After some years of gradual progress, the number of citizens using online public services stalled in 2011 when only 41% of EU citizens used them, as in 2010 (Figure 5)[7]. This can be explained in part by the slowdown in the increase of internet use. Also, more sophisticated use of eGovernment has not improved in the past year; the number of citizens sending filled-in forms to public administrations through the internet remains at 21 % in the EU. However, when looking at country figures, the picture is more varied (Figure 6): most of the countries and, among them some of the more populous (Germany, Italy, Spain, Portugal) show almost no variation with respect to 2010. Conversely, one large country, the UK, shows a significant negative variation with -8.5 percentage points. Only Slovakia and Luxembourg show significant negative variations besides the above mentioned countries while a few countries display significant positive variations above 5 percentage points (the Czech Republic, Greece, Portugal, Ireland, Lithuania, and Sweden). Some of these increases reflect changes in policies, like the introduction of new services which have been made mandatory for the large part of users (the Czech Republic) but usually come from countries with well below average use and

[7] The 2011 dismal performance is explained mainly by the retraction in one large MS, UK (see below in the main text).

therefore may reflect some catching-up. It is also interesting to note that the two countries with the highest percentage of eGovernment users (Denmark and Sweden), in theory close to saturation (taking into account that eGovernment services are mostly useful to the middle-age population), still display significant increases: +5.3 percentage points for Sweden and +2.5 percentage points for Denmark.

Figure 6: eGovernment usage by individuals in 2011 and 2010-2011 difference in usage (in pp.)



Source: Eurostat, Community Survey on ICT Use in Households and by Individuals, 2010 & 2011.

Table 3 summarizes the main reasons why people have not used the internet to send filled-in forms to public administrations (EU27 average for 2011). By far the most important reason for not using the internet for interacting for public administrations is lack of need and that is particularly true, for obvious reasons, for young people and, to a lesser extent, for older people. The second most important reason across all age categories relates to concerns about security of personal data while lack of skills for interacting with the public websites ranks third. This is a clear manifestation of the digital divide: younger generations feel less concerned about the protection of their personal data and/or trust the internet more on that issue. Younger people also find interacting less difficult than their older counterparts. This is of great interest to policy makers since it suggests that the main routes to increasing use of these online services lies in implementing more user-friendly services on one hand, and increasing digital skills of the older (and less educated) citizens on the other hand. Finally, the figures for the other reasons suggest that lack of supply of services and technical performance of the public websites are not major issues.

Table 3: Reasons for not using the internet to return filled- in forms to public administrations by age group (multiple answers are possible[8]) (EU27 – 2011, % of internet users in the 12 months that did not send filled in forms)

	16-24 years old	25-54 years old	55-74 years old
because I did not have to submit official forms at all	72.2%	56.3%	52.1%
because of concerns about protection and security of personal data	4.7%	11.3%	14.0%
because I did not know how to use website or use was too complicated	2.4%	7.7%	14.5%
because of technical failure of website during filling-in or sending-in the form	1.0%	1.9%	2.4%
because there was no such website service available	3.1%	4.5%	2.8%
because of other reasons	14.8%	18.4%	17.0%

Source: Eurostat, Community Survey on ICT Use in Households and by Individuals, 2011.

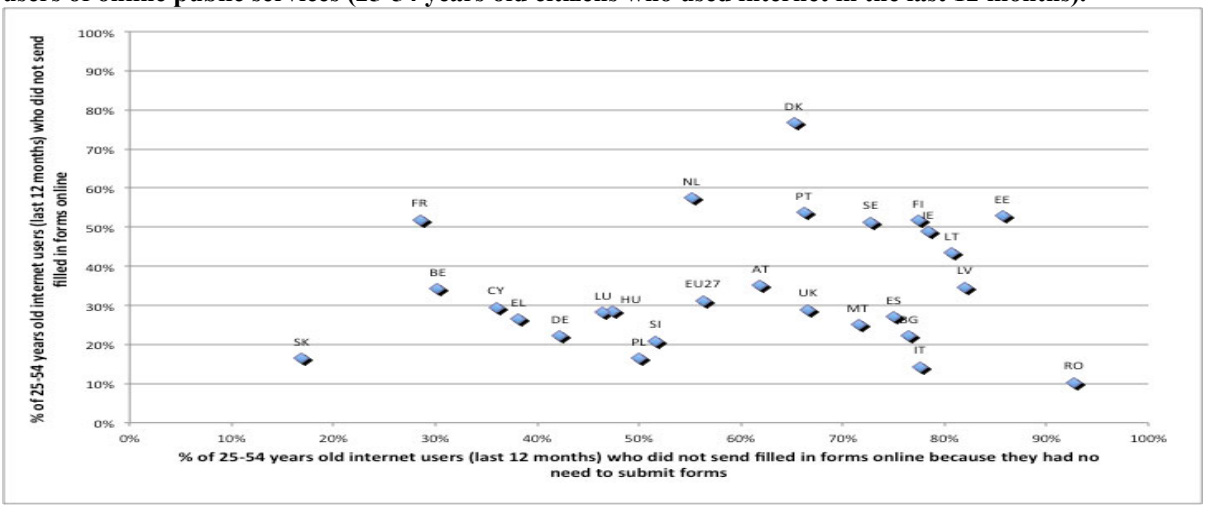
Country data, however, show that lack of supply of services is as compelling a reason for more than 5% of non users in Denmark (9.9%), Slovenia (6.6%), Finland (5.5%), Hungary (5.3%) and Luxembourg (5.3%).

Lack of need as a reason for non-use shows large variation across countries[9] and does not show a correlation with levels of use (Figure 7). This calls for different interpretations and solutions for the dispersion of rates of eGovernment use. For the countries on the right-hand side of Figure 6, there are very different levels of non-users but the main driver for the lack of use is the lack of need. A plausible explanation lies in the different activity rates of the working age population: some countries like Malta and Italy display very low activity rates and eGovernment use levels while countries like Denmark and the Netherlands have higher levels of both. Citizens that have a job have usually more frequent interactions with the public authorities. Another explanation for countries in the lower-right quadrant of Figure 6 could be the presence of highly bureaucratic public administrations where the interactions with citizens are dealt with mainly by specialised intermediaries and where availability of online solutions does not do much to lessen the complexity of the interactions. Therefore, for countries in the lower-right quadrant, the policies needed are of a more general nature while countries in the upper-right quadrant are close to saturation and no specific action is needed. On the converse, countries in the lower-left quadrant signal the presence of more specific problems, sometimes different from each other. Citizens from Denmark and France fear for the security of their personal data on average twice as frequently as their EU27 counterparts while lack of skills is a major concern for Portuguese, French, Greek and Czech citizens (also on average more than twice than in the EU27). An additional element to take into account is that in some Member States a number of services are delivered automatically without any intervention on the part of the citizen.

[8] Multiple answers are possible except for the first reason (did not have to submit forms at all) where a positive reply here excludes any other reason

[9] The figures for the 25-54 age class are used here to avoid imputing variations exclusively to the demographic structure of a country. CZ data are not available for this breakdown

Figure 7: % of non-users of online public services indicating no-need as reason for non-use vs. % of non-users of online public services (25-54 years old citizens who used internet in the last 12 months).



Source: Eurostat, Community Survey on ICT Use in Households and by Individuals, 2011.

1.5. Conclusions

The availability of online public services is no longer a major issue in most EU countries. Lack of awareness explains most of the perceptions about non-availability of service, as comparisons within countries across firms of different size or citizens of different age groups/education seem to suggest. Then what are the causes of the still low up-take of (interactive) eGovernment services by citizens and enterprises surfacing from data?

The supply side is not exempted from blame: mere availability does not translate into usability of services. Long and complicated procedures and incomplete digitalisation of services still limit the routine use of eGovernment by a considerable part of the population, usually the disadvantaged groups (the elderly and those with a lower level of education). SMEs suffer as well (and medium-sized firms in particular) from the imperfect digitalisation of public services and significant economic gains could be made from the full exploitation of the online channel. These issues are typical of public administrations whose services are still built according to their institutional set-up (administration-centric approach) rather than according to the user's need (user-centric approach).

The EU eGovernment Action Plan 2011-2015 which sets common goals for the EU countries' public administrations for the coming years is moving toward a more user-centric approach, empowering users to make the best use of tools available to them. This means personalised services, automated services, collaborative services, user-friendly services and better transparency.

The Action Plan also sets out priorities to lower the administrative burden for EU enterprises, especially for smaller ones for which the burden is higher, through a more effective use of eGovernment.

The development of the Internal Market is still immature in some areas like eProcurement as described in Section 5.4. Some EU initiatives, such as the PEPPOL[10] large scale pilot, represent efforts to make eGovernment services interoperable across countries. In addition, other large scale pilots in the fields of eJustice, eHealth, business mobility and the recognition of eIDs aim to increase the take up of cross border on-line services by making them available and by providing the necessary building blocks on which future services can be developed.

[10] PEPPOL (Pan-European Public Procurement Online) (http://www.peppol.eu).

However, not all of the differences in eGovernment use can be attributed to specificities of the sector: the above analysis and the strong correlation between eGovernment country rankings and other rankings on internet coverage, internet activity and internet skills signal that the solution to low uptake must necessarily be an integrated one, involving investments in infrastructure as well as in training and awareness campaigns. Only in this way can the investments made up to now in the digitalisation of public administrations attain their full productivity with beneficial effects for administrations themselves, citizens, enterprises and the society at large.

A number of Member States are taking measures to place the online channel on an equal footing with the physical channel. Some are even moving towards making online the default channel for certain services, such as the UK and Denmark.