

e-BIZ: A New Approach

Janice Brodman
Director
Center for Innovative Technologies
EDC

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Agenda

- **The “ICT for Economic Growth” Dilemma**
- **e-BIZ Approach**
- **The e-BIZ Centers**
- **Outcomes**
- **Lessons Learned**

The ICT for Economic Growth Dilemma

- **How to get concrete impact *and* scale**
 - **Enterprise-level development**
 - ❖ **Support the strong**
 - **Broad-based services**
 - ❖ **Telecentres**
 - ❖ **Clusters**

The ICT for Economic Growth Dilemma

- **Both approaches fall short**
 - **Enterprise-level development**
 - ❖ **Achieves concrete impact...but only for a few**
 - **Broad-based services**
 - ❖ **Helps many...but not with bottom-line results**

USAID e-BIZ Project Delivers

- **Concrete results for small and medium enterprises, *and***
- **Impact on entire industries/clusters**

e-BIZ: A New Approach

- **Innovation ingredients**
 - **Private sector *and* ICT4D experience**
 - **USAID DOT COM Alliance mechanism**
 - **Entrepreneurial and innovative USAID Macedonia Mission leadership**

e-BIZ Approach

- **Begin with demand**
 - **Identify strategic opportunities and obstacles for industries**
- **Identify "high impact" ICT applications**
 - **ICTs that will *quickly* and *significantly* improve SME competitiveness for entire industries/clusters**

e-BIZ Approach

- **Partner with local entrepreneurs to create *sustainable* e-BIZ Centers**
 - **Based on a sound business plan**
 - **High impact ICTs are the core offering**
 - **Partners co-invest time *and* money**
- **Develop e-Biz Center capacity**
 - **Offer hands-on business expertise and business contacts**

Macedonia

- **Size of Vermont**
- **2 million people**
- **Unemployment over 35%**
- **Rapidly growing number of small businesses**



e-BIZ in Macedonia <www.ebiz.org.mk>

- **Created 6 business-based e-BIZ Centers**
 - Apparel
 - Footwear
 - Tourism
 - Fashion Industry e-Commerce
 - Digital Media
 - Online Management Training
- **2 university-based e-BIZ Centers**
 - Regional Business Development Center
 - Engineering Center of Excellence

Apparel Technology Center

- **Macedonia apparel industry**
 - **One of Macedonia's biggest employers**
 - ❖ 28% of manufacturing jobs
 - **Competes on cost with China**
 - **Industry experts: "This industry is gone in 5 years."**

Apparel Technology Center

- **Apparel Technology e-BIZ Center**
 - **Targets a new, “rapid response” market niche in EU**
 - ❖ **Higher value-added**
 - ❖ **Expanding market**
 - **Offers CAD/CAM services to the entire industry**
 - **Re-designs the production process**
 - **First step toward full-package and “own label”**

Apparel Technology Center

www.newtrend.com.mk

- **Industry experts:**
 - **This e-BIZ Center will make a "quantum difference" to the industry**
 - **Will save or create thousands of jobs in the next few years**
 - **At least two more Centers will be needed in the next 2-3 years**

Shoe Technology Center

- **Macedonia footwear industry**
 - **A major source of employment now in deep decline**
 - **Ships high-quality uppers to Italy at very low prices**

Shoe Technology Center

www.modeur.com.mk

- **Shoe Technology e-BIZ Center**
 - **Targets “rapid response” and “full package” niche**
 - ❖ Higher value-added
 - ❖ Expanding market
 - **Offers CAD/CAM services to the whole industry**
 - **Industry experts:**
 - ❖ This e-BIZ Center will save or create thousands of jobs over the next few years

Tourism Portal

www.exploringmacedonia.com

- **Tourism industry**
 - Has potential, but “outbound travel” dominates
- **National Tourism Portal**
 - Puts Macedonia on the tourist map
 - Partners with Ministry of Economy
 - Penetrates a world-wide market
 - Targets 30%+ rise in tourism in next couple of years

Fashion Portal

www.fashionmk.com

- **Fashion industry lacks e-commerce and any type of ICT for sales and marketing**
- **Fashion Portal**
 - **Sales, marketing, freight consolidation, sourcing**
 - **Modern marketing for trade shows, buyer visits**

Online Management Training

- **National Competitiveness Council:**
Better management skills are essential to Macedonia's economic growth
- **SME management skills are weak**
- **Local management training resources are limited**

Online Management Training

www.clearview.com.mk

- **Online Management Training Center**
 - **Offers training otherwise unavailable**
 - **Top quality at affordable prices**
 - ❖ **International business partnerships**

Digital Media Center of Excellence

- **Digital media industry**
 - **Excellent skills**
 - **Limited international market links or know-how**
- **Digital Media Center of Excellence**
 - **“Match making”**
 - **Industry knowledge**
 - **Training in advanced skills**
 - **Potential for “film city”**

Engineering Center of Excellence

www.cirko-mes.com.mk

- **Tool and die industry**
 - Lacks technology required in modern markets
- **Engineering Center of Excellence**
 - Targets short-run production, rapid tool manufacturing, 3D modeling
 - Opens new international markets

South East European University

[www.seeu.edu.mk/
english/departments/
business_centre.asp](http://www.seeu.edu.mk/english/departments/business_centre.asp)

- **SEEU focuses on serving the minority community**
- **Business Development Center**
 - **Hands-on experience for students**
 - **Consulting opportunities for faculty**
 - **Fee-based services to price-sensitive local companies**

Industry Expert Assessment

- ***“This is one of the best uses of development funds that I have ever witnessed.”***

Marty McElwee, industry engineer

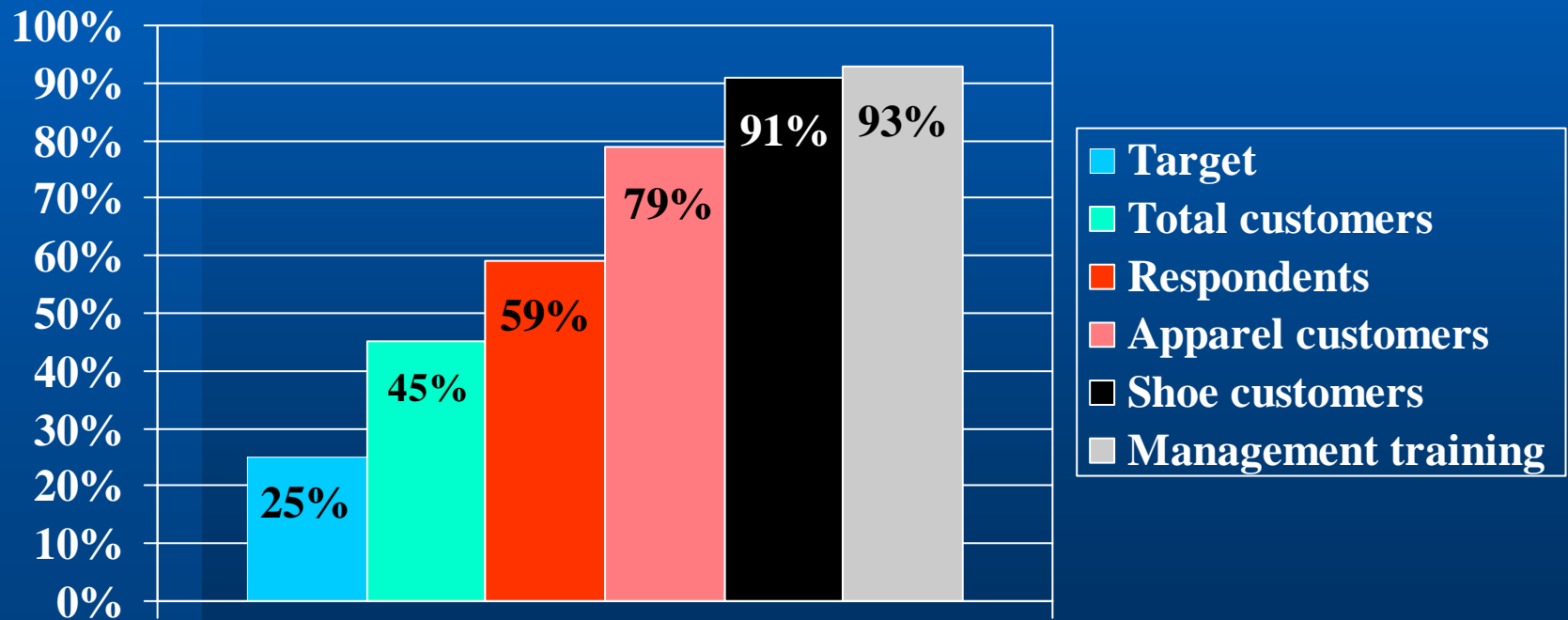
- **Macedonia will need more centers...**

Customer Response

- **Customer survey (206 respondents):**
 - **“Have e-BIZ Center services made your business more competitive?”**
 - **If yes: “How?”**

Customer Response

Have e-BIZ Center services made your business more competitive?



"YES" response

Customer Response

- **If yes, “How?”**
 - **Increased sales or improved marketing**
 - **Improved customer service**
 - **Improved product design**
 - **Improved manufacturing**
 - **Reduced costs**
 - **Shortened market response time**

Other Accomplishments

- **Attracted \$1mm co-investment from local partner companies/consortia**
- **Attracted over \$2mm foreign direct investment**
- **Will directly serve over 1,300 SMEs with over 35,000 jobs over next 2 years**
- **Industry experts forecast: Will save or create 10,000 – 20,000 jobs in next 3 years**

Other Accomplishments, cont'd

In less than one year of operations...

- **Apparel Technology Center**
 - 47 SME customers
 - Tripled the number of Macedonian SMEs using CAD/CAM
 - CAM production is 3X the business plan target
 - Already at 2 shifts, moving to 3

Other Accomplishments, cont'd

- **Tourism Portal**
 - **150 SME customers**
 - **Has attracted more tourists than the industry can handle**
 - **Ranks 8th on Google, 2nd on Yahoo! for search “Travel Macedonia”**

“We have been trying for years to promote Macedonia as a unique destination ...to tourists from North America. Your website gives us a wonderful and very useful tool for us to attain our goal.”

Canadian travel agency

Other Accomplishments, cont'd

- **Engineering Center of Excellence**
 - **Stimulated creation of tool and die cluster**
 - **Attracted Slovenian business partnerships that open new international markets**
 - **Forms the base for partnerships with Slovenian companies across e-BIZ Centers and target industries**

Other Accomplishments, cont'd

- **Shoe Technology Center**
 - Has attracted over \$2mm foreign direct investment
- **Management Training Center**
 - Has demonstrated strong demand for high quality management training

On the Road to Sustainability

- **In less than 1 year of operations**
 - **Revenue generation is growing for all centers and very strong for some**
 - **Over 300 customers and rising**
 - **Clear owner commitment to sustainability**
 - **Expanding market among the smaller SMEs**
 - **Impact on SME competitiveness already substantial**

Lessons Learned

- **Strong business plans are essential**
 - **Business experience is important**
 - **Demand is the foundation of sustainability...and is often industry-based**
 - **Local entrepreneurs need support to develop viable business plans**
 - **All partners need to buy in**
- **Revenue generation takes time**
 - **Targets were overly ambitious...typical for start-ups**

Lessons Learned

- **Co-investment is key**
 - Investment is the mother of sustainability
 - “We can do anything” shifts when entrepreneurs are co-investors
- **Consortia help bridge the investment gap**
- **Project investment provides leverage**

Lessons Learned

- **ICT alone is not enough**
 - **SME customers need support to exploit new opportunities**
- **Ongoing “close to the business” support is crucial**
 - **Big gaps: financial management and sales/marketing**
- **Success can be threatening**
- **Concrete, bottom-line impact *and* scale are both achievable**

e-BIZ CONTACT INFO

Janice Brodman

Director, Center for Innovative Technologies, EDC

jbrodman@edc.org

617-618-2620

Hal Yaeger

Chief of Party, e-BIZ Project Macedonia

hyaeger@edc.org

+389-2-321-7755

<http://www.ebiz.org.mk>

