

Hungary to go digital, strat

Who would argue in 2010, that in order to increase Hungary's competitiveness, we need information and communication technologies and we need to use them on every vertical and horizontal spectrum for the sake of society, businesses and administration? No one. Right. But who would argue that we need resources and time frames to advance in the digital evolution? No one, again. In spite of this, the draft of the new Digital Hungary Strategy, at the end of its public discussion, has some good news as well as some bad news.

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Hold back the obligate yawn when reading the word "strategy" next to digital and ICT – even if it's the umpteenth time such a matter has come into focus without any consequence in the near future. The document from the current government, entitled Digital Hungary Strategy, is in many ways a better piece of work than its predecessors. Not because of any shocking novelties or the depth of detail, but it does give a broader perspective on the basics of how Hungary, not yet a digital economy, wants to become one.

As we approached our deadline at the BBJ, the National Economy Ministry closed the public debate on the subject and is working on the evaluation of the comments and proposals, to reveal the final version sometime in December.

As for the debate, some details of the document can be contested, and they are, but the real question marks are around financing and timeframes, none of which are

WHAT ABOUT THE MAIN POINTS?

Despite the almost 60 possible measures included, we still don't really know much about the execution plans of the ministry as far as responsibilities, timeframes and finances go. The BBJ was told that the completion of the strategy is still in progress and an official announcement is scheduled before the Christmas holidays. However, Zsolt Nyitrai, state secretary in charge of the strategy, said at the latest club event of IT Business that the final version will include the financial possibilities, since they are ready but intentionally not included in the draft, as well as more accountable details and goals. The resources might be a little spare because of the tight budget, but 2012 might see a significant breakthrough, Nyitrai added at the event.

THE STRATEGY IS THE MOST OPEN SO FAR TOWARD OPEN SOURCE SOFTWARE, DECLARING THAT ITS PROPORTION SHOULD BE STRONGLY INCREASED IN GOVERNMENT IT PROCESSES

explicitly mentioned. So let's see what we'll be up to in 2014.

SMALL SURPRISES

The strategy is the most open so far toward open source software, declaring that its proportion should be strongly increased in government IT processes, after a thorough examination of particular segments. This could result in several advantages coming from economies of scale such as the ability to share with other public institutions, and knowledge transfer between government IT departments.

According to the proposal, this would not mean a preference for open source development, just a possibility for a broader use, prepared through pilot projects. Although no detailed action plan has been set for the transition or the pilots, experts say open source software can be introduced at some of the institutions within the four-year timeframe of the strategy.

On a more concrete note, the number of digital illiterates could be lowered by one million by 2014, by launching motivational programs that are built on local environments, demand, communities and personal relations. At the same time, e-government and e-health services would also be improved.

In 2009, 52% of households had at least one PC, but while digital literates are feeling more and more comfortable using them, those without access are lagging further behind, BellResearch's Infocommunication Report says. Meanwhile, according to another study conducted by the Association of IT Companies (IVSz) and MeFIT Foundation, in only five years' time, digital literacy will be indispensable in 90% of jobs in Hungary.

The private sector still tops the list of digital literacy. But it also needs some support from the government, the document says, and boosting sustainable and effective competition is in the interests of both enterprises and society.

So in 2014, there should be one million more new generation accesses with at least 20 Mbit/s download speed, and average download speed to be increased in households to 10 Mbit/s by regulation. Digital TV subscription rates are to reach 80% from the current 52%. Still, for equal competition, all households should have the opportunity to choose from at least six telecommunications service provider's offers by 2014. To improve the ratio of properly trained ICT professionals, the retraining of 40,000 experts is necessary in five years' time.

In accordance with EU guidelines, the entire population should have access to minimal broadband with 4 Mbit/s download and 1 Mbit/s upload speed by 2013. A breakout point is also set for Hungary in mobile penetration, of reaching the leadership position in the region by the same time. The most immediate goals, set for 2011, include new ICT legal regulations and a switch to digital terrestrial television broadcasting by the end of the year, both in line with EU expectations.

INDUSTRY BACKS DIGITAL LITERACY GOALS

The importance of the strategy is highlighted by the numerous comments that were made by individuals, businesses and organizations concerned over the future of ICT in Hungary – including parties from sectors such as healthcare or education. While IVSz worked closest with the government on behalf of the industry in elaborating the strategy, the public discus-

sion involved more than 100 considered remarks that will probably be integrated into the final version of the strategy.

The organizations asked by the Budapest Business Journal agreed that there was a real opportunity to make their voices heard this time and that the elements most important for the industry are stressed more than before.

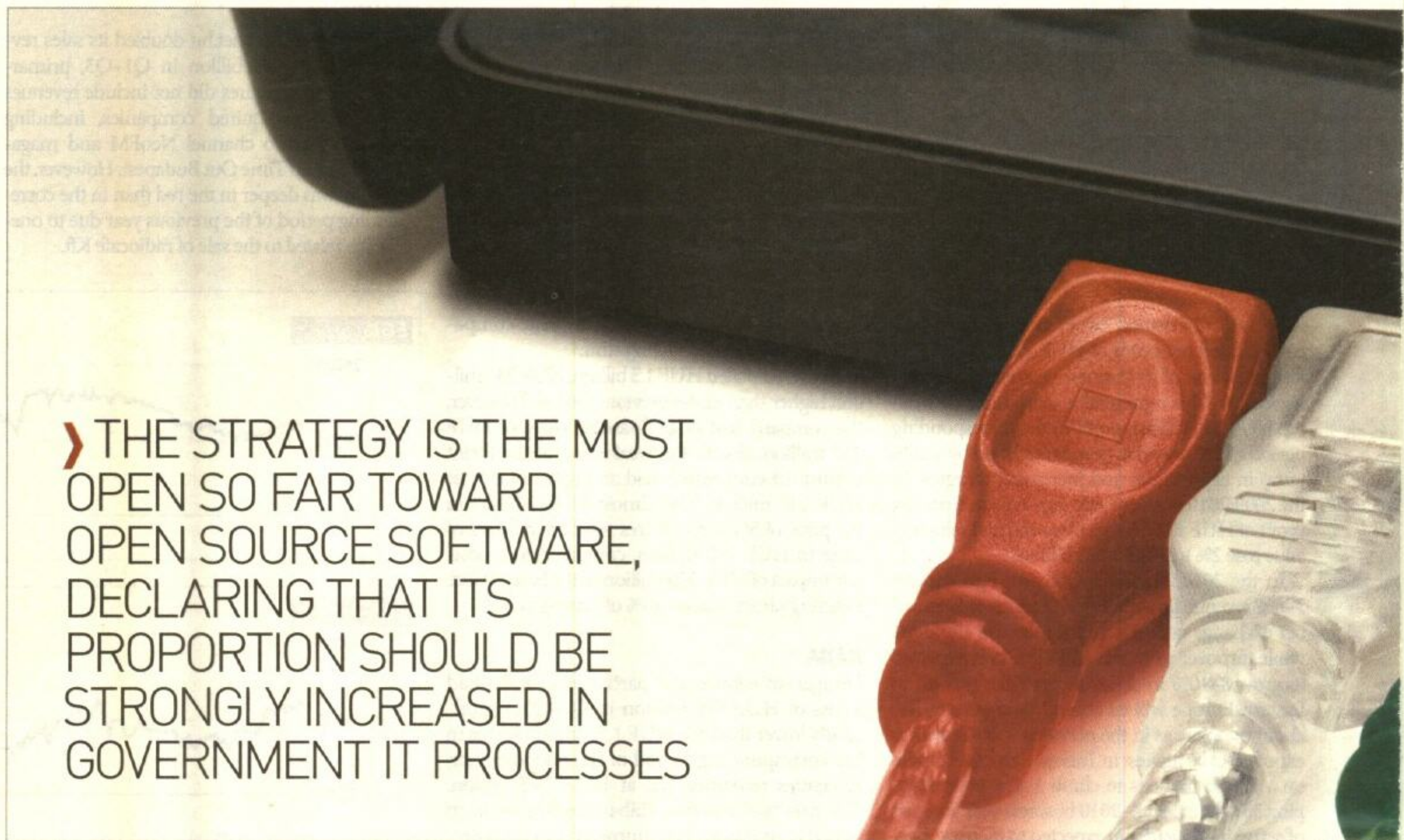
IVSz, for its part, highlights three pillars as crucial goals for future development, said chairman of the association Tamás Laufer. For one, digital literacy is something of prevailing importance for the economy: computer usage and the internet should be familiar to as many people as possible, by essentially conducting 'missionary' work in the over-40 age group.

Two, people would be more motivated if the proper services were available on the current infrastructure, and in the case of some public services if it were mandatory to use the electronic version.

Three, IT training is of key importance for both industry professionals and the digital society. "If the IT industry were taken seriously and the government strengthened the training of engineers, for example, then it could even balance out the negative effects of the crisis tax," Laufer stressed. The use of digital tools should be a basic skill, necessary also for the job creation aims of the government, and it requires the restructuring of adult training as well, to make it easier for service providers to get accreditation.

"Besides the areas mentioned in the strategy, we also see great business opportunities in data logistics – namely data centers established near power plants to save on energy costs," said Laufer.

Proposals for tax cuts on electronic



legically, but slowly



FTTH: A WAY TO REACH BROADBAND TARGETS

In the past, governments were not really involved in fiber-to-the-home (FTTH) deployment, as competition forced market players to invest in this "future-proof" technology anyway. But in the last few months, two EU documents, the Broadband Package and the Digital Agenda, required governments to come up with a plan to reach the declared targets, including 100% coverage of at least 30 Mbit/s by 2020, intending a central role for fiber networks.

"While it can be financially viable for incumbents to cover about 60% of the households, the real question is how the government will roll out broadband in areas without competition," FTTH Europe Council president Chris Holden told the BBJ. As one solution, state aid for deployment in the areas in question might help meet the targets, or service providers could apply to get a loan from the European Investment Bank, which is re-focusing its lending strategy on the Europe 2020 priorities. Since it can still only cover 49% of costs, the EU will expect individual countries to develop some techniques for financing, Holden added.

books and some legal modifications for the benefit of consumers are rumored to be in consideration for the final version of the document.

SzEK, the Association for E-Commerce, besides campaigning against the current tax discrimination on e-books, also proposes further amendments to the Commerce Code for the regulation of electronic commerce, and has offered its expertise to help. The organization advocates supporting successful businesses in developing non-profit solutions for the improvement of digital consumer culture.

Another very important topic for businesses is the accessibility of broadband services. Parallel to the digital strategy, Broadband Foundation is preparing its 2011 edition of the Discussion Paper on Broadband, together with BellResearch, following the guidelines of the EU's Digital Agenda, and is set to be published during Hungary's EU presidency. While the foundation agrees on the basic principles for broadband development, it, like other organizations, is missing the details on financing and timeframes it would like to see in the strategy. ■