

The Belgian Post: Old or New Economy ?

Keynote Speech of RIK DAEMS, Minister for Telecommunications

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Ladies and gentlemen,

Good Evening.

I am very pleased to be here today on the occasion of the annual Oracle Postal Forum to share some of my thoughts about the new, as well as the old economy. Indeed, one could say that I am responsible for both worlds.

On the one hand, the 'new economy' ...

Recently, we have developed the first 'five star masterplan', to get Belgium ahead in the e-society. This plan, that is based on the 'best practices' all over the world, is one of the Prime Minister's priorities for the next years.

On the other hand, we are transforming state owned companies, often operating in a temporary monopolistic world, into dynamic modern corporations, that can meet the competition of the best 'colleagues' in their sector. The Post is one of these 'old economy' companies.

Actually, you could say **public companies are faced with a double challenge: developing a strong competitive position in a liberalising market - and using new technologies and the Internet to do so.**

In order to develop a strong competitive position, The Post faces the following challenges:

- **Change into a client based company**
- **Build strong one-to-one relationships**
- **Concentrate on logistics: the one thing that cannot happen through the Net**

Change into a client based company

Throughout its 12.000 postmen, The Belgian Post has a unique and very valuable asset: its daily contact with every citizen in this country. Because of the State Monopoly, the company maintains till now, every Belgian is a Post customer. With the opening of the postal market in 2003, this customer base might be threatened.

Even though the Postman has built up very strong client relationships with people they meet every day, it is not sure that for the other services, this is also the case.

Build strong one-to-one relationships

The Post has been bringing people together since centuries, think of all the love letters. The Internet is a new way of bringing people together today. This complementary way of looking at the same challenge could prove to be extremely powerful.

One of the major opportunities of the Internet is that it can help build real one-to-one relationships, between companies and their clients, their business partners, their personnel.

Just like the Post used to do through personal mailings. In this, lies an enormous opportunity for the Post, delivering physical and electronic messages through classic mail, e-mail kiosks, call centers, etc.

Concentrate on logistics: the one thing that cannot happen through the Net

More and more businesses are looking to use their Internet presence, not simply as a means of delivering company information and improving brand awareness, but as an alternative channel offering online ordering.

Therefore, they must have four key areas of concern when establishing an online presence. The first is to how attract and maintain customer interest in their sites. The second area is to encourage customer interaction by converting site visits into orders. Companies must then be able to offer efficient and reliable fulfillment/delivery and finally they need to provide adequate after-sales support to manage customer returns and/or enquiries.

It is precisely in these key areas, where perfect integration of logistics services into customers' e-business processes is crucial, that Belgian Post can play an important role.

Over the five coming years, The Post will invest 5 billion BEF in e-services, recruiting 150 professionals and aiming at a 300 billion BEF turnover by the end of 2002.

But the Belgian Post Group has to play a role in facing the general new economy challenges that public authorities are facing:

- **Avoiding the digital gap**
- **Crossing the confidence gap**
- **E-government: getting citizens on-line, not in-line**

Avoiding the digital gap

The more opportunities the Internet offers to people to communicate with each other, the bigger the threat that it will create a new potential gap in our society by not offering the same possibilities to everyone.

A recent American study showed that the most determining factors at work here are age, education level and income level. We have reason to believe that those three important factors (age, education level and income level) are also at work in Europe.

Income level

Studies show that one of the key elements in avoiding the digital gap is the Net communication cost. E -services have to be made available to every Belgian citizen at affordable prices. I already introduced an important reduction in Internet communication costs at the beginning of this year. For next year, I intend to install a flat Internet rate.

Education level

We also have to make sure that everyone is able to use the new technologies. Everyone has to become e-literate. PC-illiterates should also be able to use the Net through e.g., mobile phones and public stands. The Singapore e-government experience has shown that training people how and why to use the Net is very important. To make sure everyone is on the same track, the Belgian government will invest heavily in learning and awareness programs over the coming years.

Age

A recent American study showed that 87% of those 65 and over do not have Internet access and 59% of those between the ages of 50 and 64 do not go online. In contrast, a substantial majority of those under 30 who are not currently online say they plan to get access.

Only last week, a Belgian study, done by Insites, also showed that young people are more and more attracted to the Internet. Almost 700.000 Belgians younger than 25 are regular surfers, that is 40% more than a year ago. They represent over 35% of the entire Belgian Internet population. Almost half of the 18 to 25 year olds visit the Web at least every two weeks.

To make sure everyone gets on the Internet track, the Belgian government will invest heavily in learning and awareness programs over the coming years solving age, education and income differences.

Crossing the confidence gap

The public has a very positive view of the Internet, but questions its security. Three-quarters of Internet users say that it has had a positive effect on their lives. Most users, however, do not completely trust it for financial transactions: 55% say that making credit card transactions over the Internet is just somewhat or not at all safe.

In addition, two-thirds of Americans are very concerned about the possibility of hackers breaking into computers. The majority also expressed serious concern about the potential to misuse personal information and the general potential for less personal privacy.

To cross this confidence gap, we should develop adequate legislation to guarantee safe and transparent transactions on the Internet. Belgium is, for example, one of the first European countries to have installed a computer crime law that punishes hackers and crackers with a penalty of up to six years in prison. Since the 'I love you' virus struck the world in May 2000, we have also set up a virus warning procedure allowing mass media communication on dangerous viruses within two hours after detection by our e-security team. The digital signature, allowing parties doing transactions on the Net, is another important law due to be passed within the next months.

E-government: getting citizens on-line, not in-line

One of the main objectives of this government is to turn Belgium into a model State. Reorganising government services following a client-based model will allow us to cut through the red tape and get citizens on-line instead of in-line.

The State will be 'in the market' and will offer integrated services that can really meet today's client demands, such as fast accessibility of information and interactive service.

A central Belgian portal Web site linking all government departments will focus on functional questions such as 'What to do to start up a company'?

Realising this ambitious e-government project, the Belgian State will work closely together with private ICT-companies throughout a public-private partnership. The Belgian Post Group can play an important role in this partnership, for example, by using its unique distribution network.

Ladies and gentlemen, the way I see it, there are three possible ways for postal services to act in the new economy.

Maybe there are postal services who watch and don't understand. Surely, there are postal services who watch and see something happening. But there are also postal services who act.

I know the Belgian Post Group, thanks to its new management and especially CEO Frans Rombouts, is part of the last group. Thank you for listening and have nice evening.

RIK DAEMS

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