Speech by Principal Deputy High Representative Donald Hays at the 2nd Information Society Conference

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Ladies and Gentlemen,

One of my favourite quotes about technology comes from Alexander Graham Bell. The telephone inventor and (otherwise quite savvy) tycoon is reputed to have said that, "One day there will be a need for a telephone in every town."

Clearly, Graham Bell underestimated — by a factor of several billion — the market possibilities of his own invention. But at the time of its invention there was little call for it.

And this underestimation pales in comparison to that of Tom Watson, the Chairman of IBM, who, in 1943, made the remarkable assessment that, and I quote "there is a world market for maybe five computers."

Not much there to keep IBM's handful of computer engineers busy during the nineteen-forties, after all they were busy making cash registers.

Then there is the classic early-eighties blooper attributed to Bill Gates: "No one needs more than 640 kilobytes of memory in a home PC."

Bill Gates has denied he ever said that — but if it were true, he would be in good company. Many of the most successful innovators have underestimated the long-term significance of their innovations.

Each of the three individuals cited above was speaking at the onset of a revolution that *they* helped to create. Yet they didn't understand the magnitude of what they had done.

To their credit, though, they accepted their role and went along with the technology zeitgeist and as a result reaped huge rewards.

Well, surveying the current status of Information technology development in BiH, I fear that this country is missing out altogether on a revolution, one whose social, economic and political consequences have transformed other parts of the world.

It's a revolution that hasn't yet touched BiH.

In the US and the UK if you call up your telephone or utility company to make an enquiry you may well find yourself talking to someone working in a call centre in Bangalore, India, Juarez Mexico or some far away corner of the world.

The reason is simple: technology represents a liberation from physical constraints — which means that technology makes it possible to bring investment and jobs to places that have hitherto been regarded as peripheral or that have missed out on development in the pre-IT age.

But call centres have little bearing on the BiH of today.

Because, simply put, BiH hasn't yet got aboard the e-commerce revolutionary bandwagon.

And so it hasn't yet begun to benefit from the investment and jobs that this bandwagon can bring.

Here's the bad news.

The penetration rate for mobile phones in BiH is around 37 percent, you wouldn't know that from the number the politicians carry in their pockets or the remarkable fact that

there is no meeting held in this country without the annoying ring of a mobile phone. But nonetheless mobile phone usage is pretty much confined to the major cities. Let me put this in context. In the Czech Republic the figure is above 80 percent.

Internet access in BiH is between eight and 10 percent, and computer ownership is six percent.

These figures are nothing short of disastrous.

In the networked world BiH isn't even logged on.

The good news is that a strategy for inserting BiH in the revolutionary mainstream of e-commerce and the global information society is in place. It has been developed through intensive consultation with institutional, educational and business stakeholders.

Now the strategy has to be implemented.

The core materials at this conference are concrete. In this booklet there is a comprehensive list of projects, ranging from 100,000 KM to 10 million KM, that taken together can provide BiH with the basic IT infrastructure from which viable e-businesses can be launched. (By the way, one project aimed at putting computers in every elementary and high school seems to me to promise an enormous return on investment. The nature of literacy has changed in the last decade, and without dramatic change, and change now, BiH is in danger of becoming one of the world's computer-literacy black spots. That would be a terrible — and avoidable — additional burden for this country to bear.

So the road ahead has already been mapped out; the benchmarks have been identified; and there is a general willingness to move forward.

It's that last element — "the general willingness to move forward" — that I want to address this morning. Others will

speak to the technical, administrative, educational and commercial aspects of building an information society.

Let me touch on the political aspect.

As I say, we can all agree that there is "a general willingness to move forward".

The problem is that this "general willingness" isn't nearly enough.

Bangalore didn't turn itself into the call-centre capital of the world and create tens of thousands of jobs on the strength of a "general willingness to move forward." It did this on the strength of a focused and aggressive political commitment to

- securing a solid information technology infrastructure, and
- developing an IT service industry

This was accomplished

- by courting foreign investment and massive technology transfer, and
- by establishing administrative and fiscal incentives that made Bangalore a natural alternative to Silicon Valley for countless software developers and IT service providers.

Unless the political leadership of BiH is prepared to do the same, BiH is going to miss out on the IT revolution.

Unless the political leadership of BiH is prepared to take this IT strategy and make it a country-wide priority, much of what is discussed here today and tomorrow will amount to little more than wishful thinking.

Until now we have seen only "a general willingness" rather than "an unshakable determination" partly because the political establishment has been preoccupied with other

matters. Three or four years ago there were constitutional issues to be dealt with, and more recently the focus has been on agreeing and enacting primary economic legislation that will set a competitive business environment in place.

Now we have to move to the next phase, and IT must be a major element in that phase.

To understand why, we should look at the potential gains.

Think about it. You can have a call centre in Srebrenica. You can have a call centre in Kalesija, in Prijedor, in Ribnik, in Bilecha, in Drvar. The list goes on.

IT liberates you from the constraints of geography; it offers an infinitely *flexible* option for economic development.

And it isn't just call centres. This sector has the capacity to harness the creative and intellectual resources of a country — and this is a country conspicuously endowed with both — so that they can be leveraged into jobs and wealth. E-commerce can transform this country as it has transformed other parts of the world, through team building and knowledge sharing.

We have put a huge amount of effort into privatizing and revitalizing steel companies and engineering companies and other major industrial concerns — as we should do — but we must understand that the same energy must be applied to the *new* economy, to e-commerce and IT.

It's not a question of fads or fashion. It's a question of prosperity and jobs.

Before you get the call centres, or the software development companies, or the new commercially endowed IT faculties in every university, or the universal internet access, you have to do what the Indians have done and the Chinese are doing.

- You have to court foreign investors, by giving them

reasons to come here rather than go elsewhere.

- You have to court the massive technology transfer that is needed in order to establish a commercially viable IT base, (and you can only do that if you have a proven development strategy and a tangible political commitment).

- You have to establish administrative and fiscal incentives — let's consider again that call centre in Kalesija, or in any of the other communities across this country that are desperate for investment and jobs: what is being done to make it *easy* for a potential IT investor to move there and set up shop? If we don't know the answer to that question — and I fear that we don't — we're already well behind the curve.

The bottom line is this. Nothing is going to happen unless the IT strategy that has been drawn up is placed at the top rather than the bottom of the political agenda.

The Law on the Agency for Information Society is now being discussed. It will establish an institution that can serve as the political driving force that moves BiH to a point where it can start to reap the economic benefits of a technological revolution that has so far largely passed it by.

When this law is passed, then the process of implementing this country's IT strategy can get fully underway. We should not be like Bell or Watson and Gates and underestimate the potential of this — it could be instrumental in delivering the jobs and the prosperity that is the first and last object of economic reform.

Thank you