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Indran Ratnathicam, *Harvard University*

> " We need more support for start-up companies. Cambridge, U.K. is successful, but does not have the level of entrepreneurial infrastructure as Cambridge, MA."
>
> **—Software start-up executive, United Kingdom**

> " The government is intent on bringing technology to education...'e-learning' is becoming the buzzword *du jour*."
>
> **—IT journalist, United Kingdom**

The United Kingdom ranks tenth overall in the Networked Readiness Index. Deregulated in 1984, the British telecommunications industry is still dominated by British Telecom (BT) and its extensive fixed-line infrastructure. The Office of Telecommunications, the industry's governing agency, continues to impose price controls on BT, especially in retail services, and will do so until enough competition is established to affect market pricing. Due to the challenges of creating new wireline infrastructure in the U.K.'s densely populated and highly developed geography, competition is emerging slowly, through mobile wireless, radio fixed access, and cable television. Adding to the high costs of fixed-line service is the Value Added Tax (VAT) on telecommunications, which can increase the price of service by as much as 20 percent. The VAT has hindered dial-up Internet access as well.

The mobile telephone industry is fiercely competitive and highly advanced. Basic connection and average monthly service charges on mobile networks are roughly the same as those for a terrestrial line and are affordable for the average citizen, making mobile penetration rates among the highest in the world. Mobile telephone use has had a visible impact on British society, with nearly ubiquitous use in metropolitan areas and high penetration even in more rural areas. For the month of August 2001, there were more than 1 billion Short Messaging Service (SMS) text messages via mobile devices in the United Kingdom.[1] Text messaging, mobile Internet, and mobile e-commerce are growing more popular in the U.K., and are representative of the sophistication of the mobile market.

In the public sector, a government plan, UKonline.gov, has been initiated to move all government services, communications, and transactions online. This ambitious project had succeeded in establishing sites with information for most frontline government service agencies by mid-year 2001 (Ranking in Online Government Services: 11).

Private-sector ICT growth has been helped greatly by the U.K.'s abundance of private investment capital. The U.K. is the European leader in venture capital (Ranking in VC Willingness to Invest in e-Commerce: 1), much of it invested in leading-edge research around the university clusters of Edinburgh and Cambridge. Additionally, these universities and others supply the local workforce with highly competent ICT workers, who in recent years have been supplemented by outsourced programmers from nations such as China and India. This combination of resources and innovation has helped the U.K. to become a leader in many areas of software, from games to security to enterprise software, especially in Europe. The conservative nature of English investors often results in early acquisition exit strategies that preclude large-scale organic growth for many of these successful start-ups. However, the U.K. has had a few breakout international success stories in the overall ICT industry, such as mobile operators Vodaphone and Orange. In 2001, the volatile global political and economic situation made investors even more cautious and likely signaled the end of the high-growth ICT industry of the late 1990s.

Key Facts

Population	59,800,000
Rural population (% of total population) 1999	10.56 %
GDP per capita (PPP)	US$23,197
Global Competitiveness Index Ranking, 2001–2002	12
UNDP Human Development Index Ranking, 2001 (adjusted to GITR sample)	13
Main telephone lines per 100 inhabitants	58.23
Telephone faults per 100 main telephone lines	4.10
Internet hosts per 10,000 inhabitants	280.75
Personal computers per 100 inhabitants	33.78
Piracy rate	26.00 %
Percent of PCs connected to Internet	8.31 %
Internet users per host	11.91
Internet users per 100 inhabitants	33.43
Cell phone subscribers per 100 inhabitants	66.95
Average monthly cost for 20 hours of Internet access	US$18.22

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United Kingdom

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	RANK
Networked Readiness Index	**10**
Network Use component index	**14**
Enabling Factors component index	**8**
Network Access	**7**
Information Infrastructure	10
Hardware, Software, and Support	4
Network Policy	**6**
Business and Economic Environment	3
ICT Policy	9
Networked Society	**16**
Networked Learning	8
ICT Opportunities	12
Social Capital	28
Networked Economy	**9**
e-Commerce	5
e-Government	11
General Infrastructure	12