



ENTERPRISE & DIGITAL ECONOMY

New Jobs
Value Added Services

Executive Summary

A. Digital Maturity in Greece

Digital services in Greece have lower penetration and less growth than in other European countries. Recent research has shown that Greece is among the followers in Europe, as far as maturity and usage of digital services are concerned. Greece ranks among the last three EU countries at the Digital Economy and Society Index, lagging behind in areas such as Internet use and digital services, digital skills, digitalization of public services, etc. Similarly, Greece holds one of the last positions in EU27 at the e-Intensity Index, which measures the relative maturity of Internet economies.

Greece is also among the last four EU countries (and 61st among the 189 economies under examination) at the Doing Business index, which reflects the business environment and the conditions of business activity. In addition, Greece ranks 81st among 144 economies at the Global Competitiveness Index. Regarding the efficiency of the judicial system, the EU Justice Scoreboard ranks Greece among the countries with the highest processing time of court cases in Europe, as well as the one with the largest number of pending court cases per 100 inhabitants.

The contribution of the Internet to the national economy of Greece is very low, amounting to just 1.2% of GDP (in 2010, that is even before the economic crisis). In absolute terms, the Internet was estimated to contribute directly €2.7 billion to the economy. Interestingly enough, the assessment that Greek consumers searched over the Internet but in the end they actually bought from stores their goods and services (worth €7.5 billion), demonstrates the potential benefits of the Internet in Greece.

In contrast to Greece, the significant positive impact of the Internet and digital services is clearly reflected in more mature digital economies. Research by McKinsey, has showed that digital search services alone create value equal to \$780 billion per year for business, citizens and government agencies. From this value, \$540 billion contribute directly to GDP. Overall, the contribution of digital services and the Internet to the economy has been estimated at 4.1% of GDP of the 20 leading economies in 2012 and is projected to increase to 5.3% by 2016.

B. Digital Services: Key Enabler for Growth in Greece

Digital services can become a key enabler for growth in the Greek economy. They increase innovation performance, create added value and new services for enterprises, contribute to fiscal savings, increase government revenues and ultimately create the right conditions for developing new business and jobs. Despite the low level of development of Internet services in relation to other European countries, the prospects for the use of digital services which can boost Greece's competitiveness and employment are particularly important.

The e-Business Research Center (ELTRUN) of Athens University of Economics with the support of Google, has prepared a study for SEV aiming to capture the operational and economic benefits from digital services, initially in two critical sectors of the Greek economy: supply chain management and justice administration. The selected areas currently pose significant barriers to entrepreneurship, but may contribute both to the development and creation of new jobs through the introduction of digital solutions.

In particular, the broader supply chain sector has been chosen because of its large contribution to the Greek economy (10.8%

of GDP in 2014) and its impact in attracting new private investment. The digitization of the sector covers the whole spectrum of processes, like export/import customs processes, procurement, transportation, invoicing, taxation, document sharing, etc, up to the individual customer / consumer. Justice administration has been selected due to the significant delays which affect negatively the business environment in Greece. Process acceleration by means of digital solutions will work for the benefit of both the rule of law and for entrepreneurship, boosting new investments.

The study utilizes figures derived from research articles, studies, databases, etc. In addition, the outcomes of the study have been validated through interviews with over twenty executives with experience in digital services.

C. The Impact of Digital Services to the Supply Chain

The advantages of digital services are numerous. They contribute to the increase of corporate efficiency and international trade, the effective functioning of the public sector, the increase of public revenue and the boost of employment. Four key digital services, which lead to better management, control and coordination of supply chain activities, for both enterprises and the government have been selected, namely:

1. Electronic procurement
2. Electronic invoicing (B2B, B2C, B2G)
3. Tracking / traceability services and systems
4. Customs electronic clearance

The advantages of digital services for the private sector are summarized as follows:

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- Increased efficiency of the corporate supply chain
- Reduced administrative and corporate operating costs
- Increased employee productivity during supply chain management
- Improved coordination, transparency and contribution to the control tax evasion

Digital services in the supply chain introduce significant financial benefits for the public sector as well. For example, partial electronic invoicing saves taxpayers €150m per year and businesses €50m per annum in Denmark. Similarly, the public e-procurement systems saved €3bn to the Italian public sector.

Digital services allow better monitoring of public sector processes, contributing to the fight against tax evasion and smuggling, which lead to significant losses of public revenue but also to distorted competition among enterprises. For example, smuggled tobacco products in Greece, are estimated at 21% of total consumption, leading to reduced tax revenues of at least €700m, while recent estimates put the revenue loss to €1bn. Electronic tracking can improve the level of control in sectors where smuggling is rife (e.g. tobacco products, fuel, alcohol, etc), leading to an increase in government revenue. Similarly, electronic invoicing may limit fake and bogus invoices, substantially contributing to fraud reduction.

D. The Benefits of e-Justice in the Greek Judicial System

E-justice solutions also have significant advantages. E-justice is under discussion within the EU since 2007. Many member-states have already made important contributions, both at institutional level and with infrastructure, enabling efficient management and administration of the judicial system.

For instance, Italy has mandated the electronic submission of payment orders and intra-procedural cases since 2014. The submission of documents and applications as well as the distribution of decisions are made electronically in Austria and so is the fee / cost collection. It is estimated that the development of e-Justice can increase the productivity of judges/officials by 40% in the USA and can lead to cost savings of almost 60%.

Generally speaking, experience in digitally mature European countries clearly shows that electronic workflows in Courts, introduce numerous advantages to for the judicial system, for instance:

- Acceleration of clearance rate at the Courts
- Strengthening the economy with new high-skilled jobs and by attracting foreign investments
- Strengthening growth and social cohesion by promoting transparency and ease of access to the judicial system

A comparison of the Greek the judicial system with its European counterparts, shows that the required time for primary litigation in civil and commercial disputes has increased from 190 days in 2010, to 460 days in 2012. This performance is the third worst in the EU (where data available). Regarding the efficiency of the judicial system, a European Commission study has shown that Greece has the lowest performance among member-states (where data available). The rate of primary litigation in civil and commercial disputes fell from 79% in 2010 to 59 % in 2012.

This study mainly examines four procedures which heavily relate to entrepreneurship, namely bankruptcy, payment orders, tax appeals and annulment proceedings. The electronic handling of the judicial system can lead to a rapid resolution of

court cases, cost affordability for enterprises, removal of institutional / administrative barriers, improvement of service to citizens and enterprises and finally, a steady increase of public revenue.

Therefore, it is deemed imperative to consolidate digital services in the Greek judicial system and to make better use of the recommendations for a smooth transition to integrated IT systems and processes.

E. Boosting Employment

The most important impact of digital services refers to the employment boost, as well as to the growth of innovation and new entrepreneurship. The integration of digital services is also expected to create new job opportunities for high-skilled executives. Most new job opportunities (at the private and public sector) will ask for executives with contemporary skills in digital services, but also with skills in business development (as a result of reinvesting the savings from the utilization of digital services).

Digital entrepreneurship may also contribute to radically boost employment in Greece, in a period of record high unemployment, especially youth unemployment. This will happen through the establishment of new digital service providers, which will have to meet the increased demand for digital services, both from enterprises and from the public sector.

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