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latin american newsletters
conferences



the internet in latin america: investigating the boom

*11 and 12 October 2000
The Conference Forum, London E1 8DX, England*

**identifying the key players in venezuela's
digital marketplace**

paper presented by:

maritza escalona
vice-president, cavecom-e

cavecom-e

The Internet in Latin America

**Identifying the key players in
Venezuela's digital marketplace**



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Vice-President
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cavecom-e

Chamber of electronic commerce in Venezuela

Object: Promote E-commerce in Venezuela.

- Founded in June 1999.
- Groups more than 60 enterprises related whit I.T., Telecom, Commerce , Banking and 25 individuals.
- Has developed its Web Site as productor if information in related topics to E-commerce.

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Web Site: www.cavecom-e.org.ve

The screenshot shows a web browser window with the following content:

- Navigation Bar:** Includes icons for back, forward, home, search, and other browser functions.
- Logo and Text:** The cavecom-e logo (a stylized 'V' in a circle) is on the left. To its right, text reads: "E-business implementation" y "C-quential" son las dos nuevas líneas de negocio de e-business de ADL.
- Advertisement:** A banner for Arthur D Little is displayed.
- Image:** A book cover titled "EL HOMO" is shown on the right.
- Registration Prompt:** A button labeled "Regístrate" is visible with the text "Para recibir información".
- Main Content Area:**
 - Left Sidebar:** A vertical menu with links: "cavecom-e página principal", "Agenda", "Noticias", "Artículos", "Sobre cavecom-e", "Miembros", "Comité Ejecutivo", "Grupos Virtuales", "Investigación y Desarrollo", "Contactos", "Comentarios", "Búsquedas", "Términos legales", "e-Commerce 2000", and "Feedback".
 - Noticias Section:**
 - Miembros:** "Infor mix establece dos compañías con operaciones independientes [7/10/2000]" and "El reto de Arachnida Web Factory y Contenido Inteligente se llama Vitalica.com [8/10/2000]".
 - Cavecom-e:** "Nelson Belfort: un creador que se marchó [28/9/2000]".
 - Nacionales:** "M&B Solution lanza software para mudar procesos de las empresas tradicionales a la Red [7/10/2000]", "Mediatech.com la nueva manera de acceder al mundo multi media [2/10/2000]", and "Las empresas de seguros, otro negocio que prolifera en Internet [26/9/2000]".
 - Agenda Section:**
 - October:** "First Tuesday [3/10/2000]".
 - Hacia un cuerpo legal:** "La jornada emprendida hace más de un año por Cavecom-e y Venamoham puede ver muy pronto sus frutos, ya que el anteproyecto denominado 'Ley de Mensajes de Datos y de Firmas Electrónicas' ha sido incluido como parte de los instrumentos legales que deberán ser aprobados por el Presidente de la República, en virtud de las facultades que le concedería la Ley Habilitante."
 - Salarios punto.com:** "En Venezuela los trabajadores de Internet pueden lograr paquetes".



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Events:

In June 2000, **cavecom-e** prepared its first event on E-commerce with more than 3000 visitors, 36 lectures, 40 expositors.

cavecom-e is organizing its next event on June 2001 with the presence of important international persons.

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Legal Framework in Venezuela

- **cavecom-e** conscious of lacking of a legal framework in Venezuela promoted events to discuss legal issues producing the book: **“Legal Aspects of Electronic Commerce in Venezuela”**
- A legal group was produced and has been leading discussions on a legal framework, in the last year and now with Venancham’s E-commerce committee has promoted the legal framework and it is working now jointly with Minister of Science and Technology to have the law approved this year.

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“Law on data Messages and Electronic Signatures”

Objective: Establishes the juridical foundations in Venezuela for the legal recognition of electronic documents and electronic signatures.

46 Articles

Main Issues.

- Juridical validity of data messages by application of functional equivalence principle.
- Juridical acceptance of electronic signatures.

“Law on data Messages and Electronic Signatures” (cont.)

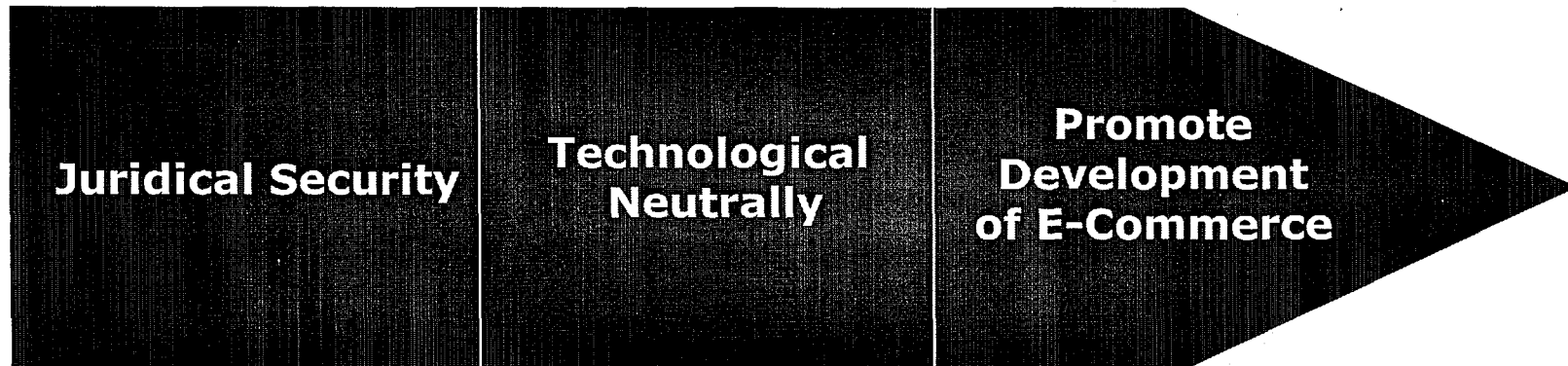
Main Issues.

- Creation of certification authorities “Superintendencia de Servicios de Certificación Electrónica” adscript to the Ministry competent in Information Technology.
- Establishes the set of rules for providers of certification service and the content of electronic certificates.

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"Law on data Messages and Electronic Signatures"

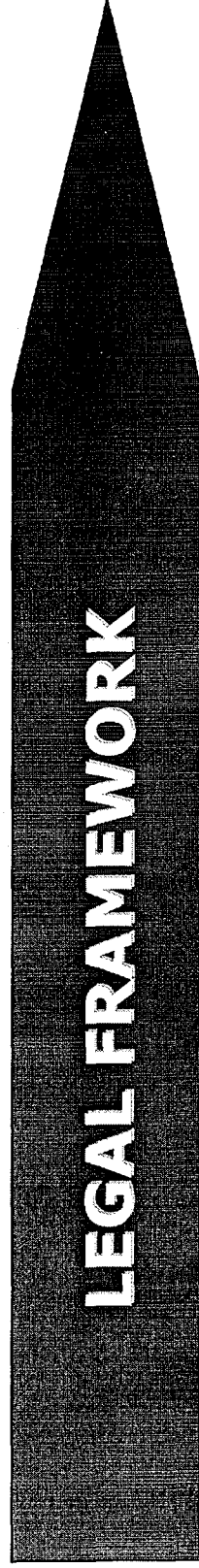
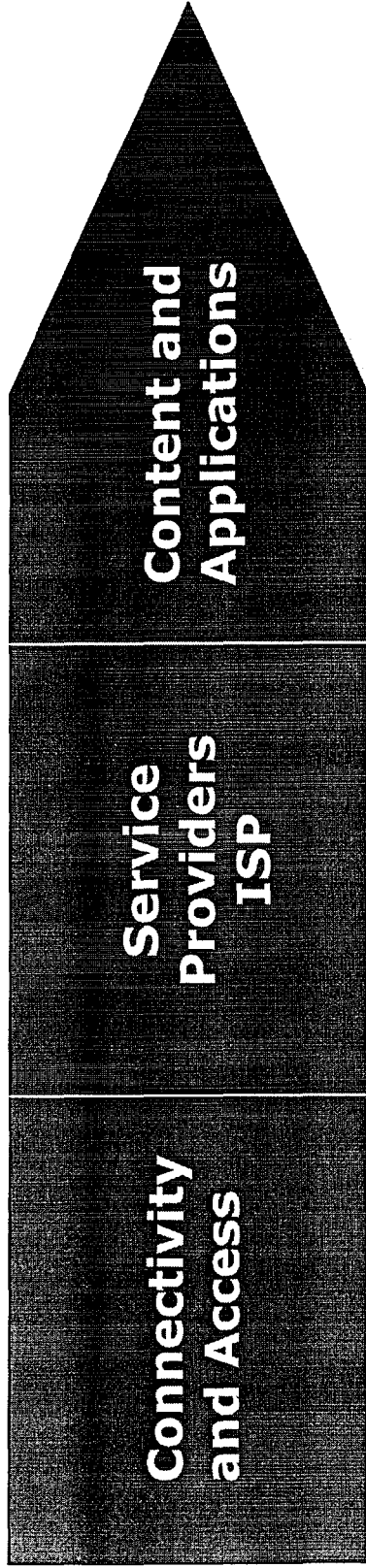
Process Issued:



It does not regulate E-commerce

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E-commerce chain to identify key players.



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Connectivity and Access.

Telecom Networks are the basic of electronic commerce

Infrastructure is needed domestically and international

Venezuela's Indicators.

- Investments in Telecommunications

From 1996 - 1998 investments in telecommunications represented 0.72% of GIP. 12th in the world with a higher proportion than developed countries like USA (0.72), Italy (0.38), Japan (0.45), France (0.36), Mexico (0.30)

Source: International Institute for Management Development (IMD) 2000

- Investments for 2000 US\$ 1.2 Billions.

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Indicators (cont.)

- Population: 23.7 Millions inhabitants.
- Active Population: 12.2 Millions
- Total Telephone: 12% (28 Millions)

- Teledensity
- Total Mobile teledensity 19% (4 Millions)
- Total Telecom Operators 124
- (not including radio and open TV)

- Basic services under limited concurrency until Nov.27'00
- Mobile operators 5

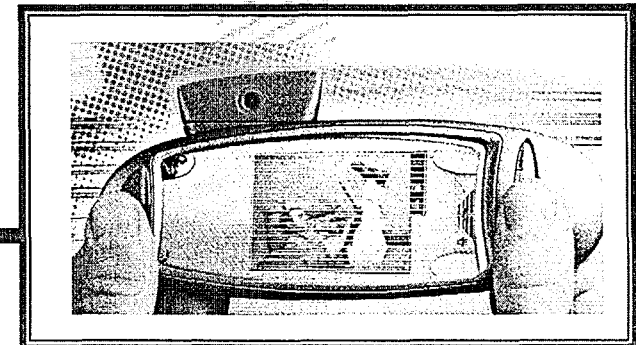
- Internet users less than 3% of population.

- Number of computers: 1.000.000

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Indicators (cont.)

- ISP'S 19 but market concentration is 95% on 3.
- Due to opening of telecommunication access barriers begin to decline since:
 - Plane tariff during nights and weekends is now offered.
 - High speed internet options (XDSL, cablemodems, Fiber Optics, LMDS).
 - Satellite options: Direct PC, IPVSAT, etc).
 - Mobile Internet with WAP (wireless advance protocol) with trend to massify service due to the **convergence stream mobile communications and internet.**
 - 3G services.



Service Provider's

ISP shift's away from access and go into other value added services complementing offer into.

- IP Telephony
- Web Hosting
- Web Site Design
- FOP
- IP-VPN
- E-commerce
- Security and others
- Latin America ISP investment US\$ 730 Millions

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Content and Applications

- Explosion of dot.com companies.
- B2C - B2B shift (investor driven).
- Online E-commerce incubator growth.
- B2B Market growth up to US\$ 600 Billions in Latin America for year 2004.
- Venezuela figures: US\$ 4 Millions year 2000
US\$ 348 Millions year 2004
- Important players on the picture like  **UOL**,  **AOL.COM**,  ,Starmedia besides domestic dot.com companies.

How Latin Americans behave on E-commerce?

- 62% buy from familiar (well known names).
- 48% do not buy on line.
- 40% are very concerned about security.

Distribution of E-commerce

- 77% foreign spending
- 23% domestic

Keyplayers in digital market place in Venezuela

Aspect to be considered

- Technologicals.
- Human Resources.
- Financial Resources.

Key Players

- Telecom and IT companies with improved offers due to complete deregulation of the market in November 2000 and approval of new Telecom Law to promote investments.
- Technological offer for interactive terminals at a low cost.

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Keyplayers in digital market place in Venezuela (cont.)

- Government as an important user.
 - Decree 825 of use on the internet in the official sector.
 - Support of the government to massify internet penetration.
- Qualified technical and financial people going into portal and dot.com companies.
- Financial entities going into web based transactions and more confidence if "**Electronic signatures and data messages**" law is approved.
- Media and entertainment trend to use internet.
- Education.
- Venture capitalists creating incubators companies.

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Conclusions

- Venezuela's different actors are moving into the digital economy with the help of public and private sector.
- **cavecom-e** will continue its objective to create adequate scenarios, so people can show its products and services on E-commerce and promote awareness .
(event schedule for June 2001)
- Private and public sector will continue to complete the objective of having the E-commerce law in less than 30 days.
- All actors will work hard in order that Venezuela can provide the juridical security and the social and economical conditions so Venezuela can have the adequate environment to develop. National and International commerce interchange in this digital era, through electronic commerce.

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THANK YOU!!!



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