



## **Chapter VIII**

# **A Framework for Narrowing the Digital Divide**

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## **ABSTRACT**

*The bridging of the so-called digital divide is an important issue in today's development efforts of international and non-governmental organizations and developing countries. This does not only concern access to new information and communication technology (ICT) such as the Internet, but also access to the knowledge how to use these technologies for economic development. This chapter outlines the business model framework and the business model handbook that shall help to develop a knowledgeable class of e-entrepreneurs that are able to use ICT and to detect the opportunities of the Internet era.*

## **INTRODUCTION**

The use of Information and Communication Technology (ICT) is not a panacea for all development problems. Several obstacles that make it difficult for Small- and Medium-Sized Enterprises (SMEs) in developing countries to adopt ICT and particularly, Internet business

tools. However, detailed analysis of experience around the world reveals ample evidence that, used in the right way and for the right purposes, ICT can have a dramatic impact on achieving specific social and economic development goals as well as play a key role in broader national development strategies (DOI, 2001). One of the greatest impacts of ICT is the mobilization of worldwide knowledge and expertise and their knowledge transfer to the actors of developing economies (World Bank, 1996).

The goal of this chapter is to focus on the development of human capacity in ICT and Internet use for businesses in developing countries. Building a critical mass of knowledge workers, increasing technical skills among users and strengthening local entrepreneurial and managerial capabilities are essential for countries to participate in the information economy. The Business Model Handbook for Developing Countries, which we propose and explain in the following pages, relies on extensive research on e-business models (Osterwalder et al., 2001). This Web-based knowledge transfer tool should show SMEs and local entrepreneurs the relevant business issues in the information society and help them find new business opportunities. With this tool they could, for example, learn about new value propositions, how to streamline business and improve productivity or understand how to reduce operational costs by decreasing material, procurement and transaction costs, resulting in lower prices for intermediate and finished goods. Finally, they should also understand how to use more and better information to improve the value of their output.

In short, the Business Model Handbook for Developing Countries should be an openly accessible resource on the Web addressing the following three points:

- Understanding business issues of the Information Economy.
- Understanding the relationship between business logic and structure, ICT and particularly, the Internet in developing countries.
- Storage of case studies of SMEs in developing countries that illustrate the business issues and the use and adoption of ICT.

Following this introduction, the next section explains the problem of the so-called digital divide. Then we insist on the importance of knowledge transfer and the development of entrepreneurial capacities. To achieve these goals, we outline the Business Model Framework (BMF) for Developing Countries. On top of this framework, we propose the Business Model Handbook (BMH), a tool that allows a better understanding of the firm in the Internet era.

## DIGITAL DIVIDE

Simply put, the term *digital divide* means that between countries and different groups of people within countries, there is a wide division between those who have real access to ICT and are using it effectively, and those who do not<sup>1</sup>. Since ICT is increasingly becoming a foundation of our societies and economies, the digital divide means that the “information have-nots” are denied the option to participate in new ICT jobs, in e-government, in ICT improved healthcare, and in ICT enhanced education. More often than not, the “information have-nots” are in developing countries, and in disadvantaged groups within countries. In this chapter, we particularly focus on bridging the digital divide for companies of developing countries. We try to provide a tool that helps these firms understand how ICT influences company structure and how it opens up new business opportunities.

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