

# E-business applications for SMEs in Senegal

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ICT4D Platform

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# SENEGAL Country profile

- ↪ population of 9.5 millions
- ↪ average density of 48 habitants/km<sup>2</sup>
- ↪ over 25% of the population concentrated in the Dakar region



# SMEs in the senegalese economy

## A preponderant position with modest contribution to the economy

### SMEs share : a large portion

- ▶ 80% of existing firms  
i.e. 85,000 SMEs  
today
- ▶ 25% increase in  
number in 2003

### Distribution of SMEs among sectors of activities

- ▶ 25% of SMEs in the  
INDUSTRIES
- ▶ 53% of SMEs in the  
SERVICES
- ▶ 22% of SMEs active  
in TRADE sector

### Modest contribution into national economy

- ▶ 30% of country's  
workforce employed  
in SMEs
- ▶ 25% of GDP  
generated from  
SMEs
- ▶ 20% of national  
value created

# Senegalese SMEs peculiarities

## Small size and weak management

- ▶ 72% have less than 50 employees
- ▶ 69% have less than 5 executives
- ▶ 68% have a turnover not exceeding UD\$ 2 millions

## Educated & experienced leadership

- ▶ Most of the SMEs have a senegalese CEO aged 40 years +
- ▶ 78% of the CEOs have a University level education

## Very high dependance on int'l exchanges

- ▶ 50% of SMEs deal with export markets
- ▶ ECOWAS concentrates 64% of exports
- ▶ 78% of SMEs import intrants and finished products
- ▶ 57% of import is done with France

# A conductive environment...

boom of « télécentre » and cybercafe public phone operated by private small businesses

early availability of high speed internet access with ISDN lines

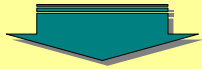
increase of mobile phone access quickly bridging the infrastructure gap

The Telco services is the fastest growing of all sectors since 1987

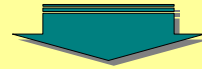
- at a rate of 16% added-value per year
- greater than the GDP rate : 6,3%
- greater than the tertiary sector: 7%

# Impact of Internet on SMEs

**The impact of the Internet on SMEs is low  
3 mainly reasons**



Quasi inexistence of E-Commerce applications while its perspectives are tremendous



Absence of senegalese content in the Web



Poor usage of internet by **potentials drivers**, (governments, NGOs and other institutional partners of SMEs)

# ROADBLOCKS

3 major obstacles perceived by SME managers:



High cost of  
connectivity



Risks for non-  
professionnel use

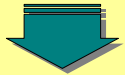


Low internet use by the  
SMEs

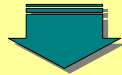
- ✓ **For 20% of SMEs the cost of connectivity is a major roadblock the generalisation internet use**
- ✓ **For 24% it is too early to use the web on their day to day activities**

# Perception of ICTs by SMEs

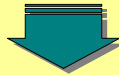
**ICTs in Senegalese SMEs is characterised by :**



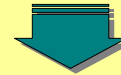
The acquisition of equipments connected via a LAN



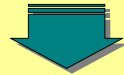
The use of bureautic tools



The use of email and the Internet

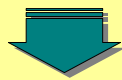


The acquisition of financial & accounting software

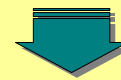


The use of bureautic tools

**Moreover, SMEs perceive important risks related to security, generated by ICTs:**



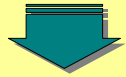
Because of virus spreading, SMEs believe they must keep Finance and Production divisions systems away from the web



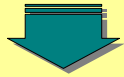
Concerns on strategic information confidentiality

# Perception of ICTs by SMEs

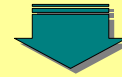
**67% of SMEs perceive internet as a powerful information and communication tool :**



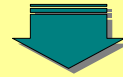
24% of entrepreneurs think internet is very important



43% think it's important



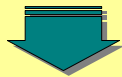
22% just a little



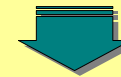
11% not important at all

In fact opportunities given by internet are not well perceived by managers

**78% of SMEs connected think the benefits are only limited to**



reduction of the cost of communication

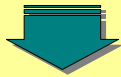


search for professional and general purpose information

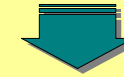
# E-business can work for SMEs

## An example from the banking sector

**B2B applications is rapidly increasing between banks and SMEs on the tertiary sector**



54% of industrial enterprises connected to the web use e-banking applications

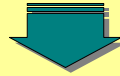


13% use other e-applications

# E-applications : A great opportunity for SMEs

**E-commerce will open up global export markets to those SMEs that are limited in size and resources**

**The senegalese entrepreneur needs to be convinced that e-applications can enhance his business performance via**



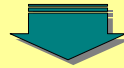
- ↪ easy access to information
- ↪ promotion of new methods of management and data processing
- ↪ expansion of its customer base
- ↪ break of new grounds ( markets )
- ↪ monitoring of quality control
- ↪ realize economies of scale

# Today's reality

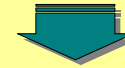
**Technological access is largely confined to**



urban  
areas



Profitable  
markets



well educated,  
upper income  
male users

**In this context of globalization and liberalisation,  
regulations and policies are required to**



- ↪ ensure global and national access
- ↪ guarantee effective use of ICTs for all
- ↪ guarantee what is needed to transform ICTs into a means of empowerment for all people

# The digital divide in the context of African economies

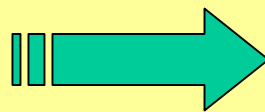
## A North-South typical example

existing websites used to promoting & selling african art treasures are owned by outside the continent.

## A South-South typical examples

### The white elephant syndrom

Transparency issues  
on itc solutions  
acquisition



↪ Bad decisions  
↪ Unappropriate solutions  
↪ High Costs of solutions



### Spatial divide

90% of SMEs  
75% of Added-Value  
75% of the workforce



Concentrated in the capital  
city Dakar

# E-cooperation, a mean to tackle the digital divide

-  **NEPAD must take the lead and promote the mantle of technological developement as precursor to the Renaissance of Africa.**
-  **Under the umbrella of NEPAD the idea of sharing existing resources, intelligence and setting ICTs cooperation platform among southern countries (e.g. the senegalese experience is of great value, Ministry for ICT integration for Africa).**

# walking the talk : the real challenge

**The true challenge comes not in the formulation of ideas but in their translation into action.**

**For ITCs to help the poor work their way out of poverty it is essential to break the current economic model in Africa and build an « e-business » model**

**Reduce the brain drain out of Senegal through creation by the government of an adequate environment to keep skilled and trained-people**

Last word:  
keep hope alive!



There is no obstacle big  
enough to stop the African  
Renaissance

