

**Press release:**

**New study “The impact of broadband on growth and productivity”: MICUS shows that 2 million new jobs are possible**

Information society – 10 Sept. 2008

**A new study from MICUS on behalf of the European Commission, DG Information Society and Media, collects evidence of the economic impact of broadband internet on labour productivity, employment level and growth. The investigation focuses on the improvement of business processes through the use of online technologies in large companies and in SMBs. In the best case scenario, broadband development could yield the creation of more than 2,000,000 jobs in Europe until 2015.**

The study focuses on the use of value-added services over the internet infrastructure such as extranets, e-business, online shops and web applications. The analysis is based on statistics from Eurostat and the development plans of the major internet access providers in Europe.

**The impact of broadband on companies: net creation of 105,000 jobs in 2006 in Europe**

The development of broadband allows the acceleration and automation of information flows between companies, which enables an increased specialization in knowledge-intensive activities. The model developed by MICUS for the study takes into account several effects of broadband: productivity improvement in companies, displacement from traditional sectors of the economy towards knowledge-intensive sectors and broadband-based innovation.

Results from the model assess the creation of 440,000 jobs in the business services sector in 2006 and 549,000 jobs in other economic sectors, mostly due to innovation. This employment creation compensates for the loss of jobs due to process optimization and structural displacements within the economy. The impact of broadband on employment is positive, with a net creation of 105,000 jobs in 2006 in Europe.

**Innovation is crucial**

According to the model, broadband development resulted in a growth of the European Gross Value Added (GVA) of €82.4bn per year (+0.71%) in 2006. The speed of broadband development is not neutral as regards economic impact: the successful development of innovative activities, which constitutes a large share of the positive impact of broadband, requires remaining at the forefront of worldwide development. In the most advanced European countries, broadband-related GVA growth per year reaches 0.89%, whereas in the European countries with less-developed broadband, this growth is limited to 0.47%.

Development scenarios quantify the importance of the speed of adoption of value-added online services between 2006 and 2015: in the best case scenario, broadband development could contribute to the creation of 2,112,000 jobs and €1080bn of economic activity.

“The access to the infrastructure is a prerequisite for the use of broadband, however, concrete effects can only be achieved when online technologies are integrated into the companies’ processes”, so Dr. Fornefeld, CEO of MICUS. “Increasing broadband coverage in rural regions is crucial, but policies should also be focused on promoting the adoption of innovative internet-based services, in particular in SMBs.”

The full text of the study can be downloaded from the website of the European Commission or [www.micus.de](http://www.micus.de).

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