



# The Netherlands: Digital gateway to Europe

Version: November 2010

## Introduction

- The Netherlands is increasingly becoming the Digital gateway to Europe for a number of reasons such as:
  - the Amsterdam Internet Exchange,
  - SURFnet,
  - a very high penetration of broadband Internet connections,
  - more mobile phones than inhabitants and
  - the European Head Offices of many leading ICT companies as well as a very dynamic cluster of creative industries.
- The Netherlands is not only an important logistic gateway to Europe, with main ports such as Rotterdam and Schiphol, but also becoming a world leader in terms of its digital infrastructure. We are a popular testing ground for many (new) products and (international) companies. Also inventions such as bluetooth, iDeal, WiFi and route navigation originate from the Netherlands.
- The Netherlands fosters international dialogue on ICT innovation and deployment such as:
  - the successful hosting of the WCIT 2010 Conference ([www.wcit2010.org](http://www.wcit2010.org)),
  - yearly hosting the IBC Conference for electronic media industry and
  - the hosting of the international secretariat of the ICANN Government Advisory Committee in 2011.

The leaflet provides you with a birds eye view of facts and figures regarding the Digital Economy in the Netherlands.

## The Dutch digital environment

- *Because of its productive ICT environment the Netherlands is in the position to host many ICT companies;* In 2009 The Netherlands Foreign Investment Agency assisted 155 foreign investment projects.

Among these the ICT sector provided the most jobs and the highest number of projects. The Netherlands now accommodates numerous world players such as Microsoft, open source companies Zarafa, Cisco, Tata (India), Infosys (India), Huawei (China), ZTE (China), the European Headquarters of Google etc. Beside an excellent broadband infrastructure and the presence of the Amsterdam Internet Exchange, the Netherlands offers a competitive business climate (25.5% corporation tax) and many other tax benefits for innovation. In addition ICT companies choose to settle in the Netherlands because Dutch people are multilingual, do not hesitate to adopt innovative products and services and apply a dedicated policy to attract knowledge workers. The Netherlands has proven to be an ideal testing ground for new applications and services.

- *Internet hub;* the Amsterdam Internet Exchange (AMS-IX) is the leading Internet hub of the Netherlands and one of the largest in the world. A very large portion of the Internet traffic with foreign countries and the data traffic between Dutch Internet providers is handled through the network of AMS-IX. Many companies take this into consideration when they choose to settle in this country.
- *ICT research infrastructure;* SURFnet is the most advanced research network in the world. The Government invests in SURFnet to continue the innovation of their network capabilities. Projects like GigaPort3 and SURFnet7 bring together business and research, for groundbreaking research on networks and online services. As a result significant spin-offs have evolved, such as the establishment of the European Grid Initiative EGI and NetherLight which has become the main international hub for light paths in Europe.

The Netherlands is noted as 'the envy of the world' in the prestigious Cook Report for this approach (Cook Report January 2010). Other strong assets are gridcomputing (European head-office of the European Grid Initiative is in Amsterdam) and the know how on supercomputing and e-Science (an e-Science Research Centre is being developed).

- *No 1 in the world for broadband deployment*; At the end of 2009 The Netherlands and Denmark ranked No 1. with 37,1 broadband connections on every 100 inhabitants. On average Dutch households own more computers than any other nation and 90% of them have Internet access. A key factor to this success is the focus on market competition between the fixed ADSL, cable and fiber networks and the mobile broadband providers supported and stimulated by a national policy promoting open networks.
- *Leader in Internet banking and other electronic services*; Internet banking as well as taxation via Internet is highly adopted in the Netherlands. In 2009 the Netherlands had the highest percentage of Internet banking consumers (nearly 53%). The Netherlands scores well above the European average (34%) and leads the way with innovative new services like PayPal. 92% of the Dutch people submit their tax declaration electronically.
- *No. 4 in the world for domain name registrations*; With four million registrations, the .nl domain is the fourth largest of the world's top-level domains. Only .de (Germany), .uk (United Kingdom) and .cn (China) are larger. In proportion to its population of more than 16 million, the Netherlands has the highest local domain name density in the world, with roughly one .nl domain for every four people.
- *Intensive social media users*; People in the Netherlands are very fond of using various forms of social media. For instance the Netherlands ranks fourth in a global survey on Twitter usage.
- *Focus on open ICT policy*; The Dutch government was one of the first in the world to invest in 'openness' of ICT through stimulating greater use of open standards. This will decrease the dependency of users of one ICT supplier, increase competition in the software market and enhance digital preservation of data. The government works closely with ICT vendors to achieve an increased usage of open standards.
- *'Light touch' telecom regulations*; The Netherlands telecoms policy can be described as 'light touch'. This has been achieved by working closely with private parties and opting for co-regulation rather than top down regulation. Clear guidance is given with regard to the openness, net neutrality, network access, all in a technological neutral way. Where possible relatively 'light' policy instruments like transparency obligations are used e.g. on topics like net neutrality. This way the right balance is struck between incentives for competition and innovation.

- *In the Netherlands there are 125 mobile telephone lines per 100 inhabitants*; The number of mobile connections in the Netherlands is higher than the Dutch population and is still growing. From 2008 to 2009 the use of mobile broadband internet has tripled.
- *The Netherlands has a rapidly growing creative industry*; The number of designers and developers of mobile applications is increasing rapidly, particularly in the Amsterdam Metropolitan area
- *About 60% of all the chips in the world come from Dutch machines*; Most of the chips are being produced by the Dutch company ASML.

### The ICT sector in the Netherlands

ICT companies are an important motor for innovation ( up to 70%) and show substantial productivity growth (up to 50%). Therefore they provide an undeniable and increasingly important contribution to our future prosperity. Many companies apply intelligent ICT solutions to solve social problems, such as health care, education and mobility.

- The annual investment in ICT capital in the Netherlands is 16 billion euro. In addition, the annual ICT spending by businesses and the government is calculated at 41.5 billion euro.
- The software sector in the Netherlands has an added value of € 17,3 billion and contributes up to 2,8% of the Dutch GDP. Adding the turnover of software generated by non software companies the total added value is € 24, 3 billion or 3,9% of GDP. This places the ICT sectors among the strongest innovative sectors in the Netherlands. Dutch ICT software companies export for € 1.9 billion in software products. It renders as much as 192.000 jobs of which 62.000 in software development and 14.000 in R&D.
- The ICT sector in the Netherlands accounts for over 30 percent of the R&D spending in the Dutch business sector. The software sector itself is innovative with over 23 percent of the total revenue being earned from new or improved products or services.
- It is estimated that 30,000 to 35,000 software products from Dutch-based software companies are available in the Netherlands in 2010. With this supply, the Netherlands ranks among the top 10 worldwide markets in terms of application software products.

### The Netherlands in top ten global ICT rankings

- The Digital Economy Index; The Economist ranks the Netherlands in 2010 in the fifth place which means yet another rating in the top 10 for the 10th consecutive time. The Netherlands ranks high on 'use of digital services' (first), 'connectivity and technology infrastructure' (second), 'legal environment' (fifth).
- The Government e-readiness index; The United Nations ranks The Netherlands at a fifth place. Again, a high score on infrastructure.
- The World Economic Forum (WEF) 'Global Information Technology Report' ranks The Netherlands in the Networked Readiness Index as the world number 9 in terms of ICT performance recorded.
- The World Economic Forum (WEF) 'Global Competitiveness Report' ranks The Netherlands in an eighth place. The Netherlands ranks first in the ECTA REGULATORY SCORECARD 2009.