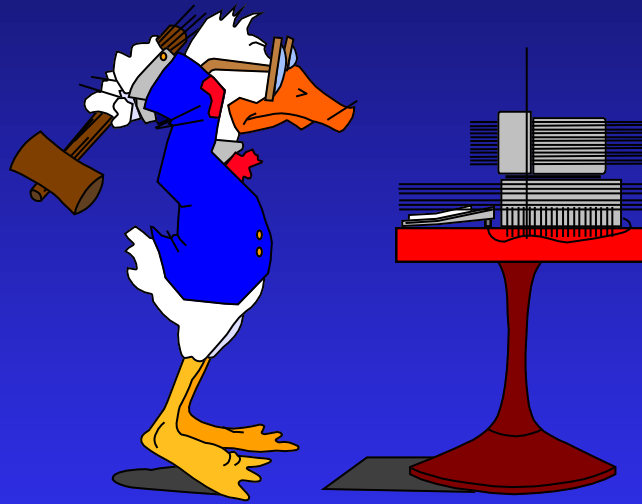


Internet Usage and Potentials for E-commerce in Germany



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Computer Ownership

German households bought 5 Million PCs in 1998 (500,000 more than in 1997).

The market for PCs grew 8% - in contrast, sales in Western Europe grew 21.1% in 1998

Germany is seen as having the greatest potential for E-commerce revenues, but they seem to be lagging behind



??? Why do you need a
Computer???

The Internet

Main Reasons for Internet Usage in Germany

Faster and cheaper to send email than letters through the post

Round-the-clock shopping

Research

Creation of Websites

Planning and booking travel



Reasons for using the Internet (cont.)

Easy at home banking

Stock trading and research

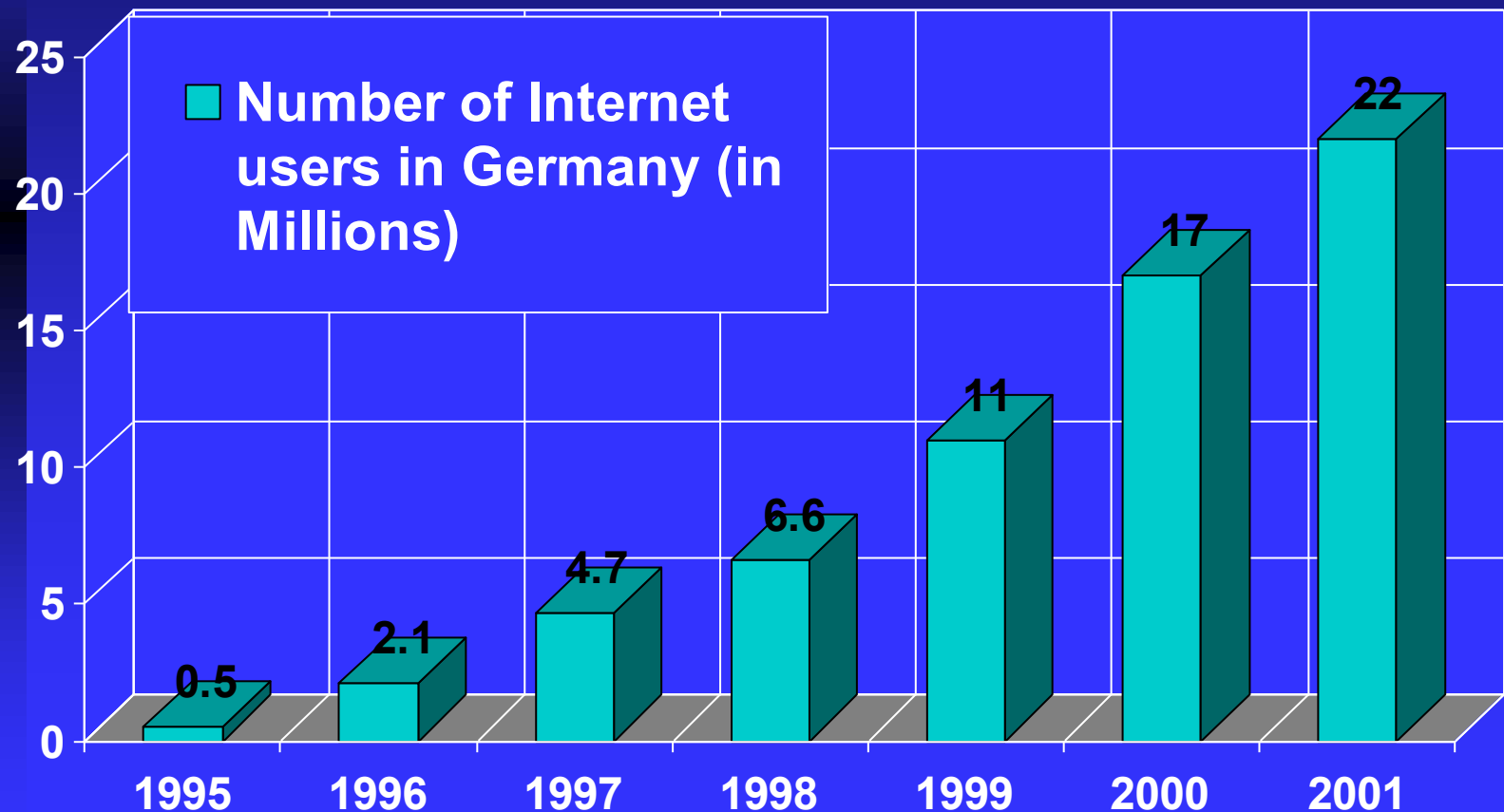
Comparing insurance policies

Research of products before buying

An assortment of News, Weather, Sports scores, etc.



Statistics on the Number of Germans on the Information Superhighway



Internet Usage

How many Germans use the Internet???

6.6 Million Adults $\Rightarrow$ 10.5% of Germans (14 and older) use the internet

Women are still a minority among Internet users - there is a much greater inequity between the sexes in Germany than in the US

Typical German online is young, male, and business-minded

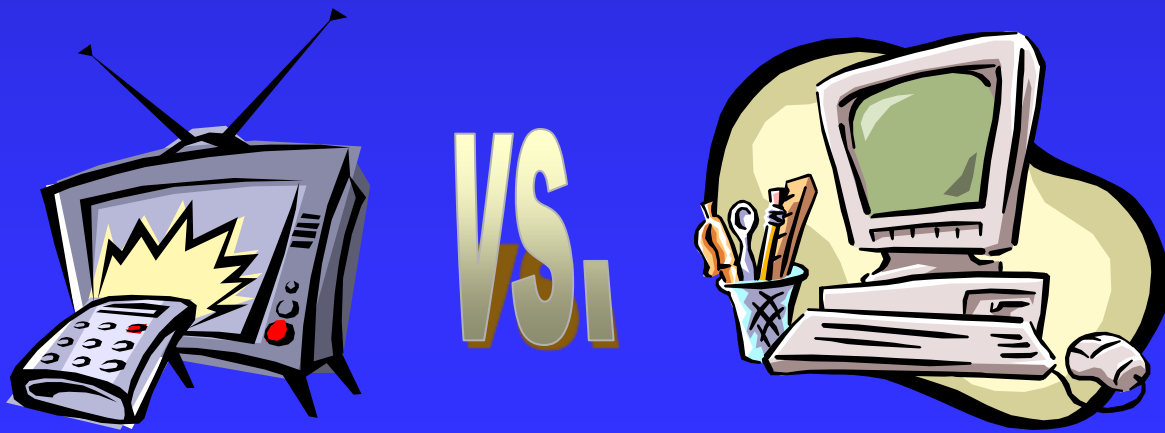


Internet Usage in Germany

Private Internet usage has increased during workdays
highest on-line traffic is 6:00-9:00pm

Earlier, the traffic was higher during late morning
hours (most was business traffic)

Now, there is a competition between Television and
the Internet



Reasons for Low Percentage of Internet users

Usage Costs

Most Internet service providers (ISPs) in Germany charge between 10 DM and 50 DM per month and local call tariffs are approximately 7 pfennig per minute from Deutsche Telekom

Experts are of the opinion, that these high costs are drastically hindering growth



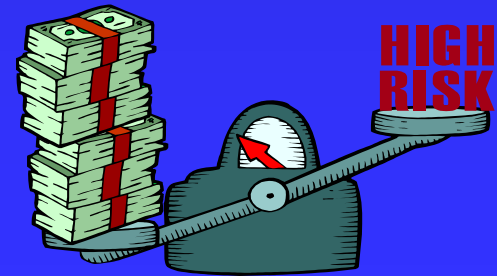
Reasons for lower percent of Internet users

Germans also tend to be very security conscious, many do not trust online transactions



One not so obvious reason is that Germany was a very rich nation for a long period of time.

Since the Reunification of East and West, Germany has become a debtor nation due to the expense of rebuilding East Germany - for this reason, many companies are very cautious of making large investments in an Internet presence at this time



Measures to Correct Low Percentage of Internet Users

Usage Costs Lowered

German telecommunications companies are starting to make special offers for Internet traffic, and the cost of surfing the Internet is sinking



Measures to Correct Low Percentage of Internet Users

Usage Costs Lowered (cont.)

Some “Free ISPs” have appeared in the German market

These companies do not charge a monthly fee for Internet access, however they have reasons for providing this access



they receive a portion of the 7 pfennig per minute tariff that the German telephone companies charge for the local call
they also receive revenue from companies for pop-up or banner ads

Conclusions

Without doubt, the most important linguistic and economic region in the European Union is Germany

Germany is one of the most coveted new markets for Internet service providers.

E-commerce will boom.

Internet sales in Germany are likely to surge to DM 40 billion (US\$22.60 billion) in the next several years, from the current puny DM 1 billion

However, analysts have warned that Germany threatens to hinder the development of E-commerce if it continues to hold online service providers responsible for all content which appears on their services

