1. Sector Overview

Austria boasts one of the most advanced information and communication technologies (ICT) sectors in Europe, despite having one of Europe's smallest populations (8.49 million as of 2013). Austria has a well-developed economy and a high standard of living. Austrian GDP (PPP) per capita amounted to €42,409 in 2012, the fourth highest in the EU.

Austria's ICT sector has experienced steady growth over the past years. About 115,000 firms operate within the ICT sector, employing around 195,000 people. In 2012, the sector had a total output (turnover) of €57.5 billion, 15% of which was exports. Austria ranks among the top three European ICT research locations according to a brochure by the Austrian Business Agency.

Vienna is the most important ICT industry location in Austria. Here, revenues of over €20 billion are generated annually. In the region Vienna - Lower Austria - Burgenland more than 8,000 domestic and international IT firms account for 75% of total Austrian IT industry revenue. Many international enterprises have their CEE (Central and Eastern European) headquarters in Vienna.

The Austrian broadband market has expanded rapidly. In January 2012, 98.2% of Austrian companies had internet access, 90.7% of which was via a broadband connection. In general, Austria takes a leading role in using broadband technology. By 2012, 52% of all broadband connections were established through the use of mobile technology. Wireless technologies enable mobile services such as mobile payment, for example the payment of parking tickets from one's cellular telephone. MNOs (Mobile Network Operators) are planning to introduce NFC (near field communication) later in 2013.

Web 2.0 applications are more than leisure activities; they are used both for private and job-related reasons, making them a wide-ranging mainstream medium in Austria.

Facebook (3.2 million registered Austrian citizens or 38% of the population) and YouTube are among the most widely used social networks in Austria. For business, Xing (social media for business popular in German speaking countries) is very popular with 500,000+ users in Austria. LinkedIn is catching up and 93,357 Austrians have a registered Twitter account.

The Information and Communications Technology Sector as a cross section of technologies offers an enormous potential for innovation, research and development with its broad network of universities, colleges and research institutions - like Vienna University of Technology, Graz University of Technology, Technikum Wien, FH Hagenberg, FH St.Pölten, or FH Kufstein, just to name a few of them - all collaborating closely with private industry.

Austria has one of the highest mobile penetration levels in Europe. The mobile penetration rate is steadily increasing, reaching 158.5% in the year 2012. It has been estimated that telecom investments will amount to €520 million in 2013. The country has a fiercely competitive mobile
market and is served by three mobile network providers (MNOs)[13]

### Mobile Network Providers active in Austria

<table>
<thead>
<tr>
<th>Company</th>
<th>Market share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobilcom Austria incl. Bob and Yesss! (A1)</td>
<td>46%</td>
</tr>
<tr>
<td>T-Mobile Austria incl. Tele.ring</td>
<td>31%</td>
</tr>
<tr>
<td>Hutchison 3G Austria (&quot;3&quot;, including former provider &quot;Orange&quot;)</td>
<td>23%</td>
</tr>
</tbody>
</table>

An oversupply of providers compared to market size has led to some of Europe's lowest tariffs. The number of 3G SIM cards is rising. Currently, around two thirds are 3G and one third is 2G cards. Divided into prepaid- and contract-customers, there are more of the latter (68.5 %).[14] Austria was also one of the first countries in Europe to launch Third Generation/Universal Mobile Telecommunications Service (3G/UMTS) mobile services in 2003.[15] In 2013, smart phone penetration grew to an estimated 72 %. Data volume used for up and downloads on cellular phones is constantly rising, reaching 17,660 Terabytes per quarter in Q3 2012, a growth of 69% over the preceding year. [17]

The move towards LTE (Long Term Evolution - the 4th generation of mobile technology following 3G) will be facilitated through the auction of the so-called "digital dividend", as existing mobile networks are reaching their limits. The auction of the frequencies formerly used by the Austrian Broadcasting Corporation (frequencies in the range between 790 and 862 megahertz) was completed in the fall 2013. Bids for the 28 frequency bands reached a total of over € 2 billion. About half of this was bid by Telekom Austria alone.[18] According to industry experts, this was the most expensive spectrum auction for LTE in all of Europe in relation to the number of inhabitants. Industry experts criticised lack of transparency in the process leading - in their opinion - to exaggerated costs and therefore decreased market value of Austrian operators and increased challenges for the competitive position of the mobile operators in an international context.

Austria takes a European leading role in terms of offering e-government services. Austria has been ranked #1 since 2006 in the e-government EU-Ranking and reaches 100 % in the ranking for "full online availability" and for "service sophistication".[19] Around 70 % of the Austrian population use e-government services.[20] In Austria, there is also a considerable amount of research and development conducted in the field of health IT. After the successful implementation of the so-called e-card (Austria's national electronic card to access public health care), ELGA - which stands for "Elektronische Gesundheitsakte", the electronic health file for patients - is in process (the first phase of ELGA is scheduled to be fully operational by early 2017).[21]

Other cutting edge technologies are Digital Image Processing and Quantum Physics. The "Vienna Center for Quantum Science and Technology" is a joint initiative of the University of Vienna, the Vienna University of Technology, and the Austrian Academy of Sciences, which unites quantum physicists of Vienna's research institutions in one collaborative center.[22]

The ICT sector represents one of the most promising sectors of trade with Austria for Canadian companies. Canadian technological expertise is held in high regard among Austrian companies,
creating good opportunities for business partnerships between Canadian and Austrian firms.

### Top Players

<table>
<thead>
<tr>
<th>Company</th>
<th>Turnover in Euro (million) (2012)</th>
<th>Employees</th>
<th>Parent company headquarters</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1 Telekom Austria</td>
<td>4329.7</td>
<td>16,446</td>
<td>Austria</td>
</tr>
<tr>
<td>Raiffeisen Informatik</td>
<td>1577.0</td>
<td>3,000</td>
<td>Austria</td>
</tr>
<tr>
<td>Kapsch Group BeteiligungsGmbH</td>
<td>984.1e</td>
<td>1,400</td>
<td>Austria</td>
</tr>
<tr>
<td>T-Mobile Austria</td>
<td>923.6e</td>
<td>1,350</td>
<td>Germany</td>
</tr>
<tr>
<td>Samsung Electronics Austria</td>
<td>414.0e</td>
<td>277</td>
<td>South Korea</td>
</tr>
<tr>
<td>IBM Österreich</td>
<td>406.5e</td>
<td>1,230</td>
<td>US</td>
</tr>
<tr>
<td>Microsoft Österreich</td>
<td>400.0e</td>
<td>368</td>
<td>US</td>
</tr>
<tr>
<td>Hutchison 3G Austria GmbH</td>
<td>361.0</td>
<td>600</td>
<td>Hong Kong</td>
</tr>
<tr>
<td>Ingram Micro GmbH</td>
<td>350.0e</td>
<td>69</td>
<td>US</td>
</tr>
<tr>
<td>Quanmax AG</td>
<td>340.0e</td>
<td>1,500</td>
<td>Austria</td>
</tr>
</tbody>
</table>

### 2. Market and Sector Challenges (Strengths and Weaknesses)

In Austria, 99.7 % of active companies in all sectors are small and medium sized with less than 250 employees. 92.3 % of these enterprises are micro-enterprises with less than 10 employees. Only about 1 % of the companies employ more than 50 employees. Small and medium sized companies, which are in close contact with their clients, are very well positioned in Austria.

In ICT, Austria serves as a unique gateway to the markets of Central and Eastern Europe by virtue of its infrastructure, location, and its historical, cultural and linguistic ties to the region. Numerous organizations in Austria offer expertise on trading and investing in these countries.

Joint ventures and licensed production arrangements in Austria offer Canadian firms several advantages, including free access to the EU market, improved access to Central and Eastern European markets, reduction of transportation costs to European destinations and high-quality production facilities. Joint ventures may be formed in Austria as companies, partnerships or other legal entities. For information on investing in Austria, you may wish to consult the [Austrian Business Agency](#).
3. Sub-sector Identification

Priority industry verticals:

- Telecoms
- Automotive - Connected Vehicle
- Life Sciences - Health IT
- Infrastructure - Smart Grid

Cloud, mobile, M2M and big data as underlying industry trends are of course all applicable in Austria and therefore offer opportunities for Canadian suppliers.

4. Case Study

OpenText

OpenText is an enterprise software company and leader in Enterprise Information Management (EIM).[26]

The publicly traded company was founded in 1991 as manufacturer of the first internet-search-engine. Based in Waterloo, Ontario, OpenText works together with other world-leading software companies such as SAP and Microsoft. OpenText has approximately 5,000 employees all around the world with a turnover of USD 1.2 billion (in the year 2012).[27]

OpenText offers solutions to manage business content in order to lower costs of operations. The software company supports 100 million users in 114 countries[28] with office locations in Asia Pacific and Japan, Europe, Middle East and Africa (EMEA), Latin America and the USA.[29]

OpenText was recognized as 2012 Microsoft Alliance ISV Industry Partner of the Year. The company was honoured among a global field of top Microsoft partners for demonstrating excellence in innovation and implementation of costumer solutions based on Microsoft technology.[30]

Branham 300 ranks OpenText as Canada's number 1 software company and number 9 overall in the ICT companies ranking.[31]

OpenText started its activities in Austria in 1997[32] and the office in Vienna, Austria, is also responsible for managing the business in Eastern Europe. The subsidiaries for example in Hungary and in the Czech Republic are supported by OpenText employees in Vienna. The Vienna office also controls the business in the East (Russia, Poland, Turkey, Israel) which contributes a significant and continuously growing share of turnover. More than two dozen people work for OpenText in Austria (about half of them take an active part in software-engineering).

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Wavefront
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**Useful Internet Sites**
The E-Commerce-Competence-Center is conducting research in the field of electronic business

The European center for e-commerce and digital rights is a think-tank and taskforce

Vienna Technical University (Office of International Relations) - facilitator of economic and scientific knowledge transfer (mainly in German language only)

Platforms

Future network - Independent forum for dialogue and discussions centered around ICT (in German language)

[1] The Government of Canada has prepared this report based on primary and secondary sources of information. Readers should take note that the Government of Canada does not guarantee the accuracy of any of the information contained in this report, nor does it necessarily endorse the organizations listed herein. Readers should independently verify the accuracy and reliability of the information.


[3] BIP (PPP) 2012 EU (27) - page view: July 2013

[4] All monetary amounts are expressed in foreign currency, unless otherwise indicated.

[5] ABA brochure "Research Location Austria - Strong location for ICT", May 2012 (page 6)

[6] Vienna is one of the most important ICT sites in Europe - Interview with Bernhard Schmid, Vienna IT Enterprises in IT-Business Österreich 2010

[7] Unternehmen mit Internetzugang & Internetverbindungen der Unternehmen - page view: July 2013 (site in Austria)

[8] Social Media in Austria - page view: July 2013


[10] RTR Telekom Monitor 01/2013 (page 42)


[14] RTR Telekom Monitor 01/2013