

# FUSION OF TRADITIONAL INDUSTRIES AND IT

Ban Seok Joung  
(bsjoung@hri.co.kr)

The Ministry of Commerce, Industry, and Energy (MOCIE) and the Ministry of Information and Communication (MOIC) are working to create fusion between traditional and IT industries. Following an economic ministers' meeting in April, the two ministries are jointly pursuing the development of fusion technology between traditional industries and IT. From 2001 to 2003, MOIC will contribute 36 billion won to IMT-2000 operators, while MOCIE will be responsible for task selection and managing the effort. Both ministries will select the participants. This year, a total of 11 billion won (8 billion for IT fusion technology, 3 billion for enterprise resource planning) will be injected to develop fusion technology between eight industries such as machinery, autos, and shipbuilding with IT. In addition, to reduce enterprise resource planning costs of small and medium sized companies as well as to spread e-commerce, standardized industry-specific ERP templates and Internet-based trade management solutions will be developed.

The government needs to instill a reputation for policy consistency from the market and businesses, and new policies are needed in addition to the existing preferential measures for small and medium or venture companies. The conflicting decisions regarding IT by different government agencies has brought chaos to the market. Considering the abstract nature of recent policy measures, the relatively long 3-year time frame, and the occurrence of key political events (such as elections) next year, it is difficult for trust to be created in the market. Meanwhile, Korea's key traditional industries (machinery, autos, shipbuilding, etc) will receive support in the policy, and standardization and integration for e-commerce and CALS in the relevant industries and conglomerates has begun. While the measures should facilitate interaction of smaller companies with traditional conglomerates through IT, active support is also needed for the digitalization of conglomerates' management practices.

The new policy comes at a time when Korea's IT industries need a boost in competitiveness. According to a recent OECD report, Korea's output in information technology does not yet match its considerable input. Although Korea is world-class in terms of number of Internet users or productivity rates, its output in terms of patents or technology exports does not reflect such advancement. By fostering fusion between IT and traditional industries, the new policy may promote innovative models of technology competitiveness. **VIP**

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