



29 October 2009

EXECUTIVE SUMMARY

POST-I2010: PRIORITIES FOR A NEW EUROPEAN INFORMATION SOCIETY STRATEGY 2010-2015

BUSINESSEUROPE believes that the future European policy on information and communications technology (ICT) should create a framework in which European businesses - as consumers and providers of ICT products and services - can flourish and make optimum contribution to society and to the economic growth, productivity and competitiveness of Europe.

ICT should be one of the key areas in the next European strategy for growth and jobs. The future policy in this area should foster research and innovation in ICT in a competitive environment, in order to deliver optimum results towards its specific priorities for the coming years. We believe these priorities should be identified in:

- strengthening the knowledge economy, as a driver of future wealth, growth and employment;
- promoting the knowledge society, as a way to further digital inclusion and expand the usage of new services and the benefits for users;
- establishing global market leadership through coherence and diversity.

A successful and coherent European ICT policy should take account of the following leading principles:

- Fully exploit the potential of innovative ICT solutions;
- Develop broadband internet by balancing investment with competition;
- Accelerate interoperability and standardisation;
- Strengthen confidence in the online environment and driving up demand for the next generation of ICT infrastructures and services.

To accelerate the development and implementation of ICT services, the EU should also concentrate on a number of selected areas of application for research and development, such as ICT for a green economy, Intelligent Transportation Systems (ITS), □ more connected healthcare, □ e-Education and the need to revolutionise e-Government and rethink the delivery of public services.

BUSINESSEUROPE believes the EU can demonstrate a clear leadership by encouraging the ideas described above in building a Digital Single Market and by encouraging a level playing-field at global level with market access and market opening.



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INTRODUCTION

The European Commission has launched a public consultation on the “Priorities for new Strategy for the European Information Society”. BUSINESSEUROPE welcomes the opportunity to contribute to the preparation of the new EU strategy for the information society, following up the current i2010 strategy closing this year.

The priorities for information and communications technology (ICT) for the next five years should be based on creating a policy framework in which European businesses (as consumers and providers of ICT products and services) can flourish, and in which they can make an optimum contribution to society and to economic growth, productivity and competitiveness of the European Union.

The ICT sector is a key factor for economic growth and competitiveness and it supports productivity and innovation in many other sectors. The ICT market in Europe represents 4.5% of EU GDP and accounts for about 4% of European jobs, with more than 5 million workers. It is an essential driver for competitiveness, job creation and growth of the European economy. It can also drive up productivity across a range of industries, and help achieve key public policy goals such as the move to a low carbon economy. The EU policy framework is decisive for the nature of the available services, affecting such matters as choice of supply, quality and price, and it has a direct impact on key investment decisions by operators and manufacturers and on the long-term competition landscape in the telecoms and IT sector.

The post-i2010 strategy should focus on the contribution that ICT can make to Europe's competitiveness, both within the Internal Market and globally. In practical terms this means encouraging and incentivising investment in deployment of new ICT infrastructures, and competition and choice in the supply of innovative new services. Especially in the current times of serious economic crisis, its stimulating effects are needed more than ever. Major challenges, such as the provision of high-speed Internet in particular in rural areas, will face Europe in the future. To this aim, an Internal Market based on efficient and consistent application of rules is decisive, with regulation kept to the minimum necessary for competition.

BUSINESSEUROPE believes that the Internal Market must be further integrated and existing barriers removed. Priority should be placed on strategic ICT sectors. Once finalised, Member States must transpose the revised EU Telecoms Framework effectively and on time. The Commission has an important role to play in assisting them and Member States should cooperate with the Commission during the transposition and implementation phase.

An enhanced framework and a targeted strengthening of selected ICT areas will encourage consistent use of the potential of ICT and will make Europe successful in the “digital era.”



GENERAL OBJECTIVES

BUSINESSEUROPE strongly believes that ICT should be one of the key areas in the next European strategy for growth and jobs. The future policy in this area should foster research and innovation in ICT in a competitive environment, in order to deliver optimum results towards its specific priorities for the coming years. We believe these priorities should be identified in:

- The knowledge economy: driver of future wealth, growth and employment

Successful dissemination of ICT in business, society and state will be a defining factor to determine to extent to which Europe will be able to maintain a competitive edge in relation to other economic regions such as Asia or the USA, precisely in an area that drives productivity and innovation in modern economies.

The European Union's recognition of ICT as a key driver of innovation, growth and employment must be followed by concrete action. ICT can also strengthen Europe as a business location by providing up to two million new jobs in Europe. Europe's ICT policy will have to meet these challenges, by setting the conditions for full development of ICT's potential and making the ICT sector able to develop its full potential and deliver on the promise of the post-Lisbon Agenda.

In the future, answers to key public policy issues – ranging from efficient energy supplies and sustainable mobility via the quality of healthcare and education opportunities to questions relating to security – will involve state-of-the-art ICT. At the same time, ICT products “Made in Europe” will help raise the quality of life at work and elsewhere.

- The knowledge society: participation for all

Widespread availability of modern broadband is essential for European industry as well as consumers. The use of newly available frequencies (through the Digital Dividend) and synergies with expansion and build-out of fixed broadband networks are of key importance. State intervention should be carefully targeted to cases where there is no commercial case for private investment.

As well as encouraging investment and competition, EU policy needs to look at demand-side factors that may inhibit take up and penetration of new services. There are many reasons why people are not using the internet, such as a lack of interest, not having the equipment, lacking the skills or confidence, concerns about running costs and having insufficient time. The Commission also needs to consider other factors in relation to digital inclusion, such as disability, gender and geography. We support the work of the Commission addressed at identifying the reasons for low household take-up of broadband and internet and its conclusions¹, which generally point to the need of a strong focus on education, training and skills, in order to allow those not still connected to be able to use the Internet.

¹ Europe's Digital Competitiveness Report, European Commission, p. 27, “*Barriers to household take up of the internet*”.



Government engagement programmes should focus on the individual needs of people, and specific applications and their benefits, rather than the ICT itself, with a focus on specific targeted benefits. In addition, governments should consider not only the number of excluded people, but also the depth of their exclusion – in other words, as the range of services and benefits available online grows, there may be a growing gap between those who do and those who do not access services online.

- World market leadership through coherence and diversity

To establish the prerequisites for a strong ICT industry in Europe, substantial political efforts will be required. Europe needs a framework that identifies a clear perspective for developing the European Information Society for stakeholders in the Member States. This would require a coherent policy for comprehensive ICT issues as well as a profound elaboration of sector-specific aspects.

Coordination of ICT policy should be given top priority, at both European and national level. A lack of political coordination as well as sector-specific “go-it-alone” approaches as regards ICT would jeopardise Europe’s future prospects as a business location. The next five years will decide whether Europe will set the right course and will play a leading role as an ICT location worldwide or will fall behind regions such as the USA, Japan or China.

If Europe wants to lead the ICT evolution, it should ensure that European companies retain their competitive edge at global level in order to continue generating growth, employment and a satisfying quality of life for European citizens.

LEADING PRINCIPLES FOR A EUROPEAN ICT POLICY

BUSINESSEUROPE identifies the foundations of a successful and coherent ICT policy in:

1. Take account of the potential of innovative ICT solutions

Challenges facing society and business should increasingly be treated and tackled under the aspect of ICT solutions potential. At the same time, political measures with relevance to the information society should be coordinated and adapted centrally. Existing ICT initiatives and institutions at local, national and European level and their present status should be taken into account.

EU’s capacity to prosper in the face of heightened global competition and a rapidly ageing society will depend increasingly on its ability to innovate and ensure a sufficiently strong skills base. Innovation is also a key element for addressing the major challenges facing society today, particularly those linked to health, energy, climate and mobility.

The EU must reinvigorate its innovation strategy. The existing R&D action line must be strengthened by increasing the size and scope of EU budget and initiatives and by improving the governance structures aiming to promote the coordination of national policies and set EU-wide ICT priorities.

In this context, we believe that there is a need to introduce incentives to encourage growth in the size of enterprises active in the sector, which would facilitate research and innovation. This would counterbalance the current trend that sees a reduction in the average size of companies, making research activities more difficult.



We recommend encouraging the set up of business clusters and the creation of deeper and larger centres of expertise, both collaborating and competing among each other in a creative dynamic. The creation of these clusters would favour exchanges among researchers and companies. It would also stimulate the creation of chains of innovation across large enterprises and SMEs.

The EU should create the most favourable conditions to the development of new services platforms and open innovation. This could be achieved by encouraging new business models for cultural innovation, fostering trans-European digital rights, granting fair and equitable access to content and its value chain, stimulating the creation of digital content representing cultural diversity and facilitating media window and rights acquisition.

2. Develop broadband internet: balancing investment with competition

Next generation networks are a key driver for jobs, growth, innovation and competitiveness in the 21st century. Integrated infrastructure and technologies are growing dramatically in importance worldwide. In recent years, ICT has contributed 40% to economic growth Europe-wide. The timely roll-out of high-speed broadband is therefore a major concern for Europe's economy. Investments of billions of Euros are needed to provide the necessary world-class communications infrastructure that Europe's consumers and companies need in order to compete successfully in tomorrow's knowledge-based societies.

The future ICT strategy should particularly focus on broadband coverage, investment and take-up. Europe should invest in next-generation networks and services as much as it does in traditional infrastructures and services. This would lead to economic growth, productivity gains from ICT usage and impact on economy through innovation.

Responding to the consultation on the NGA Recommendation, BUSINESSEUROPE highlighted the need for the Commission to support approaches that foster investment, competition and access to further develop the electronic communications Single Market. The privately funded development of state-of-the-art broadband infrastructure should be further promoted by encouraging investment and innovation. Flexible and technology-neutral regulations in a competitive environment are key elements for comprehensive broadband coverage for the benefit of the entire economy. The liberalisation of frequency policy should be taken forward and the availability of all existing and new ducts for use by operators, where appropriate and efficient, should be promoted to facilitate network development.

3. Accelerate interoperability and standardisation

Establishing ICT services in all industrial sectors requires technically compatible solutions. Standardisation should be coordinated in close cooperation with industry at European and international level, however without inhibiting technological development. At international level, a strong European voice is vital to gain attention for the Member States' interests. Standards for individual ICT areas should rely on shared specifications as much as possible, and be specific only to the extent dictated by the specificities of the applications.



4. Strengthen confidence in ICT and risk-awareness

Users' confidence in ICT security is a prerequisite for a strong information society. EU policy should communicate ICT's potential to citizens and business more effectively. It should create in citizens and enterprises a higher awareness of the opportunities and risks involved in the internet. A more objective discussion could play a key role in increasing the acceptance of ICT services. Reducing fears of new technologies and getting European citizens closer to a more active use of ICT services is a shared responsibility of public authorities and businesses.

In this context, BUSINESSEUROPE supports measures aimed at increasing users' confidence in the integrity and security of networks. At the same time, it is not clear that there are in fact market failures of the kind that would justify action beyond self-regulation or codes of conduct. Security is a key competitive element of differentiation in the market and shares the aim of enhancing security as a means for increasing customers' confidence in electronic communications. The current regulatory measures and contributions of the companies provide for a high standard of security. Any proposed measures must be implemented in a manner that is proportionate and subject to proper impact and cost-benefit analysis.

5. Data and copyright protection

Data and copyright protection in the internet should reflect the changing needs of consumers, right holders and service providers. The policy approach should not restrict the development of innovative ICT applications and should be based on self- and co-regulatory strategies.

6. Focus on selected areas within ICT development

The EU and its Member States should concentrate on selected areas of application for research and development. Effective support programmes as well as regulatory incentives and tax breaks are the basis for attracting private commitment in the ICT field. This could also take place in the form of public-private partnerships (PPP). Focal points should be the Internet of Energy and E-Energy, as well as connected mobility and healthcare.

TARGETED STRENGTHENING OF SELECTED ICT SECTORS

To accelerate the development and implementation of ICT services, effective impetus should be provided in selected areas:

- **ICT for a green economy**

ICT are the key to an environment-friendly and cost-efficient supply and use of energy. Intelligent inter-connected industrial production procedures and logistics could result in substantial cuts in CO2 emissions – as through “green IT” itself.

Political commitment to achieving a breakthrough of “green technology” should be strengthened, in particular by focusing on targeted and innovation-driving strategies as well as public procurement practice. Interoperability and the required standardisation should be accelerated at European and international level.



ICT-based solutions are an essential factor in the switch to an economy that consumes less energy and releases less greenhouse gases. However, the positive impact that ICT could have in this context is currently hampered by a number of factors, like the increasing amount of waste-IT hardware, the lack of awareness of the potential offered by ICT and the still too high costs of applying ICT-based solutions for consumers. ICT solutions can help save energy and other resources in homes, office buildings, transport, electricity networks, manufacturing and delivery of public and commercial services.

Policymakers can encourage and accelerate the transition by raising awareness about efficiency-enabling ICT solutions and improving the regulatory and fiscal environment. At the same time, public authorities could lead through example and apply concrete measures to the provision of public services (e.g. transport, waste, health, etc.) and to the management of public administrations, offices and buildings. The positive effects of such measures could be further enhanced externally to public administrations by increasing the volume of green public procurement and facilitating private commitment to invest in similar initiatives.

Europe needs to invest in new promising avenues such as Greening ICT, e-Health and the enhancement of e-Government services. It should repeat the success achieved in transforming the analogue consumer market in other sectors such as energy efficiency, transport, health, education. It will both help to achieve critical policy goals (climate change, better health, lower cost, ageing, competitiveness) and at the same time can become new pillars for growth/revenue for ICT players in Europe. These services will also increase the significance of “broadband access” for people that are not convinced yet. The public sector should play a more important role, in advocating these cases and lifting barriers.

- **Intelligent Transportation Systems**

Industry is very active in searching innovative solutions for reducing vehicle emissions and networks congestion. BUSINESSSEUROPE believes that Europe can pave the way to sustainable mobility and provide solutions that can be exported in the rest of the world. Innovative ICT solutions can best contribute to reducing emissions mostly through rationalising logistics and facilitate multimodality. Policy makers should put in place the framework conditions to introduce promising technologies on the market.

Transport telematics could help make the system safer and use traditional transport infrastructure more efficiently. Based on the current ITS Action Plan and the ITS Directive, the focus should be on technical standards as well as concrete applications, for example in the area of parking place info systems and Car2x communication. Communication of real-time traffic data should be realised quickly. High-duty ICT infrastructures should be promoted by paying attention to the laying of ductwork for cables when planning road construction work. Interoperability for the electronic toll collection system should be accelerated.



- **Revolutionising e-Government and rethinking delivery of public services**

Public administration authorities' communication needs to be modernised throughout Europe. Access to administration should be simplified for industry and citizens. Secure applications, such as electronic identification cards and secure IT gateways for example, could advance the entire information society and society more generally.

A better use of ICT will also play an essential part in the promotion of a culture that focuses on result-oriented strategies, performance targets and innovation in the management of public services and infrastructures.

- **Connected healthcare**

Reliable healthcare is one of the main achievements of modern societies. Connected systems will help access data and files on medical treatment quickly and securely in the future. Rapid and reliable diagnoses and therapies will be promoted, potentially dangerous interactions of medicines avoided. Telemedicine and life-saving emergency call systems can be improved, particularly benefiting rural regions. Overall, greater political commitment is required to accelerate the inter-connection of healthcare: the successful introduction of an electronic health card EU-wide within an appropriate framework might be a key step in the right direction.

- **e-Education and multimedia training**

Excellence in education is a key concern of the knowledge society in the 21st century. ICT-supported applications should become an integral part of modern education. Teaching institutions should be equipped with interconnected PCs as well as multimedia applications. Teaching media competence is crucial to a secure and responsible handling of new services and must be promoted throughout Europe as a training standard for qualified teaching staff.

CLEAR LEADERSHIP: THE EU'S POLICY MAKING PROCESS

Rather than a radical re-think of the policy-making process, the EU can help demonstrate leadership by encouraging some of the ideas described above in building a Digital Single Market and by encouraging a level playing-field at global level with market access and market opening.

Enormous efforts are required for Europe to achieve, maintain and develop its leading position in the global competition for ICT market leadership. The new strategy for the information society should therefore foresee a schedule resulting in the implementation of the required measures by 2015. Special regard should also be given to the principle of subsidiarity as an integral part of the strategy: Responsibilities at local, national and European level should be determined with regard to expertise and to the perspective of implementing most effectively the objectives of a diverse and strong European information society.

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