Digital Agenda for Europe

Cartagena de Indias, September 1, 2015

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From the Digital Agenda (2010) ...

- Commission ICT strategy for 2010-2020
- Problems identified:
  - Lack of investment in networks
  - Rising cybercrime & low trust
  - Fragmented digital markets
  - Lack of interoperability
  - Insufficient R&D
  - Lack of digital skills
  - Missed opportunities in addressing societal challenges
- 132 actions (not completed)
Main indicators (I) Scoreboard
Main indicators (II)
Scoreboard

Total electronic sales by enterprises, as a % of their total turnover

Year: 2014

European Commission, Digital Agenda Scoreboard
Main indicators (III)
Scoreboard

Individuals who are frequent internet users (every day or almost every day)

Year: 2014

Percentage of individuals

European Commission, Digital Agenda Scoreboard
Main indicators (IV)
Global perspective

Individuals using e-government services, 2010 and 2013
Percentage of individuals obtaining information and sending completed forms on government websites in the last 12 months

OECD
Taking stock
Where are we? e-Commerce

Target (2015)

33% SMEs conducting online purchases/sales

Current situation (2015)

17% SMEs selling online (7% cross-border)
... To the DSM Strategy (2015)

- Problems remain
- More targeted than Digital Agenda - 16 actions
- Priority ICT sectors:
  - Big data
  - Cloud
  - Internet of Things
- On-going work → Problems identified BUT concrete initiatives not defined yet
e-Commerce
Accessing digital content across borders

Competition inquiry

Copyright reform (access and portability)

Tackling Geo-blocking
Telecoms (I)
Framework

Telecoms Single Market (agreed)
- End of roaming charges (June 2017)
- Net neutrality (April 2016)

Telecoms framework (in the pipeline)
- Harmonise radio spectrum
- Universal service
- Level playing field for OTTs
Telecoms (II)

Net Neutrality

- ISPs to treat all traffic equally
- Users’ right to access & distribute legal content

But

- ISPs can use traffic management measures in specific circumstances (e.g. congestion), if non-discriminatory
- Agreements for specialised services (IPTV) allowed
- Zero rating allowed?
Ensuring a level playing field (I)
Towards regulatory convergence?

Level of regulation

- Information society services
- Audiovisual services
- Telecoms
Ensuring a level playing field (II)
Commission focus

- **TELCOS**: to ensure level playing field for players providing competing services (voice telephony - VoIP)
- **OTTs**:
- **AV**: to consider whether AV rules (TV & VOD) should apply to new services (e.g. Connected TV) and players
Online platforms (I)

Framework

• Concept (search engines, social media, e-commerce, app stores, price comparison websites, sharing economy)

• Features:
  – Intermediaries
  – 2 sided markets
  – Accumulate data (new source of dominance?)
  – Tendency to achieve a monopolistic position

• Competition concerns → Market power (e.g. countervailing power towards:
  – Businesses
  – Regulators!)
Online platforms (II)
Platforms & internet traffic

Source: JRC-IPTS based on Amazon Alexa
Online platforms (III)
Whether to regulate them or not

- Possible solutions
  - Regulation (e.g. ‘Google news’ in Spain)
  - No regulation
    - ex post control (Booking.com case, Google case)
    - Self-regulation (Right to be forgotten case)

- Commission approach, assessment of:
  - Transparency (e.g. in search results)
  - Usage of information
  - Relations with suppliers (SMEs)
  - Portability constraints
  - Illegal content

- Political issue (Franco – German position)
Online platforms (IV)

Google case
Trust and security
Cyber security and data protection

Growing offences
- Data interception (Snowden revelations)
- Online payment fraud
- Identity theft
- Trade secrets theft

Consequences
- Lack of trust in online services
- Worry that too much personal data is being given away

Regulatory responses
- National cyber security strategies
- EU level:
  - Network and information security
  - Data protection reform
Cyber security (I)
Network and information security (NIS)

- Adoption expected end 2015 (applicable 2018)
- Inspired by telecoms sector
- Rules applicable to:
  - ‘key internet enablers’ (i.e. e-commerce platforms, cloud services, social networks, search engines, app stores)
  - Operators of critical infrastructure heavily dependent on ICT (e.g. air traffic control, banking, IXPs)
- Outstanding issues
  - Scope - risk of lack of harmonisation worries companies
Cyber security (II)
Notifying security breaches = transparency
Data protection (I)

New rules

• Current rules 20 years old!
• Adoption expected end 2015 (applicable 2018)
• Wider geographical scope (non-EU companies)
• New rights (data portability)
• Security measures – risk based approach
• Data breach notifications
• One-stop-shop
• Higher sanctions
• Outstanding issues (purpose limitation principle vs big data)
Data protection (II)
Encryption vs law enforcement
### Priority ICT sectors (I)

#### Some figures

<table>
<thead>
<tr>
<th>Cloud</th>
<th>Big data</th>
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<tr>
<td>• 1 in 5 adults use cloud storage</td>
<td>• 6.9% usage amongst EU businesses (IDC, 2014)</td>
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<td>• 1 in 5 businesses use paid cloud services (Eurostat, 2014)</td>
<td>• 1 in top 20 big data businesses is European</td>
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<td>• Potential to unleash €12tn in market value</td>
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Priority ICT sectors (II)

Cloud

Buy Cloud Computing services used over the internet

Year: 2014

% of enterprises

Finland > Italy > Sweden > Denmark > Netherlands > Ireland > United Kingdom > Croatia > Belgium > Slovakia > European Union > Malta > Slovenia > Czech Republic > Estonia > Spain > Lithuania > Portugal > Luxembourg > France > Austria > Germany > Cyprus > Hungary > Bulgaria > Greece > Poland > Latvia > Romania

European Commission, Digital Agenda Scoreboard
Priority ICT sectors (III)

Barriers to cloud

Factors preventing enterprises in the EU* from using cloud computing services, 2014 (% enterprises not using the cloud)

- Insufficient knowledge of cloud computing
- Risk of security breach
- Uncertainty about the location of data
- Uncertainty about applicable law
- High cost of buying cloud services

* EU28, excluding the Czech Republic, France, Malta and the United Kingdom. Optional survey question.

Source: Eurostat
Priority ICT sectors (IV)
Cloud computing, IoT, Big data

Barriers
- Data localisation restrictions
- Lack of interoperability
- Security
- Data protection
- Customer lock-in
- Telecoms

Solutions
- “Free flow of data” initiative
- Standardisation plan ICT
- New breach reporting requirements
- New uniform rules
- Data portability
- End of roaming + NN rules + Spectrum
Conclusions

- Work in progress → concrete initiatives in 4Q 2015 - 2016
- EU legislative architecture hinders rapid adoption (e.g. Data protection reform) but market continues developing!
- Uncertainty re outcome & effectiveness of the initiatives → Will they be able to keep pace with technological developments?
THANK YOU!

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