Issues and priorities

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Each year in September EICTA chooses three or four major issues on which to concentrate its efforts over the year ahead. This selection is made from a list of over 70 that are in play at any one time. It is complicated by the fact that we represent three sectors of the industry, Telecomms, IT and Consumer Electronics and two constituencies, our 45 direct company members and 30 or so national Associations whose interest is largely that of our 12,000 SMEs members. We have to share out our efforts on some equitable basis between them where they do not immediately coincide.

The campaigns chosen for this year are Digital Rights Management, Digital TV Switchover and eEurope. Interoperability and the Implementation of the Communications Package came close behind. Indeed not much changed from last year's list as both were inspired by the same set of concerns - the dire situation of our industry.

In good times Trade Associations can afford the luxury of taking a long-term view. When times are hard, and they are harder now in the Telecommunications supply sector than they ever have been before, it is prudent to focus on issues whose resolution will bring a pay back to members in the short to medium term. Many of our telecommunications members have seen revenues in some sectors (driven by lower prices and to a lesser extent by lower volumes) drop by 60% or more and have shed jobs accordingly, jeopardising r and d spend and their future viability. Meanwhile the IT sector shrank last year with small increases in software and services failing to make up for a major decline in hardware revenues and with major investment by users outside the Public sector having nearly dried up. This following a decade in which the whole of our industry enjoyed double digit compound revenue growth. It is obvious that in the boom years many industry leaders failed to manage success; it is also true that many had never before known failure.

Accordingly our focus has been and still is on actions that will encourage investment in technology either by end users themselves or by those, and most particularly by the carriers, who provide services to them.

The title eEurope that we use to describe one of our campaigns is not far different from what others call Broadband Services. It is clear that ever increasing levels of bandwidth will be used to support all kinds of services as we move towards the knowledge society, and therefore the success of eEurope depends on rolling out broadband across Europe as quickly as possible.

We published earlier this year a Brochure entitled *eEurope: The way Forward* which addresses all of the areas I referred to just now. It contains over 50 recommendations covering Broadband Deployment, eGovernment and eHealth, 3G, Digital convergence, Implementation of the Communications Package, Interoperability, R & D and Digital Rights Management.

I suppose with so many recommendations we are likely to have got one or two right. Nor do I imagine that our list would be much different from anybody else's.

There are within all of this three areas on which I would like to comment in a little more detail. First the implementation of the Communications Package. Last week in Geneva I attended a session of the Forum at which opinion was divided as to how regulators should go about encouraging investment by new entrants to the infrastructure and carrier services market. One view was that the regulators should acquire a detailed understanding of the business models of new entrants so as to understand how to give them enough of a margin to make a reasonable profit from their investments. Another view was that incumbents should be squeezed until others did make a profit and the third that the regulator only need to expose the incumbents' real costs in order to determine interconnect conditions and leave it to competitors to succeed or fail. One thing we do know is that we need regulatory certainty; its absence places a premium on the cost of capital that is often enough to kill new projects stone dead. We have work to do get the package implemented and to encourage investment by incumbents and new entrants alike.

There are some changes taking place in the IT industry that I think should give us pause for thought. We see the prospect of really cheap bandwidth not so far ahead and we are fast developing the standards that will allow multimedia service delivery across a variety of channels. These together bring into focus some possibilities that have been in abeyance for a while. First the current model with intelligence residing in the end-user device, the PC, is being questioned. How much more convenient to have all the intelligence in the network accessible from the variety of devices which an individual may use. Secondly, system management; users are overwhelmed by the complexity of managing their current separate voice and data networks. They want one multimedia network. In addition they are increasingly engaged with business partners in a series of separate virtual business enterprises each supported by its own virtual IT and communications systems. Many will wish to outsource all of this management to service providers. This is where the third element comes in - the Grid. The grid is much a more than a resource sharing system for heavy computing environments. The middle ware that makes resource sharing possible will also support network centric computing and remote systems management. With their computing resources scattered around the Internet, users will demand quality, performance, availability and security guarantees which at first sight seem difficult to reconcile with the brave new unregulated world of next generation unified networks. Who will provide my performance guarantees?

Thirdly Digital Rights Management. The success of Broadband depends on the combined contribution of infrastructure owners, service and equipment providers and content owners. There is at the moment a wide gulf between the content industry, which appears to be divided against itself, and the technology industry where there should be co-operation. Too many content owners have not yet found a business model that will enable them to move from the world of print or plastic into the electronic world without destroying the value in their existing businesses. The desire of service providers to deliver unique added value is sometimes at odds with the publisher's desire to maximise his audience. Technology can help overcome some of these problems; Digital Rights Management Software for instance has come of age.

I cannot close without referring to one other subject, radio. We are not using the radio spectrum to full advantage and it is about time we did. Lets allow secondary trading in some parts of the spectrum now; it may help. Thank you