Position Paper

European Commission Consultation: « Digital Divide »

BITKOM welcomes the opportunity to contribute to the European Commission's consultation concerning the "digital divide". As German ICT association, BITKOM and its member companies follow closely this topic.

Both regional and federal levels need to recognize the importance of broadband. Information and communication technologies and broadband in particular are of paramount importance to Europe's growth and competitiveness and thus to the realization of the ambitious goals set in the Lisbon agenda. Despite some positive signals and efforts, a lot remains to be done in order to place Europe as a leading environment in the worldwide competition.

As a pillar of economic development, broadband access will become an indispensable tool in the daily life of citizens and businesses alike as well as for the European economy as a whole. The European authorities, national, regional and local governments, i. e. all decision-making levels, need to become aware of this reality. Even though the biggest part remains to be done, some best practices of public-private partnerships initiatives and local broadband strategies deserve to be put forward and shared with governments across Europe.

1. Is there a need for new public policy actions at the European level to stimulate the provision of broadband in remote, rural or sparsely populated areas of the European Union? YES/NO

Basically it should be understood that market mechanisms generally prove to be more efficient in providing broadband access than policy interventions. However, situations might arise where, even in a long run perspective, it might not be commercially viable for a private undertaking to deploy broadband infrastructure. Only under such circumstances, the need for direct support might be justified.

2. If YES, which ones? National broadband strategies, regulatory intervention, financial support, exchange of best/good practice, other measures?

Nowadays broadband availibility is key for the attractiveness of a country or region. In the global competitive environment of a connected world economy, broadband is a key factor of local attractiveness and survival for companies. True high speed connectivity is an indispensable tool for today's business.

Broadband is also key to attract and retain people to live in certain regions by providing them with improved public services (e. g. eGovernment, eHealth) and a more direct link between citizens and their elected representatives. Moreover broadband potentially brings entertainment and cultural contents to remote areas, thus enriching the cultural lives of people in remote areas

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While local and regional governments need to be aware of this challenge, they should also be aware that the deployment of infrastructures involves significant investments which need a coherent regulatory framework in order to earn a decent ROI. If, in exceptional cases, public intervention is needed to bring broadband to remote areas, it has to be underlined that any public intervention needs to be technology-neutral and must not distort competition.

It is therefore particularly important to inform citizens about the advantages of broadband use in their daily life. Furthermore, eGovernment offers to the citizens should be diversified and provide digital added value.

Bearing this in mind, BITKOM proposes the following lines of action:

National Reform Programmes : Reflect the priority of broadband

The public consultation focus on local governments should not give the impression that national governments are exonerated. All the levels of policy makers must be aware of the ICT challenge and gather their efforts to achieve ambitious broadband objectives. National broadband strategies must identify the respective (shared) roles and responsibilities of various parts of government, i. e. on local, regional and national level.

Effectively give priority to the development of information and communication technology development a priority in Europe

The Lisbon Strategy has set a clear goal for the European Union in 2010: to become “the most dynamic and competitive knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion, and respect for the environment”. ICT will play a key role in achieving this objective. Indeed the linkage between ICT investment and economic growth has been clearly established. Therefore we do call upon the European Commission to ensure that the legal and regulatory framework is adjusted in order to foster investment and innovation in broadband.

Give visibility and value to broadband

Bridging the digital divide also means changing the public perception of broadband. Today broadband is still often perceived as an “accessory” rather than a fundamental approach to enhance business and quality of life. Bridging the digital divide requires an improvement in the image of broadband: We need to give broadband more visibility so that people understand how to integrate its value as a fundamental and basic tool for daily life, providing access to entertainment, government services and communication media, new services and business models etc.

Set an objective of 100% European schools and classrooms connected to broadband Internet, fostering stronger use of digital content

Broadband connection of schools and all education sites should obviously be a priority across Europe. While broadband is becoming a daily tool improving living standard for people, businesses and public sector, a divide will appear between those knowing how to use the tool and those who do not. School is obviously a key place to minimize this divide and stimulate demand. The stimulation of the demand side has to be accompanied by a comprehensive approach putting eEducation on top of the agenda, helping students fully benefit from new technology.

BITKOM recommends that the European Commission conducts a survey about the broadband connection of schools and education-related sites across EU Member States and set an objective of 100% broadband-connected schools – including primary schools - within the next two years. The objective of 100% broadband-connected schools could be endorsed in the Member States' National Reform Programs. EU structural funds could help achieve this goal which should be included in the strategic guidelines on the priorities of spending. Broadband availability would thus be part of an integrated modernization strategy of schools and – combined with a more intensive use of ICT and digital content in general – create added value for learners.

Here, it is relevant not simply to check the availability of a broadband line to the school but whether this broadband connection is actually used in the classroom, thus fostering eEducation.

Promote ICT skills

Even though the public consultation deliberately focuses on the provision of broadband infrastructure, it is useful to remind ourselves that this is not sufficient. Meaningful access to ICT encompasses far more than simply providing access, hardware and software. One of these multiple aspects is the literacy to use information and communication technologies. As previously said for infrastructure, the digital divide in terms of literacy also depends on the situation of reference and is more complex than "have" or "have not". In the competition with emerging countries such as India or China which offer talented and numerous engineers, Europe needs to improve its efforts in this domain.

Develop telework and mobile work as drivers to spread broadband usage

Today's networking technologies effectively enable teleworking and mobility. The full work environment can be recreated at home or on the move. IP telephony even allows for nomadic usage of the desktop telephone environment: distributed call centers, nomadic use of phone numbers, unified voice messaging. Of course the implementation of teleworking and nomadism need to be tailored case by case to the enterprise or public sector environment. For instance, teleworking does not mean necessarily 100% work time spent from home; a combination of on-site work and telework is often more appropriate when there is a need to maintain a physical link with the work environment. Also business processes need to be adapted first. For instance, telework and nomadic work are easier to implement when clear and measurable objectives have been defined with the employees.

However, when implemented appropriately, telework and nomadic work present benefits from multiple perspectives and constitute significant drivers to spread broadband across territories in Europe and particularly out of the main poles of economic activity.

From a social perspective, telework enables a more flexible way of working. The employee has a better ability to accommodate his/ her personal and professional lives. In the social inclusion domain, telework could improve access to jobs for disabled people. While some European citizens have expressed their disappointment in European social policy through the recent votes, telework is certainly a domain which deserves to be explored and promoted further as a social innovation.

From an enterprise or public sector perspective, if telework is implemented appropriately, it offers various potential gains of productivity : fewer absences, better concentration, flexibility in the working time slots, distributed workforce, real estate cost reduction, attractive work environment for talents etc.

3. On a scale from 1 to 5 (1 low and 5 high), how do you rate the justification for the need for public intervention for broadband in these areas, in particular the non-availability of broadband infrastructure (lack of coverage), high end-user prices (affordability), and the low quality of available services?

Lack of coverage might, as explained, justify intervention under special circumstances. This might not only be a question of simple coverage, but might be a combination of the three mentioned criteria.

With pressure on European public budgets, governments need to make sure their broadband strategies are as cost effective as possible. Also broadband deployment requires a significant expertise which is not necessarily 100% available *a priori* within governments. Consequently, governments' interest consists in attracting the right level of private sector involvement rather than a 100% and isolated public intervention. Best practice examples have shown that structural funds are most effective when they bring together the interests of the public and private sectors, using the strengths of each to find joint solutions to common problems. Thus, public private partnerships with corresponding co-financing are to be preferred.

4. Can you identify further bottlenecks that inhibit broadband deployment in rural areas and corresponding policy options to address them?

We believe that one of the answers to release bottlenecks and speed the spread of broadband is the expansion of wireless connectivity. Some specific actions should be undertaken here.

Review Spectrum Regulatory Framework Focusing on Wireless Broadband

In BITKOM's view, the European Union should start reviewing the existing spectrum regulatory frameworks on different aspects taking into account the technology and market trends.

The spectrum management should evolve to be more flexible and allow convergence. It should obviously include the objective of avoiding interferences, but some rules in terms of usage, type of service or technology restrictions appear to be unjustified and to delay the development of innovative services. From that perspective, the WAPECS consultation launched by the Radio Spectrum Policy Group is positive and could constitute a start for a broader review of the European spectrum regulatory framework.

The recent decision of 11 July 2005 harmonizing use of radio spectrum in the 5GHz band is very positive from this standpoint. BITKOM encourages the European Commission to pursue with the harmonization of the 2.4 GHz band which use is still restricted in some major European Member States.

Last but not least, a modernized spectrum framework should aim at more harmonization on the basis of a European wide level playing field. The economies of scale in a harmonized market will allow for cheaper devices and equipments. The cost of customizing devices or deployments to specific national rules can indeed be very high.

Unique Opportunity: The digital switch-over will free up very valuable frequencies

Terrestrial digital television (DTV) is a far more flexible and efficient broadcast technology than the current analog system because it reduces certain kinds of co and adjacent channel interference therefore permitting more tightly packed bands. Converting to DTV will thus clear valuable spectrum for other important uses, particularly for new mobile interactive services based on DVB-H. The amount of spectrum available will vary depending on how the national regulators decide to set the limits of digital broadcasting frequencies.

5. On a scale from 1 to 5 (1 Low, 5 High), how do you rate the usefulness of such a site for regional/local authorities and network operators in terms of assessment/aggregation of demand, exchange of best practices, and publication of regional local broadband plans, etc.?
6. Can you suggest an alternative mechanism (to the website) to aggregate demand, without distorting competition and private incentives, in areas where satellite is considered to be the best solution for broadband delivery?
7. Which other activities could be undertaken by the website?

The idea of the European Commission to set up a website for regional/local authorities and operators in terms of assessment/aggregation of demand, exchange of best practices, publication of regional local broadband plans etc. is very positive and would certainly be useful both for governments and service providers. We sincerely hope this site would also be open to the wider industry that participates in broadband projects.

German Association for Information Technology, Telecommunications and New Media e.V.
The German Association for Information Technology, Telecommunications and New Media e.V. (BITKOM) represents a total of 1,300 companies. Its roughly 700 regular members employ some 700,000 people and generate revenues of 120 billion euros. These companies include manufacturers of data terminal equipment and infrastructure, new media agencies, as well as content, service and software providers.
More than 500 of the association’s members are small and medium-sized enterprises. BITKOM is working to improve the regulatory framework in Germany, modernize the education system and promote innovation.