



Intellect response to Public Consultation on Content Online in the Single Market

13 October 2006

Intellect is the UK trade association for the IT, telecoms and electronics industries. Its members account for over 80% of these markets and include blue-chip multinationals as well as early stage technology companies. These industries together generate around 10% of UK GDP and 15% of UK trade. For more information go to www.intellectuk.org

Convergence between the telecoms, IT, consumer electronics, broadcasting and creative content sectors has long been talked about but is now starting to have a real impact in the UK, across Europe and the world. This rapidly changing market place means that Intellect now works increasingly with industry representative from across the whole converging value chain, including broadcasters, players in the music, games and publishing industries, advertisers, ISPs and new media companies, to discuss how to best take advantage of the opportunity that convergence has presented us with. We outlined the opportunities and challenges that face the UK in our report *Capitalising on Convergence*¹. Indeed our work on convergence was cited as an example of commendable practice in the Film Online charter.

As a consequence of convergence, the future of the online content market is of vital importance to our members. Equally, our members are key to the future of the online content market. We therefore strongly welcome the Commission's interest in this rapidly growing and evolving sector. We participated fully in the cross-industry submission made by the Broadband Stakeholder Group, and so have chosen to voice our support that that response rather than answer the consultation questions in depth ourselves.

It is, however, worth briefly reiterating the key points made in the BSG response.

- The online content market is evolving rapidly and unpredictably; market structures and business models are having to adapt. With the market in a state of flux, industries and individual companies are facing a number of challenges and barriers – piracy, the development of interoperable DRM systems, the creation of workable business models, and the establishment of effective pricing and payment systems, for example – which will no doubt be described in more detail by other consultation responses.
- However, while obstacles undoubtedly exist, these are a logical outcome of the fundamental shifts and rapid developments that are taking place in the market. This consultation process will paint a useful picture of this 'present environment', but DG InfoSoc should bear in mind that this is a 'present environment' that is changing

¹ <http://www.intellectuk.org/download.asp?file=58>



rapidly. Many of the problems that will be cited today are likely to be transitory and will be resolved as part of the process of innovation and development in the market.

- We are also aware that many of the questions raised in the Content Online document are already being addressed or reviewed elsewhere, both at EU and Member State level. The outcome of these activities is key to the future of this marketplace. Therefore, with the principle of Better Regulation in mind and in order to avoid confusion and duplication, we advise that DG InfoSoc allows existing activities to complete and monitors their effects before considering taking further measures.
- While seeking to add value to the development of the market, DG InfoSoc should question the assumption that solutions at a EU level are always most appropriate. There is little evidence to suggest that the challenges evident in the market place result primarily from an inability to trade effectively across the single market. Neither is it clear that EU level solutions are necessarily desirable or practical in each case, as with content labelling, for example. Under the principle of subsidiarity, we therefore recommend that DG InfoSoc looks first to supporting the resolution of barriers to progress at a Member State level, before considering whether European level remedies are appropriate.

In conclusion, we urge DG InfoSoc to forbear from prematurely formulating central policies and regulation in order to address these issues and to instead allow solutions to develop organically from within the marketplace and from Member States and EU activities that are already underway.

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