
**CONTRIBUTION BY THE APPLICATION DEVELOPERS ALLIANCE (ADA)
TO THE EUROPEAN COMMISSION DIGITAL SINGLE MARKET CONSULTATION**

{ I – INTRODUCTION: THE APP DEVELOPERS ALLIANCE (ADA) AND THE IMPACT OF ITS MEMBERS ON THE EU }

The [Application Developers Alliance](#), with more than 8,000 individual European members among more than 35,000 global members, supports and promotes the most dynamic and promising industry in the EU digital revolution.

‘Apps’ companies represent a variety of realities, both in terms of their size (from micro to middle-sized), their location, and their products (ranging from well-known entertainment apps to productivity, enterprise and mHealth tools). Our startup members’ dynamism and our corporate members’ stability are among the strengths that have allowed the app sector to grow impressively.

With a [predicted](#) 12% annual growth, and a potential to increase EU GDP by 63 million euro by 2018 whilst creating about 2 million jobs by the end of 2015, the app ecosystem and particularly small app companies can no longer be neglected when economic recovery and jobs are at the heart of our preoccupations. Moreover, the EU App Economy 2013-2016 report notes that the apps economy has a wider impact than just direct employment: it also creates new jobs in industries that leverage app-related products and services (e.g. health care, automotive, entertainment, education).

The day-to-day benefits to society as well as the economic impact of apps are undeniable: for example, mHealth tools already helped save 600.000 lives, and the usage of smart meters and smart transport technologies will lead to a total saving of 37bn euro per year by 2020, according to a recent Plum Consulting [study](#).

Although its growth has been strong, the EU app economy has challenges: developers experience difficulties in accessing markets, complying with a patchwork of inconsistent rules and coping with substantial amounts of red tape, just to mention some. The App Developers Alliance is convinced that a true Digital Single Market will effectively help our membership and the whole digital industry tackle those challenges.

We welcome and support the efforts that the European Commission put into this project, and we are keen to be a constructive and reliable interlocutor and a point of reference for today and tomorrow’s debate.

{ II – KEY ELEMENTS IN CREATING A TRUE DIGITAL SINGLE MARKET }**A. *Creating the right circumstances for innovation***

We believe that the voice of developers, startups and digital SMEs should be heard and represented at the European level and be a key element in producing a sound Digital Single Market Strategy.

To do so, we asked our network what the ‘ingredients’ are to make digital startups successful, and their answers were quite straightforward:

- **Innovative business models** that are easy to scale.
- **Market size:** Europe has a huge potential when it comes to market size. In order to get the most out of it, policy makers have to streamline regulation allowing start-ups to access a bigger market than just their national market.
- **Velocity:** within the innovative digital space, it’s all about speed. If conditions to do business move more rapidly and in a more business-friendly manner in other geographies than in Europe, European companies will be less competitive than their foreign competitors.

B. *Simplifying the rules in order to foster and enhance consumer trust and confidence*

Trust is a crucial component for apps developers, at two different levels, namely:

- on the one hand, apps developers need to feel they can trust the market in terms of legal and regulatory certainty; and,
- on the other, they know the success of their apps relies on consumer trust.

Striking the right balance between a framework that fosters innovation and creates trust, is especially important in the areas of privacy, data accessibility, data consumption, and connectivity. This implies adopting a legal framework which ensures consumers’ trust in the digital environment, but at the same time allows app developers and publishers to grow, compete and innovate.

In the area of privacy, we believe that the EU should focus on rules that target actual data abuses and misuses rather than hypothetical or theoretical consumer harms. This means that more emphasis needs to be put on enforcement where harm occurs. In this way, consumers are given confidence their data is protected and treated with respect, but also app developers and publishers can use data to innovate by improving existing products and developing new opportunities that please consumers.

As regards connectivity, the EU needs to tackle the roaming issue in order to ensure Europeans are confident they will not face unnecessary charges when accessing the Internet via their mobile all across the EU.

It is also important that legislation and regulation are future-proof, and do not focus on a single technology or platform or type of network. By promoting competition, ensuring low switching costs and low barriers to entry, the EU can have strong, stable, global platforms that are good for innovators and consumers.

{ III – ADA’S POLICY RECOMMENDATION }

The Digital Single Market Strategy and ensuing initiatives should be guided by the following key objectives:

- 1. Simplify the rules applying to digital innovators & adopt rules conducive to growth and innovation:** Innovators, which are often smaller companies, need to understand the legislation in force. Consistency, simplicity and clarity are key, and will enable developers to comply with today’s regulation, keep innovating and providing even better service and products.
- 2. End fragmentation** through a real digital single market – including harmonized and streamlined one-stop shop approaches – that will enable app products and services to have simplified access to larger markets. Larger markets with regulatory certainty justify more investment, more hiring, and incentivize innovation.
- 3. Set in place an investment-friendly environment that enhances access to resources and investors:** a comprehensive regulation focussing on solid long-term objectives and an entrepreneurial risk-taking approach has the potential to attract and enhance investment. On the other hand, a neutral tax system and the availability of public funding will help innovators headquartering and growing their companies in Europe.
- 4. Develop the required skills and mindset:** Closing the ICT skills gap means training highly-qualified workers and a generation of users who enjoy conscious Internet interactions. European citizens need to be able to welcome innovation and have the right tools to exploit its potential sharply. EU initiatives should promote tech-centric basic and advanced education, encourage young people to take up ICT-related careers, and ensure the development of the set of digital skills required by the market.

At the same time, Europe should learn to celebrate entrepreneurial risk-takers, business disruptors and also failures. For Europe to promote our digital economy and reap the benefits of great entrepreneurial success, we must remove the social and legal stigma attached to such failure, in order to promote all entrepreneurs and appreciate that the lessons of failure are often the building blocks of future success.