



ScotlandIS

Developing a Competitive Digital Economy

**Response to Consultation on European Commission's
Digital Competitiveness Report**

2009

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ScotlandIS welcomes the key themes of the Digital Competitiveness Report :

1. A single European Information Space offering affordable and secure high bandwidth communications, rich and diverse content and digital services to boost the single market for business and users;
2. World class performance in research and innovation in ICT (Information & Communication Technology) by closing the gap with Europe's competitors to stimulate ICT research and innovation.

There is a perception that Europe is losing its competitive edge to Japan and South Korea in terms of fibre connectivity. Similarly Wireless broadband is neither widely available nor affordable throughout Europe whereas Asia is establishing itself as the world leader. This is certainly due to in part to the artificially high costs involved in data transmission in Europe. US has an established lead in the area of content and applications, which it continues to build on. Other developed countries are doing the same, and Europe is right to ensure an even playing field.

The opportunity created by a European wide digital economy provides a robust platform for innovation at both the country level, and across Europe, enabling the development of a competitive, sustainable and prosperous economy. The potential is enormous but to date this has not been fully harnessed.

A single European Information Space

It is our view that the creation of a level marketplace for broadband and mobile telecommunications across Europe is an essential element in creating a single European information space. Harmonisation is needed in terms of regulatory matters, access to the digital society and increased competition, whether for business, pleasure, education, health or green agendas.

On the business front a single European Information Space will enable greater adoption of e-commerce, removing many of the trade, business and employment challenges which smaller peripheral countries have traditionally encountered such as lack of scale, geographical remoteness, and less competitive distribution logistics.

Consideration should be given to

- Removing the artificially high costs involved in data transmission in Europe,
- International governance, with guidelines for security, illegal or inappropriate content, privacy, piracy and data protection,
- An enterprise governance framework appropriate to digital enterprises, which takes into account the differences with more traditional enterprise models,
- A risk assessment of major potential points of failure in the European communications network.

In order to complete the single European information space for the more remote areas of Europe, including Scotland, governments working with the EU should develop a co-ordinated strategy for investment across all regions in universal access to broadband and advanced telecommunications facilities.

Locally, Government should

- Work with local and international telecommunications and internet service providers to provide high capacity connectivity for Scotland,
- Establish clear metrics to measure Scottish performance against the rest of the EU,
- Work to promote greater understanding and adoption of e-commerce.
- Promote a greater understanding of the opportunities enabled by ICT in the areas of education and skills.

World class performance in research and innovation in ICT

The potential of the European economy to develop innovative and world class digital economy businesses is significant. However competition is now fierce involving not only long established player such as the US and India, but new competitors from emerging economies such as Brazil. The investment in world class communications infrastructure by countries such as South Korea has the potential to act as a major magnet for digital industries.

The creation of a single market that can compete with geographies such as the US needs to be complemented by action to counteract some of the current barriers to a perfect marketplace such as the ring fencing of public procurement enjoyed by US sme's, and the lack of a universal single language within the EU. These barriers to aspiring digital economy businesses are not insurmountable but need thoughtful responses. The development of cross European programmes of innovation and research that link all elements of the innovation community together (academia, business and the wider populace) to the extent that collaboration around innovation becomes commonplace is a challenging goal.

Consideration should be given to providing greater emphasis on creating research and innovation frameworks that very small and medium sized businesses can engage with. Whilst it is generally recognised that very small SME's have limited engagement in cross European R&D initiatives more could be done to reduce the barriers to their involvement.

Locally, Government should consider whether new models of engagement are needed for the SME community in order to increase significantly the level of trans European collaboration Scottish businesses are engaged in.

In conclusion, ScotlandIS welcomes this consultation and would encourage continuing debate and discussion around the shape of a European Digital Economy that is internationally competitive. We would particularly like to acknowledge the advice of member companies Cisco UK and Lumison on developing this response.

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