

Next-generation digital tech needs standards – quickly!

The Internet of Things will revolutionize work, travel and public services. First, the things need to be able to talk to one another



POLITICO'S NICHOLAS HIRST (FROM RIGHT) AND PANELISTS (FROM LEFT) YANN MÉNIÈRE, EUROPEAN PATENT OFFICE; RUBÉN BONET, FRACTUS SA; KAJA KALLAS MEP AND NICHOLAS BANASEVIC, DG COMP,

The next generation of digital technology promises huge benefits, from telemedicine to connected, driverless cars. But to work properly these will need a foundation of high-quality, open standards to guarantee broad interoperability and market access – and the sooner this is ready, the sooner the new applications can be set in motion.

Experts debated how Europe should best approach the new era at a POLITICO event on April 26, 2016, "Setting the Standards: 5G, the Internet of Things and Digital Growth in Europe." This looked at the roles of industry and policymakers, as well as the best kind of regime to reward standards innovators.

"Standards are the glue that holds everything together," said Andrus Ansip, European Commission vice-president for the Digital Single Market. "They are the foundation of an effective Digital Single Market. They provide economies of scale, stimulate innovation and keep markets open."

The technology attracting most attention is 5G communications, which will not only be faster than 4G, but will also allow mass, simultaneous communications connecting factories, hospitals and transport, heralding the Internet of Things (IoT).

5G's wider range of uses makes the standard-setting process more critical than ever and more complicated at the same time, as it will involve a new range of actors, from automakers and railway companies to police forces. "When we develop standards for 5G, we have to talk not only to different companies, but also to public safety bodies and people from different communities," said Toon Norp, a business consultant at TNO.

That, said Thibaut Kleiner, head of unit, Network Technologies at DG CONNECT, presents a risk of fragmentation, with too many different interests at stake, if you don't have the right kind of collaboration. "Each one wants to

have a standard which fits his system," he said. "If you don't open the single market to various actors you will just create an Intranet of Things – not an Internet of Things."

Though industry will lead the efforts, the EU could help to ensure that devices can "talk" to each other, regardless of their manufacturer or country of origin. "The Internet of Things is still a wild west," said Niels Haverkorn, vice-president for Vision 2020 at Volvo CE. "Without a strong, central push you will not get consolidation around standards. A push from the EU would be very beneficial."

In a plan unveiled on April 19 to boost Europe's digital industries, the European Commission said it would try to speed up standards-setting by establishing a clearer set of priorities for ICT standardization in order to spur standards organizations to work more across sectors. In addition to 5G and the IoT, the Commission identified three other areas for urgent standardization: cloud computing, big data and cybersecurity.

Europe has been successful in setting mobile phone standards, notably the Global System for Mobile Communications, or GSM. This was developed in the 1980s by the European Telecommunications Standards Institute and has become the default global standard for mobile phones. However, the EU also has a reputation for slow decision-making, so better dialogue is needed between different industries and branches of government.

"We don't want to change regulation on standards. But we do need an energetic push to set up a common standards policy in Europe across the entire value chain," said Elżbieta Bieńkowska, European Commissioner for Internal Market, Industry, Entrepreneurship and SMEs. "If we don't do this, someone else globally will set the standards." Standards come from private-sector technology, and the developers need to be compensated for their work. If

smaller tech companies, in particular, do not get rewarded through royalty payments, they stop investing in R&D," said Rubén Bonet, president and CEO, Fractus. "Investment is risky so you need protection through a strong patent system."

The future payoffs get more complicated



POLITICO'S RYAN HEATH (RIGHT) AND ANDRUS ANSIP, EUROPEAN COMMISSION VICE-PRESIDENT FOR THE DIGITAL SINGLE MARKET (LEFT)



POLITICO'S MATT KAMINSKI (LEFT) AND ELŻBIETA BIENKOWSKA, EUROPEAN COMMISSIONER FOR INTERNAL MARKET, INDUSTRY, ENTREPRENEURSHIP AND SMES (RIGHT)

ted for technology that will be adopted as an open standard. "The question is: Why would companies develop tech and contribute to standards?" said Yann Ménière, chief economist at the European Patent Office. "They need extra incentives to share technology and put them into standards."

Typically, technology companies are asked to abide by the concept of FRAND: fair, reasonable, and non-discriminatory terms, under which a patent holder will agree to fees that reflect the risk and work it has put in, but will not expect to benefit excessively. "It's difficult to make generalizations from individual cases," said Nicholas Banasevic, Head of Unit, Antitrust, IT, Internet and Consumer Electronics, DG COMP, European Commission. "Competition policy and IPR policy have common aims to promote innovation. Standardization in general is working well, but we see if there's an issue in an individual case. In this context, the Court of Justice's judgment will have a broader benefit because it outlines principles that need to be abided by all participants in a standardization context."

Ultimately, there has to be balance. "Those contributing to the underlying technology at the heart of standards should receive fair remuneration for their investment," said Minna Aila, vice-president corporate affairs at Nokia. "Let's value R&D and give it credit when peers and competitors judge it good enough to use in their standards."

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