

Europe in the valley of death – search for disruptions?

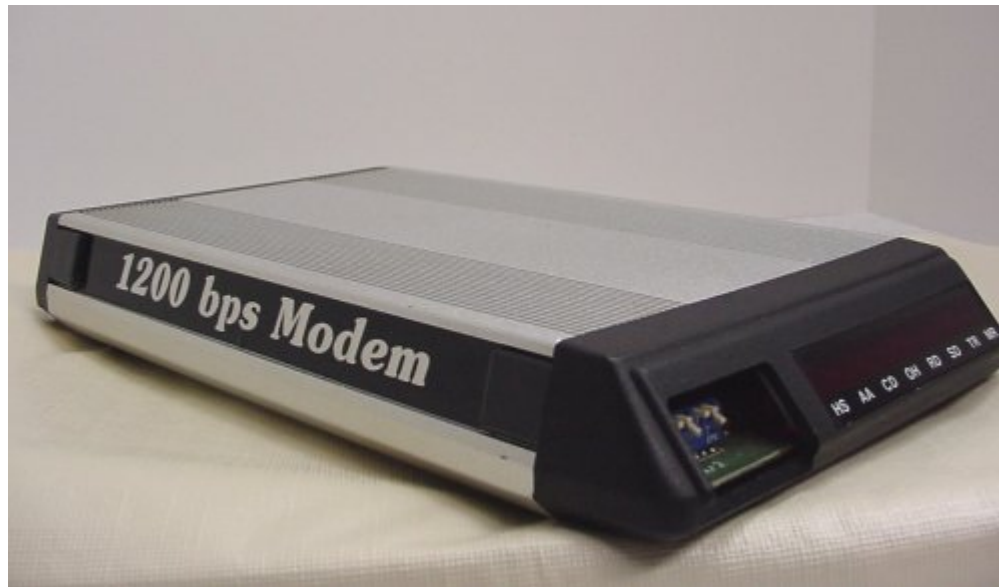
COMMUNICATIONS ENGINEERING LAB, INSTITUTE FOR TECHNOLOGY ASSESSMENT AND SYSTEMS ANALYSIS

Arnd Weber

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Not wanting cheap fixed Internet – Case 1

- Minitel etc. wanted
- Affordable modems illegal (1987)
- Push coming from US



PCs „not our business“

Case 2

- Marketing of world first PC with GUI in 1980 in Switzerland

Had VC

*Large scale not
funded by banks*

- Lisa/Mac 1983

Rockefeller

Source: Furger 1993



No surprise to me that computer and Internet firms are not European

Not wanting cheap mobile Internet – Case 3

- Banks & mobile CEOs, between 2002 and 2004, told us:
We want no cheap Internet because we want SMS
„cannibalisation“
We want no new technologies because we want economies
of scale
- Met young enthusiasts who became frustrated



Video with Sandra Baron

http://www.itas.kit.edu/downloads/projekt/projekt_webe09_nunet_interview_weber_mit_baron.mpg

How did mobile Internet in Europe take place?

All iPhone services invented in Japan 1999-2004

- Email
- Browsing
- Apps
- Cameras
- Music
- Flat rates

Essentially disruptive innovations

Marketed by Apple in one well-working package in 2007

How were iPhone services invented

- In technology competition in Japan
 - PHS vs. 2G
 - cdma EV-DO vs. W-CDMA
- So technology competition makes markets move

We met people who were able to specify a new service
and order equipment
worth 5bn \$ for several times/year



Recap: Why not invented here?

- Investors in telco did not want to take risks
- Venture capital for startups strangled
„Situation is fubar“ (2004)
- So problems with operators and manufacturers are homemade



Details in *Telecommunications Policy* 2011

Way out

- A little more VC will not help
- Normal competition on every level is useful
„If you do not cannibalise your business, somebody else will“
- Competition like in car industry would help

Way out

- Have public discussion about causes and options
- Europe might improve position if we find a disruptive new service or product

Potential solutions

- Deregulate markets further
 - More competitors using new technology?
 - Deregulate WiFi? *Telco Policy, forthcoming*
- If private investors avoid risks and lack skills
 - Should governments intervene?
 - Allow untraceable communications?
 - Require provably secure terminals?
- Your ideas...

I've discussed some of these things in the past with

Arnaud Saffari and Pat Longstaff

so I've asked them to deepen the discussion

BACKUP

Uncrippling of Commons

E.g.

- 2 W EIRP up to radio horizon
- 515-605 MHz or 678 to 758 MHz
- Secondary to PMSE or PPDR

„Beachfront Commons“, Elsner/Weber, Telecommunications Policy, forthcoming (ITS Bangkok)

Technology Competition Ads in Japan, 2004

Guess who lost!

Cdma2000 EV-DO:

W-CDMA:



Nokia ignoring truth in 2011

Erkki Ormala, Vice-President of Business Environment

- “journey from mobile telephony over SMS and camera, navigation, music, Internet activities to a fully-fledged application and services ecosystem”
 - Camera, navigation, music, Internet, apps: all Japanese
- SMS is a “major invention” of Nokia
 - Ignores lack of links hindering ecosystems
 - Hinders integration with global email system
 - Led to fear of cannibalisation creating standstill

No honest reflection

Recommendations to Commission, 2004

- „Operators in Europe have limited experience of advanced mobile data communications
... in contrast to Japan“
- „There is a need to favour a more user-focused perspective“
- „Mobile telecommunications equipment will be built cheaply in Asia, causing Europe to fall behind in the production and deployment of mobile communications systems“

MY SLIDE FROM ITS 2004:

Lessons for Europe

- ◆ **Europe took lessons:**
 - i-mode in Europe, Vodafone live, t-zones
- ◆ **But: User interfaces not always easy, little interest in openness**
- ◆ **More lessons needed?**
 - ◆ Matter of mentality, innovation culture?
 - ◆ More competition needed?

