



International Chamber of Commerce
The world business organization

An ICC initiative
BASIS
Business Action to Support
the Information Society



MINISTRY FOR FOREIGN
AFFAIRS OF FINLAND

INTERNET GOVERNANCE FORUM WORKSHOP REPORT Hyderabad, 3-6 December 2008

1. Title

Digital convergence beyond technology: socio-economic benefits, SMEs and public policy

2. Organizers and Panellists

Organizers:

International Chamber of Commerce (ICC), its initiative Business Action to Support the Information Society (BASIS) and the Government of Finland

Moderator:

Herbert Heitmann, Chair of ICC's Commission on E-business, IT and Telecoms (EBITT) and Head of Global Communications, SAP AG

Panellists:

Helani Galpaya, Director Strategic Development, LIRNEasia, Sri Lanka

Jyrki Kasvi, Member of Parliament and Vice-Chair Committee for the Future, Finnish Parliament, Finland

Natarajan Sivasamban, Global Head, Telecom, Media and Entertainment Practice, Tata Consultancy Services, India

3. Discussion

The panelists had an interactive exchange on the socio-economic benefits of digital convergence with a particular focus on public policy options to support and further SME opportunities. The workshop provided an opportunity for representatives of government, business, technical experts and civil society to share experiences and perspectives on the various aspects of digital convergence and on the impact of different public policy decisions on convergence and through it, on development and economic growth, especially in the SME sector.

- Helani Galpaya pointed out that in the developed world the image of convergence is of a 'fat pipe' carrying multiple packets of information into the home or office, and that information being accessed by various devices. However in the developing world, various hybrid modes of using mobile phones and community Internet access points are playing a greater role in delivering the benefits of convergence. This is particularly true for those at the 'bottom of the pyramid'. But relevant also for SMEs. Ms Galpaya described the example of a Sri Lankan entrepreneur selling accommodation to foreign tourists in tree huts. He makes use of the mobile and Internet access points together to be more efficient. He gains global reach and



International Chamber of Commerce
The world business organization

An ICC initiative
BASIS
Business Action to Support
the Information Society



MINISTRY FOR FOREIGN
AFFAIRS OF FINLAND

accepts credit card payments via a third party web site while SMS messages alert him when he has a transaction so he can economize on the number of trips he makes on his bike to the Internet point. Ultimately, as the Internet speed improves, he will get access directly to his mobile and achieve even greater efficiency, she noted. So convergence of services (banking, publicity), devices (computer, mobile phone) etc. has taken place in order for him to operate in a globalized economy.

- Natarajan Sivasamban stressed the importance of network-based, interoperable devices that can support a converged environment. Most cities in India have reasonable bandwidth but just outside the cities and in rural areas there is still a problem. Regulatory constraints still exist but wireless (WiMax) is a way to provide larger bandwidth in mobile technology.
- When discussing how governments can help, all three panelists agreed it was important governments are careful not to create regulations that get in the way. Jyrki Kasvi referred to the French 'minitel' example, which forced choice on consumers and delayed Internet development for many years. Ms Galpaya added that from her research the most successful examples in Southeast Asia and South Asia, which have extremely low mobile prices and low cost of ownership, have occurred where companies have been allowed to innovate to drive costs down. Governments have an interest in creating the basic or necessary conditions - in furthering competition in these markets and allowing technology neutral solutions and regulation. In Sri Lanka where significant growth has been coming from wireless; yet punitive spectrum charges for WiMax, relative to copper based broadband, are creating an uneven playing field.
- Mr Kasvi pointed out that on the other hand, lack of regulations can lead to separate market niche which do not foster convergence and favour the dominance of certain companies. In Finland the absence of regulation in health care computer systems lead to the adoption of different software models, which created difficulties in exchanging patient information.
- According to Mr Kasvi, government is best placed to set a fair regulatory framework for SMEs and to provide high quality online services to facilitate business. In Finland farmers were the first profession to be totally networked because online services allowed them to focus on farming their land instead of lining up in government offices to fight for subsidies or services. He added that this provided a ready-made customer base for SMEs to step in and offer private services since all Finnish farmers were online.
- Mr Kasvi suggested more governments should open access to public databases to assist small companies and entrepreneurs test out their ideas (as is done in the US), or to foster public-private cooperation on some services, such as providing weather information to fishermen.
- Mr Sivasamban shared ways in which Indian business was innovating to help close the gap. While there are under 3 million broadband subscribers in India, there are



International Chamber of Commerce
The world business organization

An ICC initiative
BASIS
Business Action to Support
the Information Society



MINISTRY FOR FOREIGN
AFFAIRS OF FINLAND

350 million mobile customers and 500 million people with TVs. His company has built a device that can be connected to a landline or mobile phone with a small infrared keyboard to offer customers a simplified, low cost entry to the Internet using their own TV set as monitor.

- Ms. Galpaya summoned the positive role that the governments can play in establishing basic infrastructure, for example Internet exchange points, by supporting the standardization of tools, by creating financing mechanisms for SMEs and by providing open platforms.
- Mr. Kasvi discussed intellectual property rights in the context of convergence. IPR can be used to guarantee services, but they can be also misused as excuses to develop services which are not compatible with other companies' devices, taking the example of music providers in internet. Governments should oversee that their IPR regulations don't limit SMEs possibilities to enter into markets.
- Participants agreed there are many opportunities to serve demand and that the value of convergence will increase greatly as content and applications develop to better serve the needs of users. Small companies can become innovative content providers and gain profit, provided that they have a fair deal with the operator. It was suggested that better revenue sharing between operators and content providers could further stimulate SMEs involvement in content development.
- It was noted that there is a lot of ongoing research on the positive impact of mobile phone services on the economic productivity in the Indian context. Helani Galpaya pointed out that in many such cases that document positive benefits of digital information (e.g. to fishermen), the solutions are arrived at by private players and markets, not through centralized, government action.
- Convergence is mostly understood from technological point of view. However, one should not leave out the notion of social convergence, the ability to enhance the emotional well-being and individual benefits through various modes of communication.
- Finally there was recognition that "Internet for all" did not mean every person had to be online but rather the benefits of the Internet should be spread as widely as possible to improve the quality of life – including basic provision of roads, water, health services and finance – for low income populations.

4. Inventory of events and actors related to the issue under discussion

Digital convergence policy implications and social benefits are being discussed in many international and regional organizations and forums including: ICC's Task Force on Internet and Telecoms, Infrastructure and Services, the European Information & Communications Technology Industry Association (EICTA), the European Commission, OECD and APEC.



International Chamber of Commerce
The world business organization

An ICC initiative
BASIS
Business Action to Support
the Information Society



MINISTRY FOR FOREIGN
AFFAIRS OF FINLAND

5. Possible follow-up

This workshop provided a constructive multi-stakeholder discussion of practical examples that demonstrate where policy options are helping or hindering efforts to extend the benefits of the Internet and digital convergence, particularly for SMEs. Further multistakeholder exchanges at national and regional IGF events and other forums where these issues are being addressed will be useful in advancing capacity building efforts, spreading best practice examples and providing advice to governments in their policy formulation.