



## **World Information Technology and Services Alliance (WITSA)**

### **STATEMENT ON CONVERGENCE**

**May 1998**

#### **I. Introduction**

In December 1997, the European Commission published a Green Paper dealing with the regulatory structures for the converging technologies of telecommunications, information technology and broadcasting. Although strictly applicable to only the European Union, the questions asked in the paper are universal. The European Commission has highlighted an area which is of the utmost importance to the very future of the information services industry.

Networking has contributed to significant growth in information services. Much business today is conducted over electronic networks and many business processes have integrated information and telecommunications technologies into their procedures. Thus, business in general and information services in particular will be impacted considerably by future regulatory decisions surrounding convergence.

#### **II. WITSA**

The World Information Technology and Services Alliance (WITSA) is an alliance of twenty-eight information technology (IT) industry associations from economies around the world (list attached). As the global voice of the IT industry, WITSA is dedicated to:

- advocating policies that advance the industry's growth and development;
- facilitating international trade and investment in IT products and services;
- strengthening WITSA's member associations through the sharing of knowledge, experience, and critical information;
- providing members with a vast network of contacts in nearly every geographic region of the world; and
- hosting the World Congress on IT, an industry-sponsored global IT event.

Founded in 1978 and originally known as the World Computing Services Industry Association, WITSA has assumed an increasingly active advocacy role in international public policy issues affecting the creation of a robust global information infrastructure, including:

- increasing competition through open markets and regulatory reform;
- protecting intellectual property; reducing tariff and non-tariff trade barriers to IT goods and services;
- and
- safeguarding the viability and continued growth of the internet and electronic commerce.

### **III. Background**

WITSA agrees with the analysis of the European Commission regarding the underlying drivers of convergence. Digitization has provided the underpinning for the converged world. The ability to represent all forms of media – sound, print and video – in digital format was the necessary first step. The second step, arguably, is the ability to deliver that digital content virtually anywhere at anytime via a variety of transmission media. Advances in technology means delivery can be accomplished via fixed wireline and cable networks or through the air using a variety of wireless, broadcast and satellite technologies.

The capabilities provided through existing and emerging technologies are transforming the way the companies conduct business as well as the companies themselves. However, there are a number of principles which have served the industry well and which should act as a backdrop to any discussion around convergence and the emergence of any new regulatory structure:

- the promotion of competition among competing service providers;
- the promotion of individual choice and empowerment;
- respect for regulatory objectives such as the stimulation of competition, the protection of the public interest and the equitable allocation of scarce resources; and
- the provision of appropriate education and training for the significant workforce needs of the converged environment.

These principles are discussed below, in section IV.

## **IV. Principles**

### **1. Competition**

Competition is an economic engine which can improve the well-being of everyone. Experience shows that competition improves economic performance, allocates capital efficiently, creates jobs and growth and spurs innovation.

Experience has also shown that competition is universal. Many industries which were once thought of as natural monopolies, or as the exclusive responsibility of the public sector, have benefited from the introduction of competition (although government involvement has sometimes been required to ensure that former monopolies do not abuse their generally dominant status). The introduction of competition has reduced prices, spurred innovative new services, expanded markets, and enhanced the public good in various sectors across the economy.

Thus, any examination of the impact of convergence should be done under the presumption of competition in the relevant market. If competition is already prevalent, then it should be strengthened. If it is in its infancy, then it needs to be nurtured and aided. If, however, there is no competition present, then the means of introducing it must be explored and implemented.

### **2. Individual Choice and Empowerment**

A second tenet in a convergence environment is the ability of individuals to exercise choice and to make rational decisions on their own behalf. While WITSA understands the need for an overarching legal framework, prescriptive government intervention is not required. WITSA believes that individuals should be as free as possible to determine the appropriate levels of personal privacy in their own lives by controlling the level of information security.

Effective means must be in place to assure individuals and businesses that rights to privacy and information security will be upheld, and to that end WITSA supports measures, such as the adoption of industry codes, to afford reasonable and appropriate levels of privacy protection and information security, and to clear avenues of redress. WITSA believes that industry and consumers should, as much as possible, be left to regulate themselves through the marketplace of competing information services featuring various levels of information security at a range of costs. WITSA recognizes that industry developed codes of practice will be required.

### **3. Regulation**

WITSA believes there are three legitimate justifications for regulation. The first is to foster or stimulate competition. In most cases, the WITSA believes that general competition rules will suffice, and markets should be allowed to operate free from government intervention. However, when dominant suppliers exist in a given market, or when market forces - for whatever reason - are not able to ensure discipline, then some form of regulatory oversight may be required.

A second justification for regulation is to protect and enhance the public good. However, use of this condition must be made lightly and sparingly. Instances where this justification may traditionally apply may even be disappearing in the face of competition. For example, the build-out of telephony networks to provide ubiquitous access to basic services has long been considered a legitimate reason for regulation. However, this view is now being challenged with the introduction of the new technologies.

A final justification for regulation is the equitable allocation of scarce public resources. Spectrum, for example, has long been considered a scarce resource and regulation was used to insure its distribution in an orderly and reasonable manner.

### **4. Education and Training**

There is no question that convergence is driving an explosion in employment in the converged sectors and in the sectors that make use of convergence technologies. Demand for qualified employees worldwide far exceeds the supply of qualified individuals. While a systematic review of the world employment market is not readily available, the workforce shortage has been well documented in a number of major world economies.

In its national survey on the IT workforce in the U.S., *Help Wanted 1998: A Call for Collaborative Action for the New Millennium*, the Information Technology Association of America (ITAA), found that approximately 346,000 IT positions were currently vacant in three core IT occupational clusters (programmers, systems analysts, computer scientists/engineers). The evolution of the digital economy is critical to the growth of the global economy. Without a sufficient information technology workforce, projects will be delayed, industry growth will be constrained, international trade will be affected and productivity will decrease.

## **V. Recommendations**

WITSA commends the European Commission for its acknowledgment of the importance of convergence and for the research and analysis that the Green Paper contribute to the discussion and dialogue around convergence issues. .

WITSA calls on leaders from professional associations, corporations, government and education to continue that dialogue and to collaborate in bringing about the positive leadership and decisive actions needed to advance the development and convergence of information and communications technologies and to build the necessary information technology workforce for the next millennium

### WITSA Members

Argentina	Camara de Empresas de Software y Servicios Informaticos (CESSI)
Australia	Australian Information Industry Association (AIIA)
Bangladesh	Bangladesh Computer Samity
Brazil	Sociedade dos Usuarios de Informatica e Telecomunicacoes - Sao Paulo (Sucesu-SP)
Canada	Information Technology Association of Canada (ITAC)
China, Taipei	CISA
Czech Republic	Asociace Pro Poradenství v Podnikání (APP)
Finland	Information Technology Services Association (TIPAL)
France	Syntec Informatique
Germany	Bundesverband Informationstechnologien (BVITeV)
Greece	Federation of Hellenic Information Technology Enterprises (SEPE)
India	National Association of Software and Service Companies (NASSCOM)
Israel	Israeli Association of Software Houses (IASH)
Italy	Associazione Nazionale Aziende Servizi Informatica e Telematica
Japan	Japan Information Service Industry Association (JISA)
Malaysia	Association of the Computer Industry (PIKOM)
Mexico	Asociación Mexicana de la Industria de Tecnologías de Información (AMITI)
Mongolia	Mongolian National Information Technology Association
Morocco	L'Association des Professionnels de L'Informatique de la Bureautique et de la Telematique
Netherlands	Federation of Dutch Branch Associations in Information Technology
New Zealand	Information Technology Association of New Zealand (ITANZ)
Republic of Korea	Federation of Korean Information Industries (FKII)
Singapore	Singapore Federation of the Computer Industry (SFCI)
Spain	Asociación Española de Empresas de Tecnologías de la Información (SEDISI)
Thailand	The Association of Thai Computer Industry (ATCI)
United Kingdom	Computing Services & Software Association (CSSA)
United States	Information Technology Association of America (ITAA)
Zimbabwe	COMSA