SPEECH

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Digital convergence: a whole new way of life

Digital Lifestyle Exhibition

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Ladies and Gentlemen,

I am very pleased to take part in the opening of the Digital Lifestyle exhibition and I thank the European Internet Foundation for the initiative and for the invitation.

Digital convergence

Technology is not just about a better “lifestyle” it is about a better life for everyone. We need to keep this in mind when we design and implement our policies for ICT. That is when why I talk about an Information Society, we are concerned not just about gadgets and smart toys, but services for consumers and citizens and new opportunities for interesting jobs.

This is the thinking that has guided my i2010 initiative for a European information society. This is also what is special about the European approach to ICT.

The key factor of change in ICT today is digital convergence. Convergence is bringing a fundamental modification not only to the ICT sector but also to the way we use ICT across society and the economy.

We are on the verge of a whole new wave of ICT applications and services that will transform the way we live, do business and spend our leisure time.

Digital Choice: for consumers

Digital convergence brings together the separate worlds of audio, video, data and voice communication services.. Already today we can access the same services and content (e-mail, music television) using different terminals over different types of networks. The borders between fixed-line and wireless mobile networks are disappearing. In the convergent world, consumers will be in control of their entertainment and media content; what they want, when they want it, and where they want it.

In many European countries, operators already offer triple-play services, a bundle of voice, internet and video services.

The main current examples of converged services concern Voice and Television over the Internet Protocol. Voice over IP, as we know it, is transforming telephony and will soon be delivered over mobile phones. Already today, there are more radio stations on the Internet than radio stations broadcasting over the airwaves.

The combinations of these technologies are unleashing a wealth of opportunities, blurring the boundaries between market sectors, and proving a powerful driver for innovation and change in a global market.

Digital convergence is increasing the importance of content and services in the ICT sector. For example, television over IP, (fixed and wireless) is already one of the most successful triple-play and 3G services. The market is still in its infancy, but numbers already speak for themselves. The 700,000 subscribers of today are expected to rise to 9 million by 2009. Market forecasts by EITO estimate that the IPTV market in Western Europe will develop over tenfold between 2004 and 2008, from €166 million to € 2 billion

By 2009 total Video on Demand (VOD) revenues in the EMEA region are expected to amount to about €2 billion among 22 million households. Digital platforms (Digital TV, Internet, Satellite, etc) are being increasingly used to launch VOD services, which are expected to be taken up rapidly. In the UK, for example, it costs now less than US$100 to add a new VOD home while in 2001 it cost nearly US$ 2000.

Meanwhile, mobile 3G television is staring to drive 3G take up in several member states such as Germany, UK, France, Spain and Italy. Of course this is creating innovative services as different market players try to address the emerging market of new viewers for TV channels and new subscribers to communications services. This is good for innovation, competition and for consumer choice.

But we need to be more proactive in developing this agenda. We have the talent and creativity and we have the intellectual property to make sure that Europe is a world leading in providing MobileTV content. We should be taking an active position, not a defensive position in these new markets – not least to create models of content provision that are in line with our values.

We also need to be more proactive for economic reasons. Mobile TV is a carrier of the next generation of mobile communications technology: an area where we are very strong. But we should be aware of some problems. Spectrum has been made available across the whole US territory and this is paving the way for a nationwide roll out of mobile TV networks. Japan has developed its own technology and is planning for national deployment this year. China is considering whether to select a technology by the time of the Olympic Games in 2008, whilst Korea, the most advanced nation in the field, has already opened up commercial services.

If we want Europeans to be able to choose European content then we should make sure that we set the pace for the roll out these new services by freeing up spectrum, by authorising new services quickly and transparently and by promoting a coherent and market driven approach to the many standards currently in contention in this field.

<u>The digital future is interactive</u>

A significant cultural phenomenon is taking place in the way that we use media: from a passive "couch potato" attitude towards media, such as traditional TV or Cinema, towards an interactive consumer attitude similarly to blogging or chatting. Some call this the transition from push to pull.

We can see this very clearly in the growing world of computer games composed of networked games, mobile games, console and PC games. Western European Games revenues are estimated at 3.5bn€, of which online games represented about 16% (600 M€).

What we see in this market is considerable growth in multiplayer, on-line, role-play games. These games are different because the content is created by the players. This does not only create hundreds of millions of € in revenue for their producers, but is changing the way we view in digital world. Media are not only broadcast to the user but are defined by the user.

The growth of peer to peer digital media means that people can generate and transact digital content and services over global networks. Providers can be as diverse as small businesses, local libraries and museums, writers and artists, and individual hobbyists and enthusiasts. This creates the opportunity for a much more diverse offering of cultural production and creativity.

This the so-called "long-tail" of the digital age where widely available & fast broadband and new web services will free us from the traditional constraints of transmission capacity, broadcast schedules and shelf space. The global marketplace of the internet creates a new economics which allows content producers to address even very specialised niche demands. This means new outlets for is culturally rich European content and new offer for discerning consumers that enjoy European cultural products – wherever they are in the world!

<u>Digital life & essential digital services</u>

But Digital Life is not just about entertainment and culture. It means a leap in the quality of essential services. ICT is becoming crucial in all application sectors, such as health, automotive and security.

Let me give an example: Radio Frequency Identification, RFID (or radio tags) are being introduced widely for stock control in the retail sector. Less well known is that they can significantly improve healthcare delivery. RFID tagging of pharmaceuticals can be used to authenticate drugs to make sure that the patient is not exposed to counterfeit drugs and that the right treatment is being administered with the correct dosage of the right drug at the right moment. This means better care, fewer errors (such errors kill more people per year in Europe than die on the roads) while simplifying procedures, and ultimately saving costs.

Let me give you another example, networks of wireless sensors in our cities that help detect and reduce traffic congestion or improve security. We can already see some of these applications crossing-over into consumer systems: in-car satellite navigation; personal healthcare monitors and home security systems are all important growth areas.

Policy Aims

Digital life in media and services is therefore not just about gadgets but about a whole new way of life.

In my i2010 initiative for a European Information Society we want to create the right conditions to support this converging digital economy so that it can deliver innovative products and services for all.

This means creating conditions for a virtuous circle between the next generation ICT infrastructures and content-rich, interactive services that we need for new growth and jobs.

As TV, film and music go on-line, and mobile, Europe can lead the process. We have a strong capacity for the production of content in new formats as well as traditional ones.

However, anytime, anyplace any platform content and services in Europe faces both regulatory and technical difficulties. We do not yet have a European single system for digital content, instead service providers are confronted with 25 different regulatory regimes. My proposals for a modernisation of the rules on audiovisual media services, that are currently being examined by the Parliament aim at creating a single market framework for all types of audiovisual media services irrespective of the technology used to transmit or receive them. This common framework creates a level playing field between the different providers and gives the legal certainty necessary for new providers to offer their services on a pan-European basis. Indeed, we cannot expect the European audiovisual industry to lead the way in developing new services if it is confronted with 25 or more different regulatory regimes.

In addition, we need to open up the radio waves for new portable devices and mobile services – we have to have a more flexible approach for allocating the essential bandwidth we need for these innovative new services. In a few months I will be bringing forward a review of the *e*Communications regulatory framework to reflect digital convergence, especially to streamline radio spectrum policy.

Finally, at the end of 2006 we will launch the first Calls for Proposals under the 7th Research Framework Programme to address the technology roadblocks and ICT integration and uptake in innovative products, services and processes. These are important tools for developing the new devices, services and applications that we need for our future digital life.

My vision is of an Information Society in which personalised devices that automatically advice to our preferences or abilities. For example, the so-called “avatars” that can translate TV programs in real-time into the sign language of choice for deaf people or ICT that can help elderly people stay longer in their own home while still enjoying a high level of healthcare, security and social networking.

I also want to see technologies are available to everyone and that help everyone. I want above all to see technologies that bring people together and facilitate participation in society.

It is for these reasons that I am launching actions on *e*Inclusion and *e*Accessibility with a European initiative in 2008 that will bring together the different efforts in these areas; an i2010 flagship on “independent living in an ageing society” contributing to a better quality of life for older people – at home, at work and in their social networks; and the intelligent car flagship that will make road transport safer, smarter and cleaner.

This is what I mean by digital life. Not a cold technocratic nightmare, but a future in which technology helps us live life to the full; a convivial and humane future that lives up to and reinforces European values and which will make our economy fly. We have an opportunity, let us seize it.