



Internal Market, Industry, Entrepreneurship and SMEs DG

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Meeting with Ms [REDACTED] Director Microsoft Europe

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Scene setter / context

You are meeting Ms [REDACTED], Director Digital Policy at Microsoft Europe and responsible for Microsoft's strategy with regard to the Digital Single Market, digital economy and digital transformation.

Ms [REDACTED] would like to discuss Digital Single Market related policies and present the reaction of Microsoft to the Communication "a digital single market strategy for Europe".

In its response to the DSM, Microsoft welcomes the efforts of the European Commission to create a successful European DSM. Microsoft stresses the potential of DSM to empower European citizens to reach greater heights of creativity and productivity and the DSM's benefits for European businesses.

Microsoft has in a paper set out steps that they believe are necessary for Europe's digital economy, and for the DSM, to thrive. They highlight data, cloud and standards and interoperability as key priorities (see background to this brief for more details).

Name of main contact person: [REDACTED]

Telephone number: [REDACTED]

Directorate/Unit: [REDACTED]

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1. Key messages: Digital Single Market

- Achieving a completed Digital Single Market is a **top priority** for the Juncker Commission, and we are working to deliver its first initiatives.
- The main aim of the Strategy is: (i) to create an area where the **free movement** of goods, persons, services and capital is ensured, and (ii) where citizens and businesses can **seamlessly access and exercise online activities** under conditions of fair competition, irrespective of their nationality or place of residence.
- The **response by Microsoft** to the Digital Single Market Communication refers to and underlines some key points of the DSM strategy, e.g. *promotion of standards and interoperability for “data economy” technologies such as Internet of Things, trusted cloud technologies and easily-available, high-quality, affordable Internet connectivity.*
- The Digital Single Market must be built on **reliable, trustworthy, high-speed, affordable networks** and services that safeguard consumers' fundamental rights to privacy and personal data protection while also encouraging innovation. This requires a strong, competitive and dynamic telecoms sector to undertake necessary investments, to **exploit innovations e.g Cloud computing, Big Data or the Internet of Things.**
- The Commission will propose in 2016 a European '**Free flow of data**' **initiative** that tackles restrictions on the free movement of data for reasons other than the protection of personal data within the EU and unjustified restrictions on the location of data for storage or processing purposes. It will address emerging issues of ownership, interoperability, usability and access to data in situations such as business-to-business, business to consumer and machine-to-machine data.
- The Commission will also launch a European Cloud initiative covering certification of cloud services, the switching of cloud service providers and a "research cloud".
- The Commission will launch a public consultation that will cover among other things data and cloud, in the autumn. We invite you to reply.
- DG GROW is also strongly involved in ICT standardisation. The DSM announces a Priority ICT Standards Plan which will be adopted this year. Here again, we are about to launch a public consultation and would welcome your inputs.

2. Background information

Digital Single Market

The Digital Single Market Strategy sets out 16 key actions under 3 pillars which the Commission will deliver by the end of 2016:

Pillar I: Better access for consumers and businesses to digital goods and services across Europe

The Commission will propose:

1. **rules to make cross-border e-commerce easier.** This includes harmonised EU rules on contracts and consumer protection when you buy online: whether it is physical goods like shoes or furniture; or digital content like e-books or apps. Consumers are set to benefit from a wider range of rights and offers, while businesses will more easily sell to other EU countries. This will boost confidence to shop and sell across borders (see [Factsheet](#) for facts & figures).
2. to **enforce** consumer rules more rapidly and **consistently**, by reviewing the Regulation on Consumer Protection Cooperation.
3. more efficient and affordable **parcel delivery**. Currently 62% of companies trying to sell online say that too-high parcel delivery costs are a barrier.
4. to end unjustified **geo-blocking** – a discriminatory practice used for commercial reasons, when online sellers either deny consumers access to a website based on their location, or re-route them to a local store with different prices. Such blocking means that, for example, car rental customers in one particular Member State may end up paying more for an identical car rental in the same destination.
5. to identify potential competition concerns affecting European e-commerce markets. The Commission therefore **launched** on 6 May 2015 an **antitrust competition inquiry into the e-commerce sector** in the European Union ([press release](#)).
6. a **modern, more European copyright law**: legislative proposals will follow - initially scheduled by the end of 2015 but most likely now in the first months of 2016 as more technical work needs to be done - to reduce the differences between national copyright regimes and allow for wider online access to works across the EU, including through further harmonisation measures. The aim is to improve people's access to cultural content online – thereby nurturing cultural diversity – while opening new opportunities for creators and the content industry. In particular, the Commission wants to ensure that users who buy films, music or articles at home can also enjoy them while travelling across Europe. The Commission will also look at the role of online intermediaries in relation to copyright-protected work. It will step up enforcement against commercial-scale infringements of intellectual property rights.
7. a review of the **Satellite and Cable Directive** to assess if its scope needs to be enlarged to broadcasters' online transmissions and to explore how to boost cross-border access to broadcasters' services in Europe.

8. to reduce the administrative burden businesses face from different **VAT** regimes: so that sellers of physical goods to other countries also benefit from single electronic registration and payment; and with a common VAT threshold to help smaller start-ups selling online.

Pillar II: Creating the right conditions and a level playing field for digital networks and innovative services to flourish

The Commission will:

9. present an ambitious overhaul of EU **telecoms rules**. This includes more effective spectrum coordination, and common EU-wide criteria for spectrum assignment at national level; creating incentives for investment in high-speed broadband; ensuring a level playing field for all market players, traditional and new; and creating an effective institutional framework.
10. review the **audiovisual media framework** to make it fit for the 21st century, focusing on the roles of the different market players in the promotion of European works (TV broadcasters, on-demand audiovisual service providers, etc.). It will as well look at how to adapt existing rules (the Audiovisual Media Services Directive) to new business models for content distribution.
11. comprehensively analyse the role of **online platforms** (search engines, social media, app stores, etc.) in the market. This will cover issues such as the non-transparency of search results and of pricing policies, how they use the information they acquire, relationships between platforms and suppliers and the promotion of their own services to the disadvantage of competitors – to the extent these are not already covered by competition law. It will also look into how to best tackle **illegal content** on the Internet.
12. reinforce trust and security in digital services, notably concerning the handling of **personal data**. Building on the new EU data protection rules, due to be adopted by the end of 2015, the Commission will review the **e-Privacy Directive**.
13. propose a partnership with the industry on **cybersecurity** in the area of technologies and solutions for online network security.

Pillar III: Maximising the growth potential of the digital economy

The Commission will:

14. propose a '**European free flow of data initiative**' to promote the free movement of data in the European Union. Sometimes new services are hampered by restrictions on where data is located or on data access – restrictions which often do not have anything to do with protecting personal data. This new initiative will tackle those restrictions and so encourage innovation. The Commission will also launch a **European Cloud** initiative covering certification of cloud services, the switching of cloud service providers and a "research cloud".

15. define priorities for **standards and interoperability** in areas critical to the Digital Single Market, such as e-health, transport planning or energy (smart metering).
16. support an inclusive digital society where citizens have the right **skills** to seize the opportunities of the Internet and boost their chances of getting a job. A new **e-government** action plan will also connect business registers across Europe, ensure different national systems can work with each other, and ensure businesses and citizens only have to communicate their data once to public administrations, that means governments no longer making multiple requests for the same information when they can use the information they already have. This "once only" initiative will cut red tape and potentially save around €5 billion per year by 2017. The roll-out of e-procurement and interoperable e-signatures will be accelerated.

Next steps

The Digital Single Market project team will deliver on these different actions by the end of 2016. With the backing of the European Parliament and the Council, the Digital Single Market should be completed as soon as possible.

The Microsoft Digital Single Market Communication Response refers to and underlines key points of the DSM strategy. Microsoft welcomes the efforts of the European Commission to create a successful European DSM.

According to Microsoft focus should be put in particular on:

- Enabling the free flow of data and unlocking the potential of trusted cloud technologies. More can be done to promote cloud adoption, and the data flows on which it relies. Microsoft welcomes the Commission's "free flow of data" initiative and encourages the Commission to move quickly to identify and eliminate EU and national restrictions, in particular sector-specific rules that are no longer justified.
- Promoting international standards and interoperability so that the data economy can thrive. As today's mixed IT environments move to the cloud, interoperability, flexibility, and choice have become increasingly important to the user and developer communities, as well as to the DSM more broadly. Microsoft supports in particular the Commission's efforts to promote and encourage standards and interoperability for "data economy" technologies such as Internet of Things (IoT)¹.
- Enabling ubiquitous connectivity in a competitive ICT market. Connectivity underpins the DSM. To expand and improve current levels, Microsoft encourages

¹ *IoT is expected to offer advanced connectivity of devices, systems and services. Things, in the IoT, can refer to a wide variety of devices such as heart monitoring implants, automobiles with built-in sensors, or field operation devices that assist fire-fighters in search and rescue.*

the Commission to focus on practical measures that will ensure that easily-available, high-quality, affordable Internet connectivity is delivered to each and every European household and business.