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The Disruptive Force of Web 2.0: how the new generation will define the future

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Dear colleagues, dear friends

As European Commissioner responsible for the new information and communication technologies (ICT) and media, I have been looking forward to this Youth Forum.

1. Young people define the Information Society

For me, the young generation is at the heart of creativity, innovation, social and economic progress in our global village.

This is particularly true for the information society. Young people are open to new technologies. It is also often young people who invent the new business and social paradigms, who fully exploit the new possibilities, that ICT offer. The Information Society has repeatedly been built by young and dynamic people: Sergey Brin and Larry Page founders of Google are today only 32 and 33, the Dane, Janus Friis, co founder of Skype is still only 30 and Linus Torvald created Linux in 1991, when he was only 22. By the way, you might have heard that Bill Gates was only 19 when he founded Microsoft.

So my first message is clear – it is young people like you that will continue to build the future, especially in the Information Society. You are not held back by the so-called "received wisdom" that we older people have learnt to accept and have stopped questioning.

2. The current wave - Web 2.0

The energy and the unblinkered vision of the young are important because we are now living through a new disruptive phase of the Information Society. Some people call it Web 2.0 or social networking. I can list some of the components blogs, podcasts, wikis, social networking websites, search engines, auction websites, games, VoIP and peer-to-peer services¹.

What is new about these uses of the internet is that they exploit the Internet's connectivity to support people to network and to create content. This is a new paradigm in which users are co-producer of services: of content (blog, wiki, Flickr), of taste/emotion (Amazon, de.li.cious), of goods (eBay), of contacts (MySpace), of relevance (Google pagerank), of reputation/feedback (eBay, TripAdvisor), of storage/server capacity (Peer-2-Peer), of connectivity (wifi sharing, mesh networks) or of intelligence (business web2.0).

The growth of social networking has been exponential. Blogs, for example, have doubled every 5 months for the last 2 years; social networking websites usage is multiplying year on year; over the past 3 years peer-to-peer has become the largest source of traffic on the Internet and FON, the wifi-sharing network, has become the largest wifi network in the world in just one year.

Social networking is of course not just for the young, but it is the young that consider it their domain. They are growing up with the assumption that the internet is alive.

¹ See recent analyses of Social Networking by the Joint Research Centre Institute for Prospective Technological Studies, Seville

However, Web 2.0 technologies (horizontal connectivity and communication tools) make it much easier for more producers to take part in the production and distribution of knowledge; cheap and abundant computer processing makes it easy to produce and adapt content; and powerful search engines that make it possible to find interesting and relevant material. But fundamentally, the special value of social networking is that the more people use it, the better the service becomes.

There are some important policy issues behind the development of Web 2.0. First, social networking is open but not neutral. Not everyone is contributing equally; there are many more consumers than producers of content. As we have seen in recent debates about the reliability of the Wikipedia, there are governance and quality control issues. We have to accept that the openness of the system is both its strength and weakness: the system is vulnerable to small groups of very active and vocal minorities. This is one of the reasons why media literacy has to be extended to the web both version one and version two! Even more important, there should be no undue governmental intervention in the internet and definitely no form of censorship. The internet is free and should remain free.

Web 2.0 can easily be seen as a destroyer of value. Even though I do not share this negative assessment, the development of VOIP and Voice over Broadband is quite clearly a challenge for the telecommunications industry. The telecom firms face steadily declining revenue from each subscriber, and consumers are now looking for the internet business model of flat rate charging irrespective of duration or distance of the connection. This is raising some serious concerns about the future of telecom companies, and – more important from a strategic point of view – their capacity to invest in new high speed networks for the future.

Web 2.0 is also a major disruptive force on the content side. On-line piracy is today the plague of the content industry in the broadband age. Hollywood claims that it lost \$8 billion last year to piracy. The record industry estimates that almost 20 billion songs were illegally downloaded in 2005. The music industry has been particularly hard hit with global sales declining steadily over recent years, 2005 recorded a further 3% fall worldwide.

Many young people think that content should be free. In their view, piracy is directed towards the well padded wallets of rich industrialists. But, they forget that the vast numbers of struggling musicians, actors, designers and film makers depend upon copyright protection systems to make a living. Without protection of intellectual property rights there cannot be creativity and content.

On the other hand, it is clear that our system of intellectual property protection has not kept pace with progress. Content production based on the reuse of existing materials – such as sampling or mash-ups - is also creative and should not be penalised per se. Open source software developers should not face excessive, criminalising measures when they unintentionally infringe software IPRs rights hidden away inside of the systems that they use. Governments should also look more positively at the social, creative and economic benefits of the Linux movement.

In part, also, traditional industry's piracy problems have been self-inflicted. Industry has been slow to adapt. Apple's iPod was only launched in 2001 and did not come to Europe until 2004. What we are seeing is that industry is only slowly coming to terms with Web 2.0. The music sector is now establishing a legitimate online market for its products and services, 6% of worldwide revenues are now on-line and there are nearly 200 online music services in Europe with online spending reaching 121 millions euros in 2005.

Moreover, industry still seems to find it difficult to decide upon open, easy to use digital rights management technologies: Microsoft Zune will not be compatible with iPod for example! Are consumers really at the centre of such business models?

One of the key challenges that you will have to work on, as young people growing up in the wave of Web 2.0, is to find a workable balance between the protecting the legitimate interests of both creators and consumers of intellectual property.

We also see that Web 2.0 is becoming mainstream. Web 2.0 start ups are now being bought-up by more established companies News Corporation buying MySpace, eBay buying Skype, Yahoo buying Flickr, etc. Also, established old-economy firms are jumping onto the bandwagon, Coca-Cola has just launched a website for uploading user-generated content, and even Wal-Mart launched a campaign for teenagers to create their websites linked to its corporate website, while MTV started a TV channel called Flux for user-generated content. Thirdly, and most importantly, advertising revenue (which is a key business model for Web 2.0) is generated from old-economy companies, for example Unilever promoting games in MySpace or Burger King organising a contest on heavy.com or Sony BMG organising a concert in the virtual world of Second Life.

Even with Web 2.0 going mainstream I am sure there are still many opportunities to explore. And, I wonder – perhaps you have ideas – what Web 3.0 might look like? Because, it will be you and your generation that blazes the trail beyond what we regard as leading edge today.

3. Closing digital divides

As I have said, Web 2.0 is fine; it is a powerful tool for connectivity, communication, collaboration and creativity. Many young people all over the world are now able to access a global world of resources, for learning, for earning and for fun. But not everyone is on-board. Low incomes or poor education and sometimes a simple absence of infrastructure can prevent young people from benefiting from the information society.

One of the key roles that I hope you young people will play will be to use your energies to make sure that the Information Society is a more equitable place, where the chances that you have are the chances that every one can have.

The digital divide is not just a problem for developing countries; it is a concern for every government. In the European Union, over a third of the population has no computer skills whatsoever.

There are two sorts of problem: first the absence of an adequate infrastructure. Here we need to make sure that efficient regulatory systems are in place to make sure that competition is open in order to attract investment and new ideas into the provision and upgrading of networks both fixed and wireless. We know from our European experience that without competition you don't get innovation and investment.

I am convinced also that we should move beyond the ambition to have access for each village in the world, towards the targets of voice access for every household and, while I applaud the strategy to have "one laptop per child", we also need broadband internet access for every child.

I believe that in remote areas of the world the economic case for full speed fixed access is weaker, that is why in my opening speech for the ITU, I will say that wireless is probably the way to go.

I am for example very struck by recent research which shows how important simple 2G mobile services have become in Africa.

Why is this? The value of mobiles is much greater when the post, transport and fixed telecoms are poor. Phone users can hook into the economy and access public services. They can share with family and friends or local phone shops. You don't need to read or write. In recent independent academic work, funded by Vodafone, it was estimated that a developing country with an extra 10 phones per 100 people between 1996 and 2003 would have had GDP growth 0.59% higher than an otherwise identical country. Furthermore, 62% of the small businesses surveyed in South Africa and 59% in Egypt said they had increased profits as a result of mobile phones, in spite of increased call costs.

Costs of hand sets are falling because there are already 3 billion users worldwide. There is a commitment by the big industry to drive these costs down still further. The networks are scalable: the systems can be rolled out as demand grows. Also, the business models are scalable, low value pre-pay top-up cards help overcome credit barriers and the use of mobiles as public telephones.

Why cannot we do the same with wireless broadband as we have seen with 2G? If we get the wireless bandwidths freed up broadband for all including the rural areas should not be a dream anymore?

4. Initiatives on Youth

Let me say a final word on the initiatives which the European Union has launched to promote the young generation. The establishment of a Youth Pact, last Spring, for giving better opportunities for young people; the Erasmus university student exchange programme, sending young people on the road in real life and not just in their "second life" on line; the eTwinning Programme to connect schools across borders; the GEANT2 high speed dark fibre network connecting researchers around the globe.

Our aim is simple, connecting the world of youth so that you, the coming generation, can lead the development and use of the new generation of telecommunications!

5. Conclusion

There is much that ICTs can do for young people. But to paraphrase, John F. Kennedy, "ask not what ICTs can do for you but what you can do for society with ICTs".

I believe these are exiting times to be young. The ICT industry itself has been in permanent revolution for the past 40 years. The revolutions seem to be speeding up. There are opportunities for your generation also to make an impact and to help rewrite the rules of the game. I hope some of those present today will be amongst the business leaders of tomorrow.

But, the information society is not just about the economy and making money – important though that is – it is also about solving societal problems. We have many problems that we can address in this sector and we start to see some solutions: access to computers is getting more affordable, access to networks and services easier, greater scope to produce content and be creative.

We all have the duty to make sure that the next wave of the Information Society is about dismantling barriers to access, not just going for the technological frontier. This means getting rid of regulation that does not serve its purpose any longer and which is holding back progress. This is about making sure that competition is effective so that markets deliver. This is about tackling market failures so that everyone can get the benefits of participation, health and learning from the new technologies. And most importantly, this is about ensuring that the Internet is an open and democratic market of ideas in which everybody can take part.

I admit that this is a dream, but shared dreams often can come true, if you believe in them. And it is the young people that have the energy and the vision to make these dreams real.