
How Stakeholders View the Impacts of International ICT Standards

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Introduction

- Problems accessing the Impacts of Standards
- Economic Function of Standards
- Assessing the impact of standards among stakeholders
- Results
- Conclusions

Economic Effects of Standards

- **Compatibility and interface standards**

- positive network externalities
- avoiding lock-ins
- Increased variety

- **Minimum quality and safety standards**

- development of new markets with high quality products
- reduction of negative externalities

- **Variety-reducing standards**

- economies of scale in the production
- promoting of critical mass or trajectories in new technologies

- **Information standards**

- reduction of information asymmetries
- reduction of transaction costs

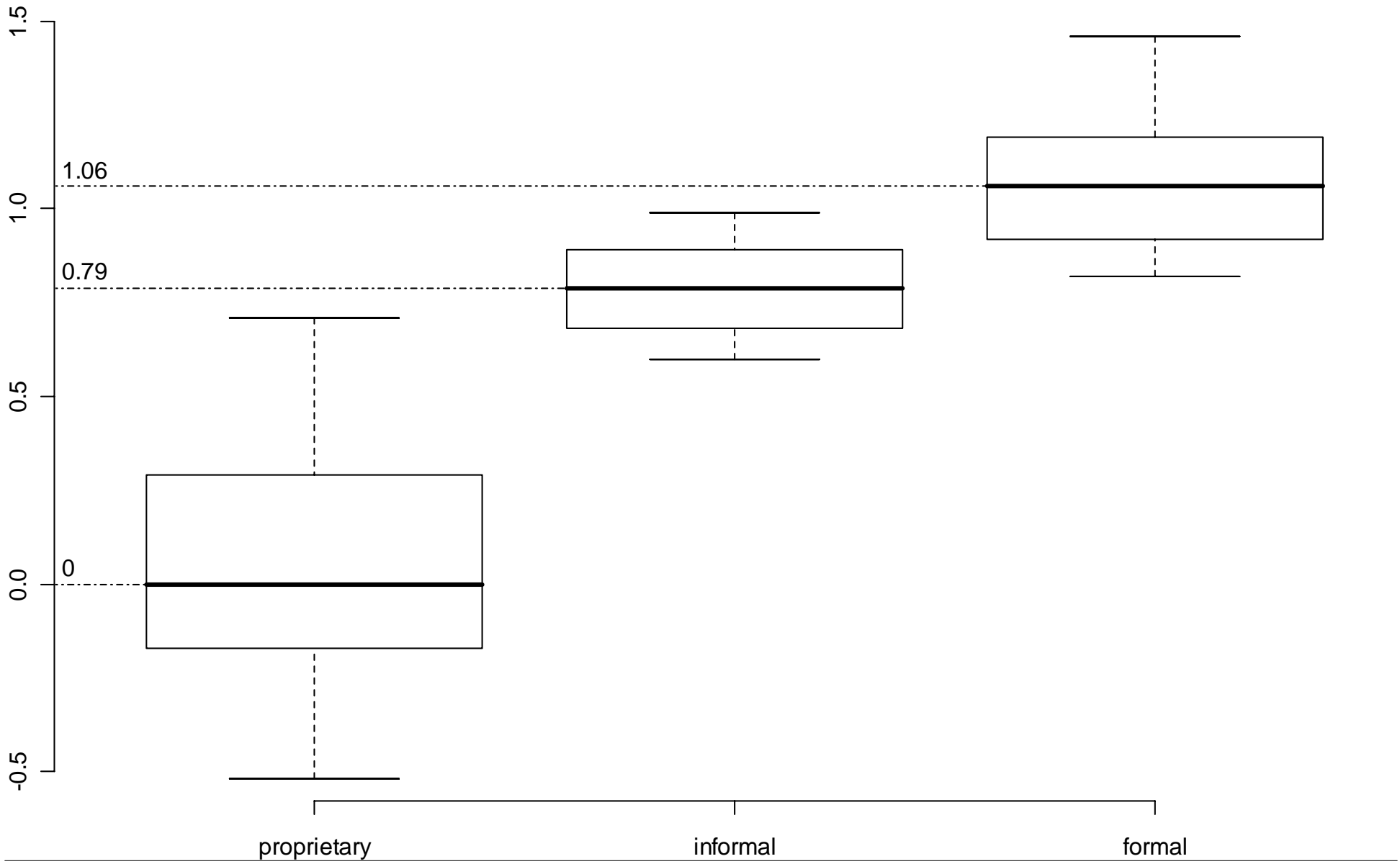
Assessing Impacts of Standards

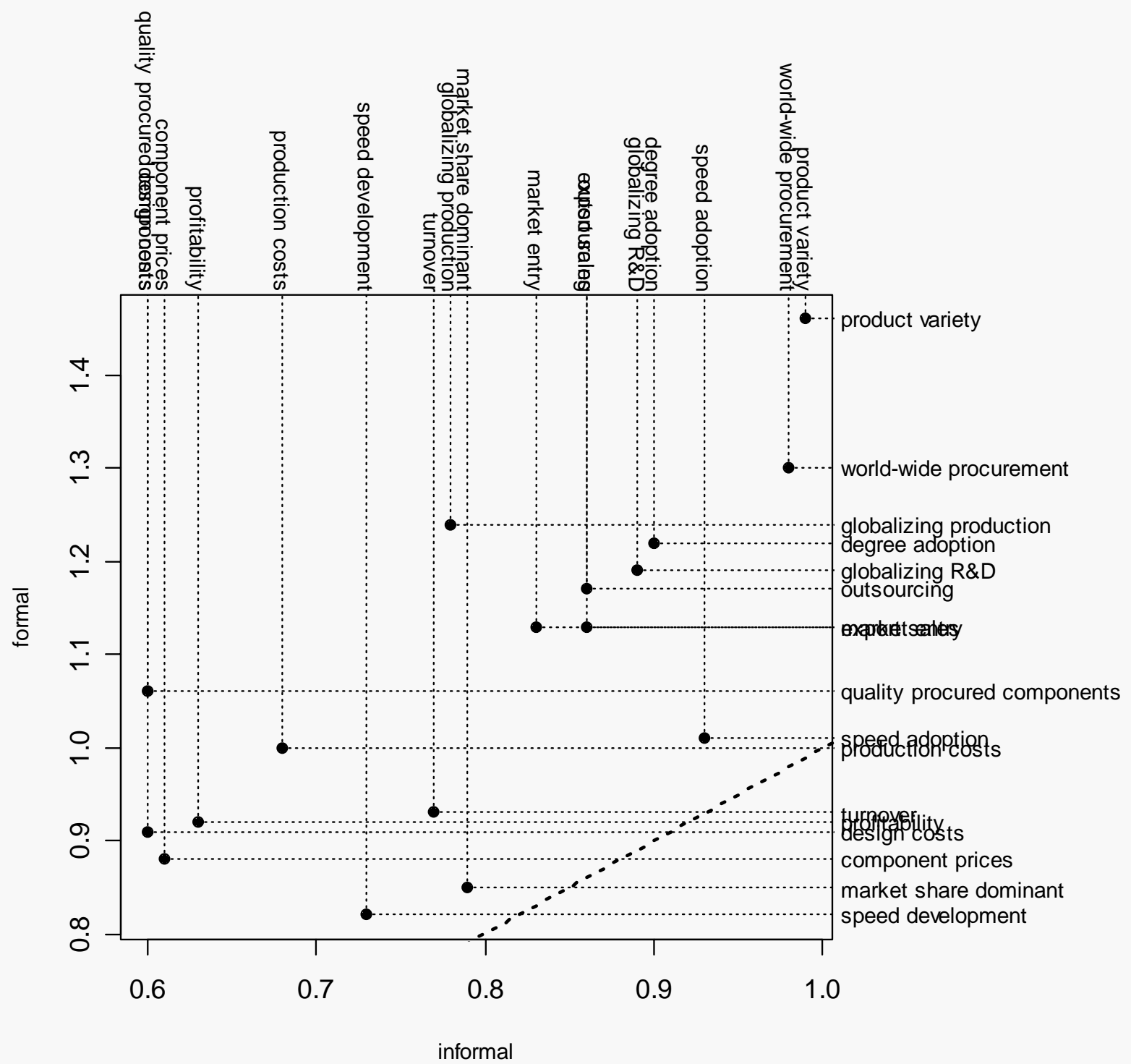
- Survey Analysis
- Econometric Models
- Control Group Approaches
- Cost Benefit Analysis
- Expert Panels
- Case Studies
- Network Analysis
- Foresight Studies
- Benchmarking

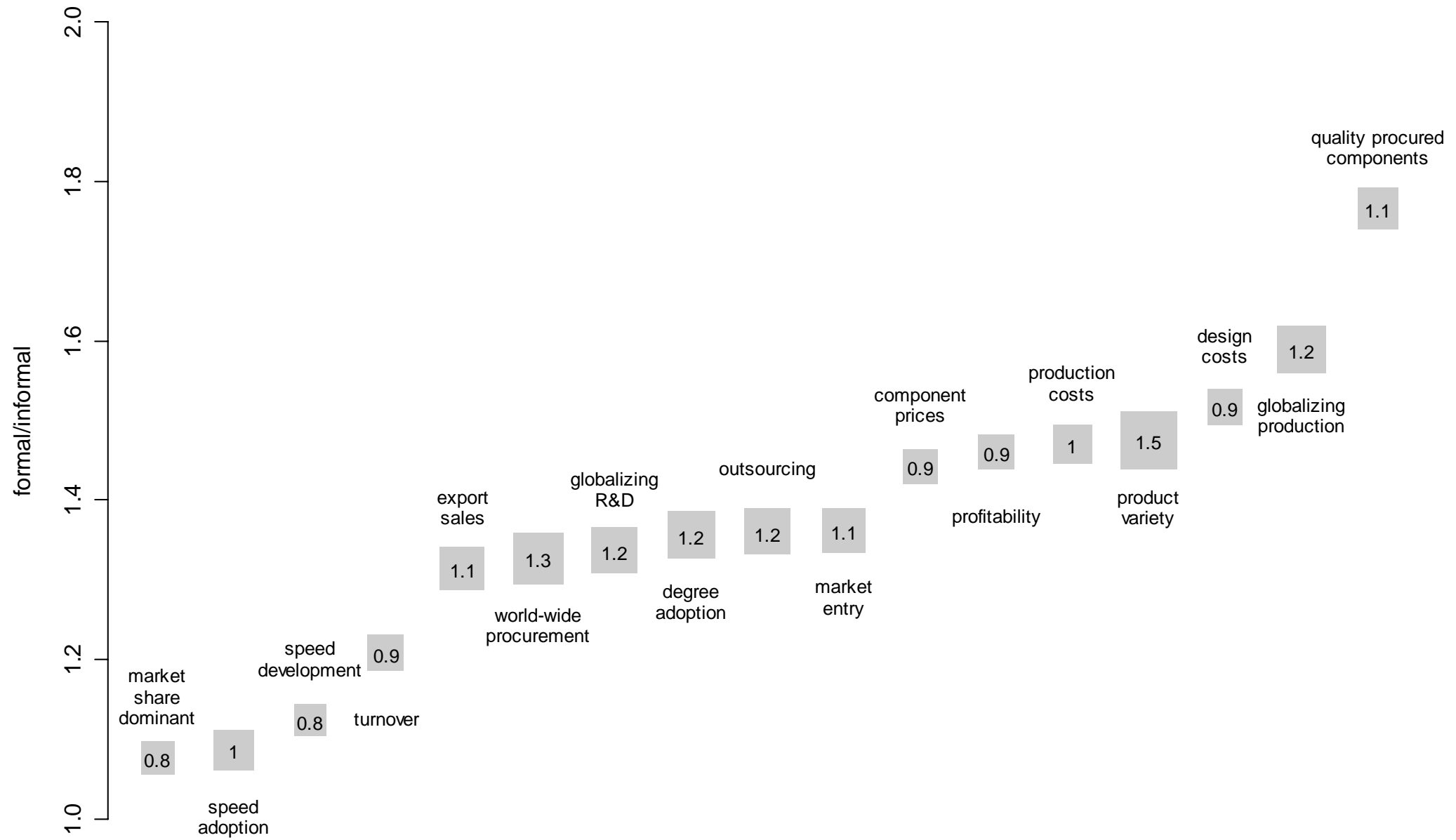
- **variety of products** and services in a company portfolio
- **speed of development** for new products and services
- **speed of adoption** of newly marketed products and/or services
- **degree of adoption** of new products
- on **design costs** for new products and/or services
- on **production costs** for new products and/or services
- facilitating **market entry** of new component suppliers
- on **component prices** in the supply chain
- **Profitability**
- **outsourcing** opportunities
- easing world-wide **procurement**
- **globalizing** the **R&D** process
- **globalizing** the **production** process
- **quality** of procured components
- market share of **dominant companies**
- **turnover**
- **export sales**

NO-REST survey

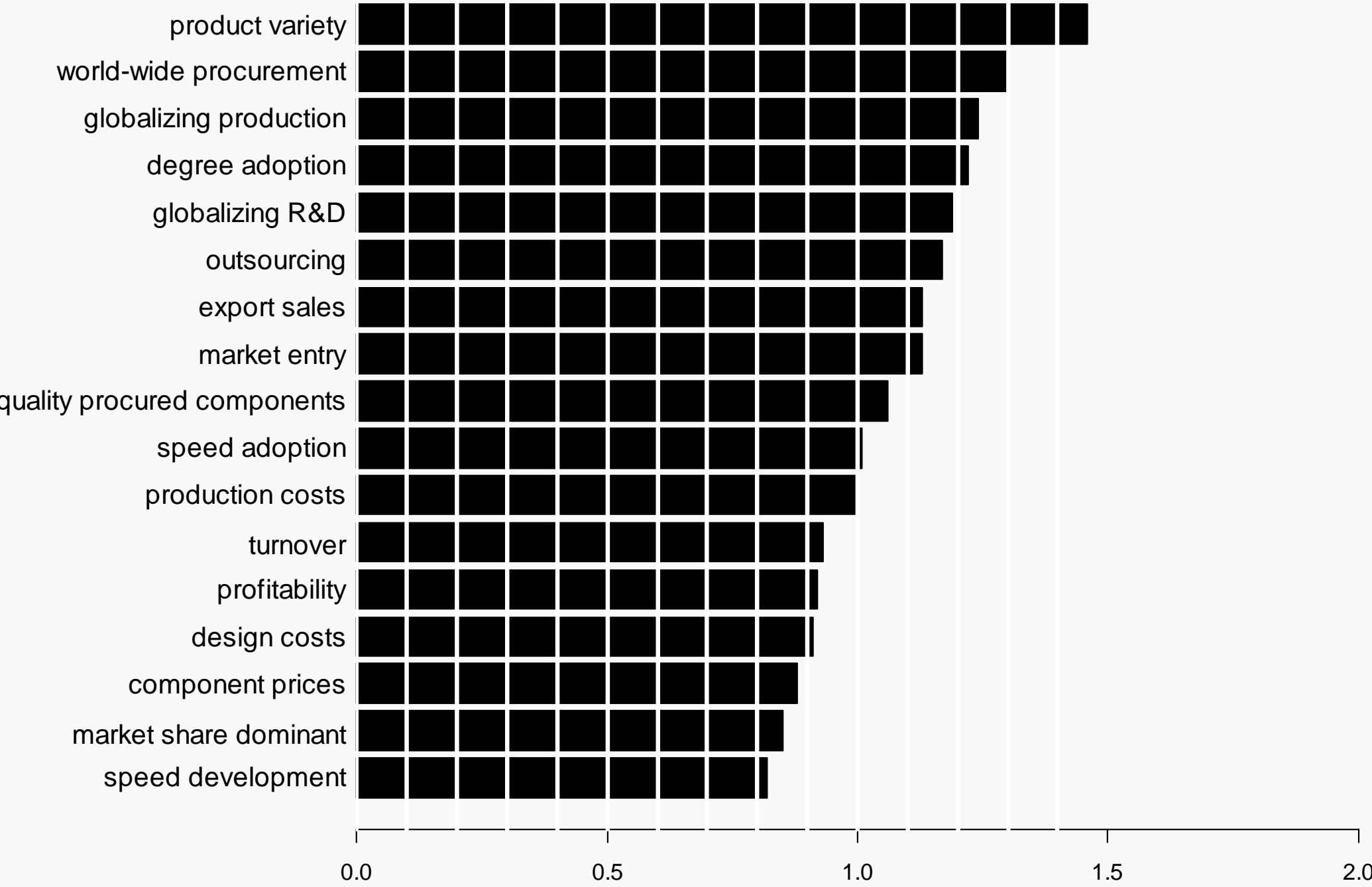
- Online survey
- ETSI, CEN/ISSS and ITU members
- Between February and November 2005
- More than 100 responses
- Variables on Impact of formal and informal standards as well as proprietary solutions (-2 very negative impact to +2 very positive impact)



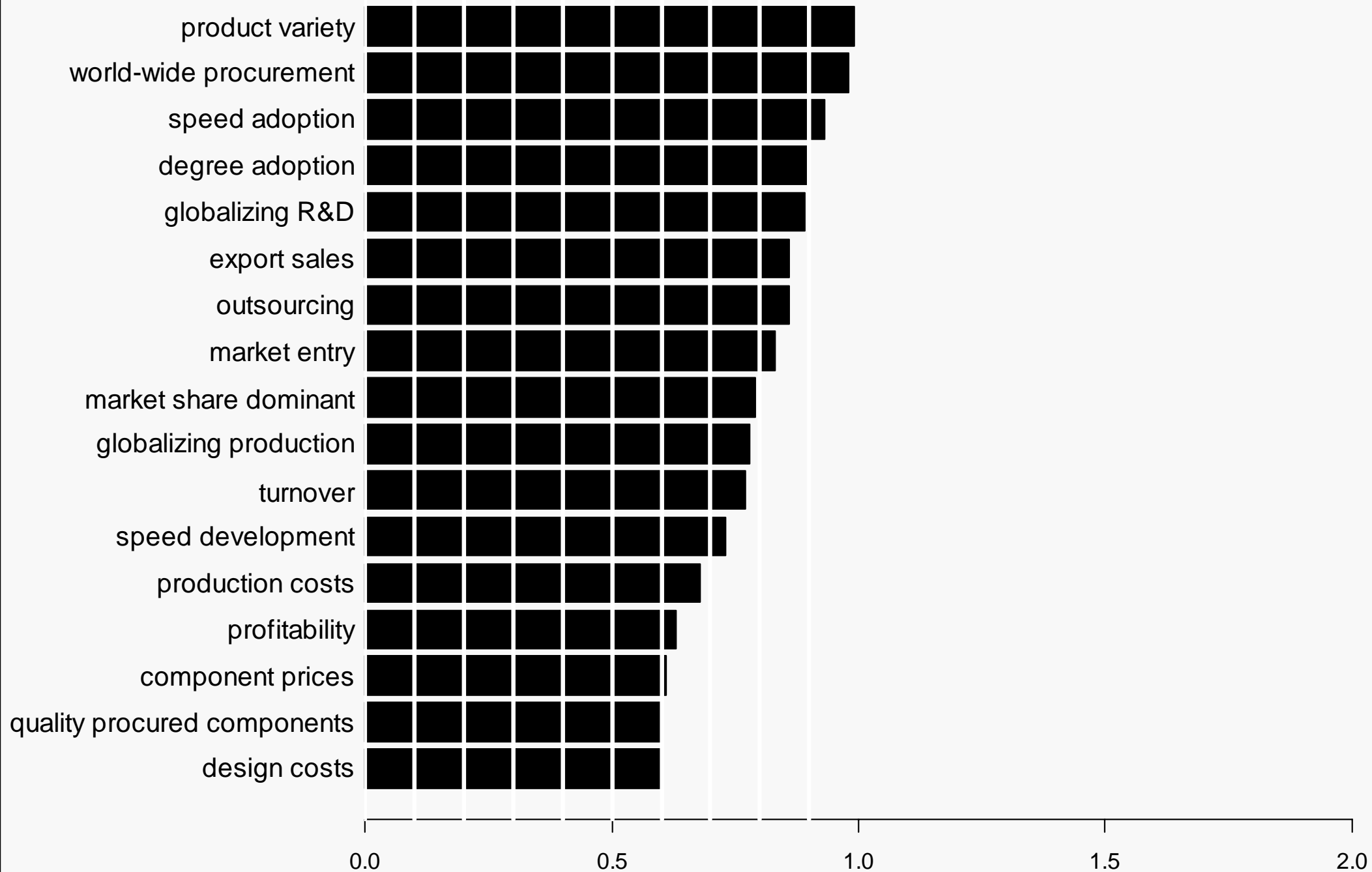




Impacts of formal standards

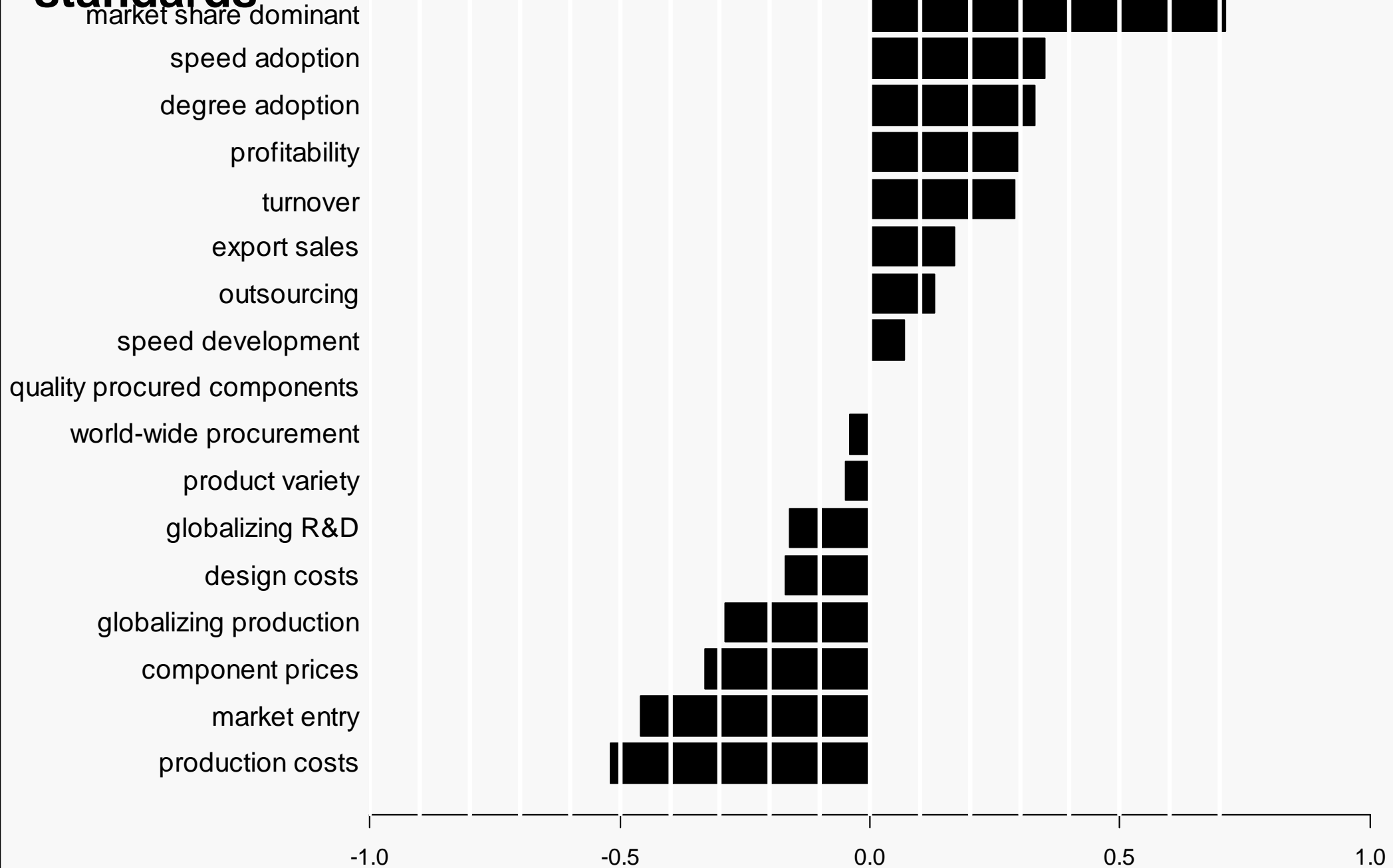


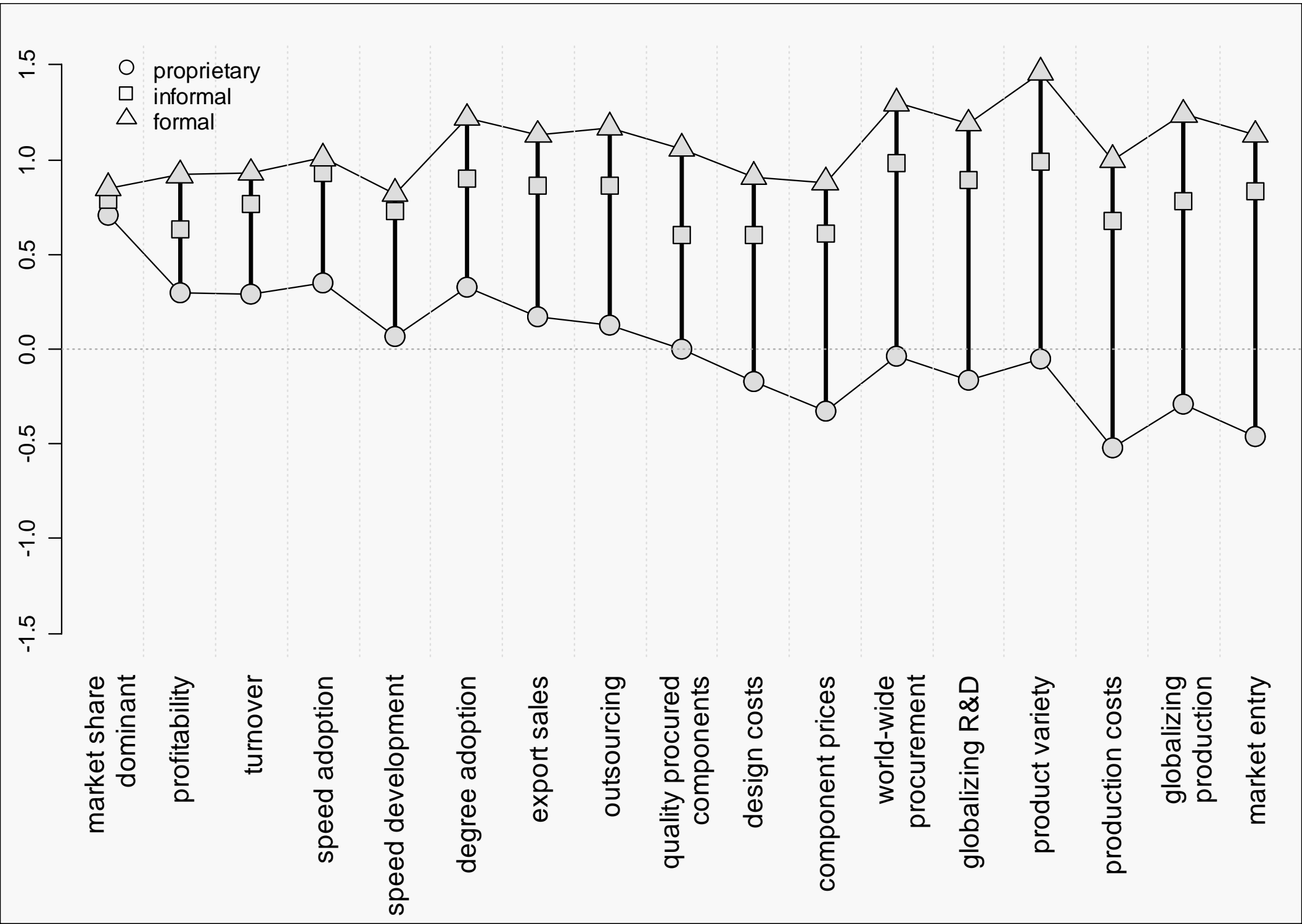
Impacts of informal standards



Impacts of proprietary

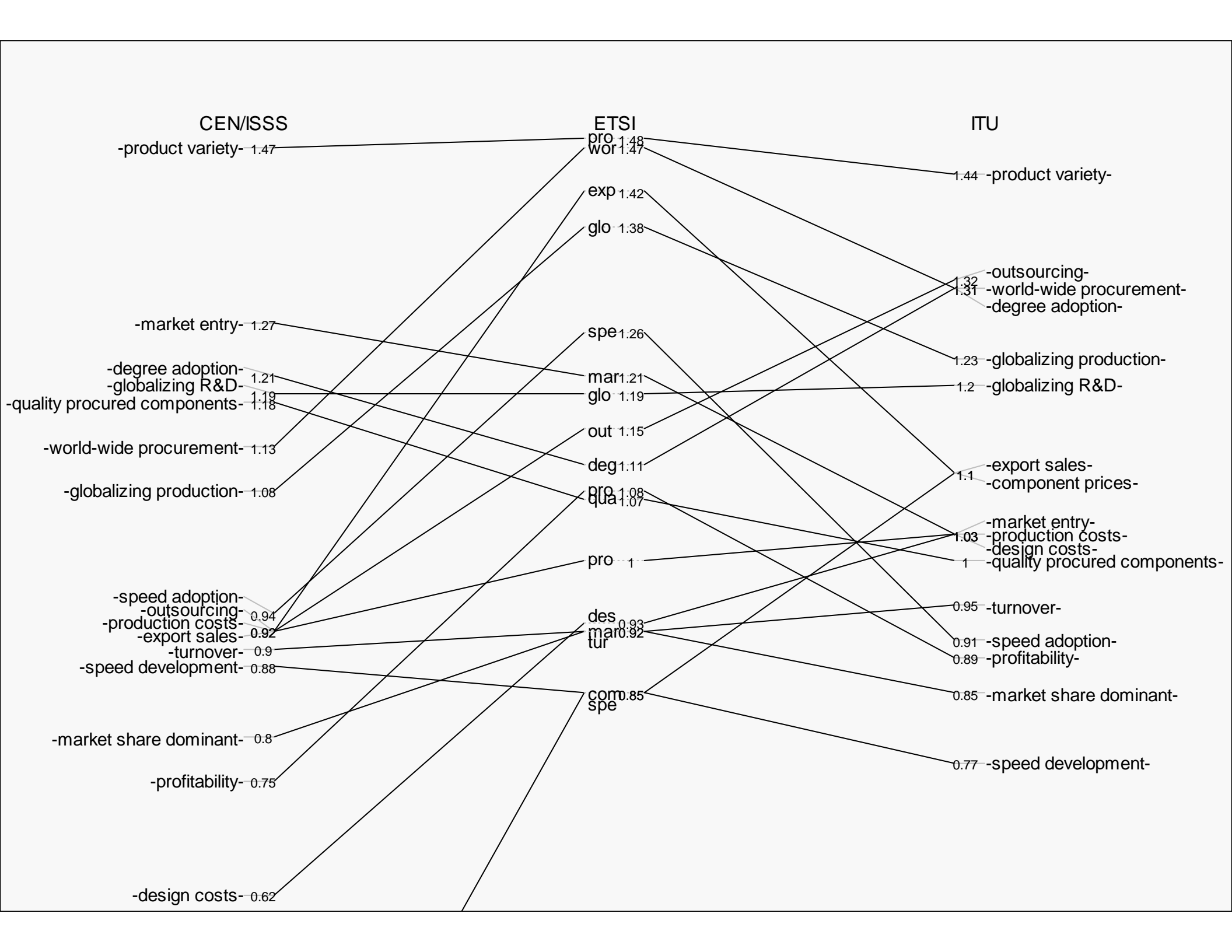
"standards"



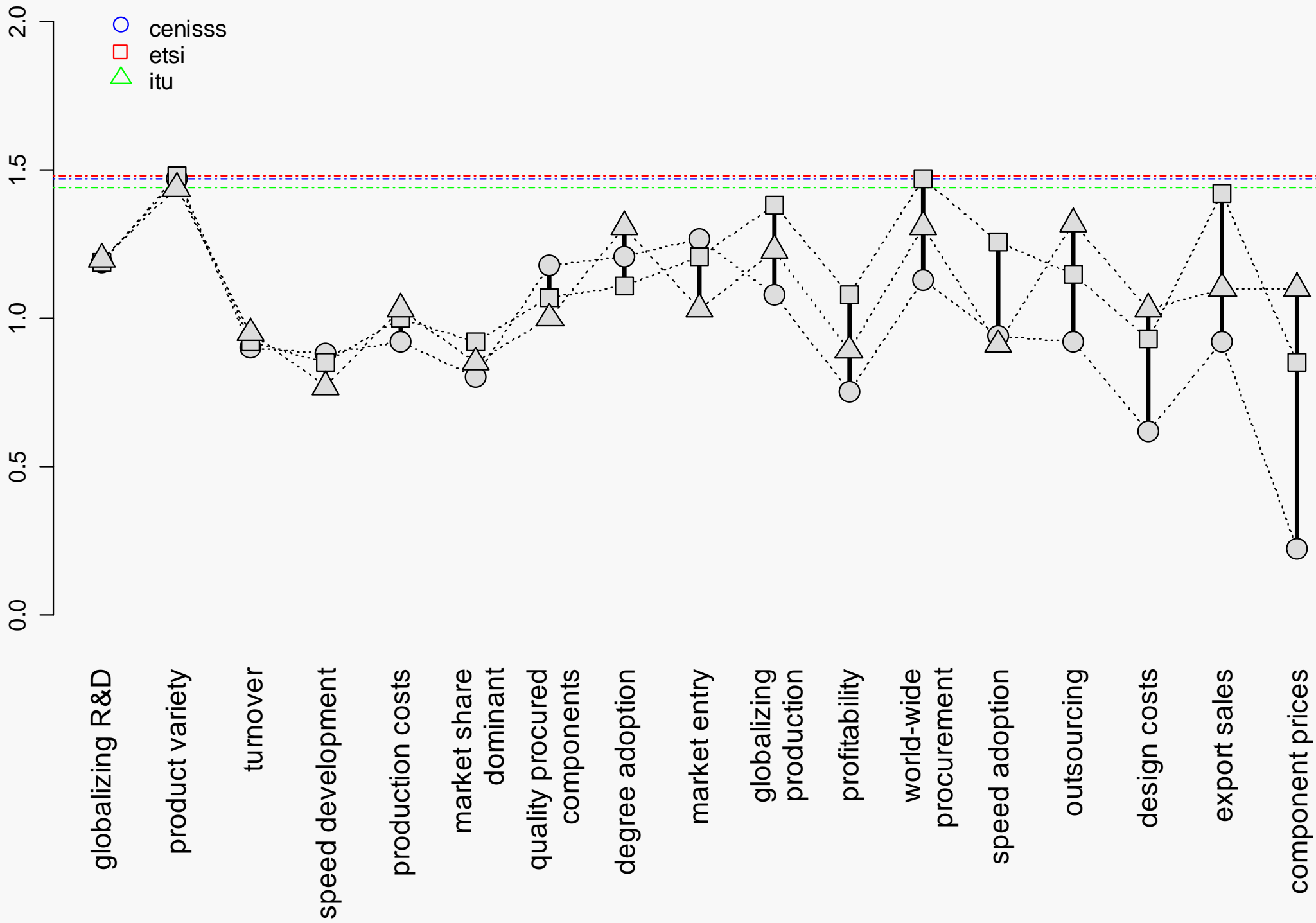


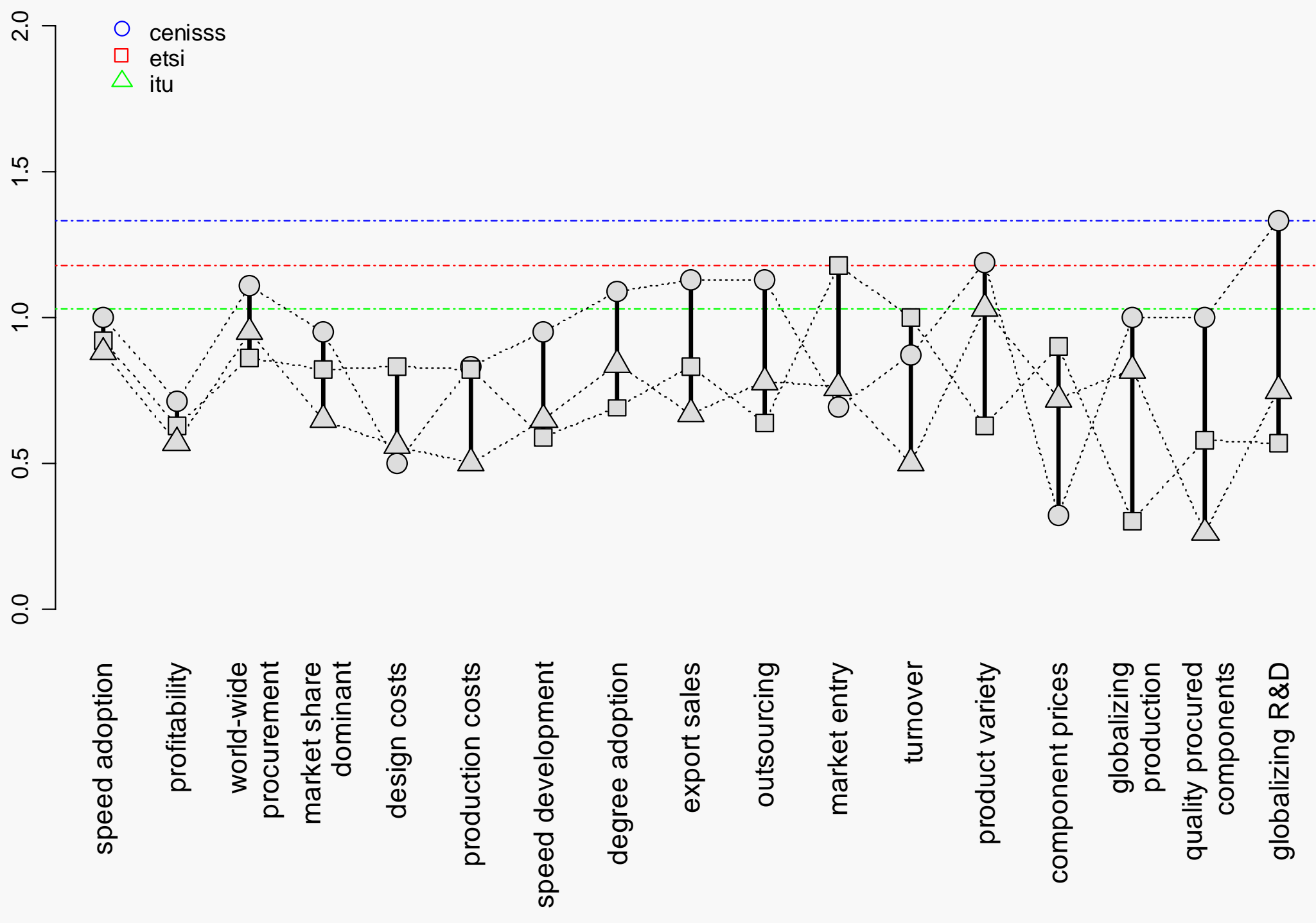
Intermediary Results

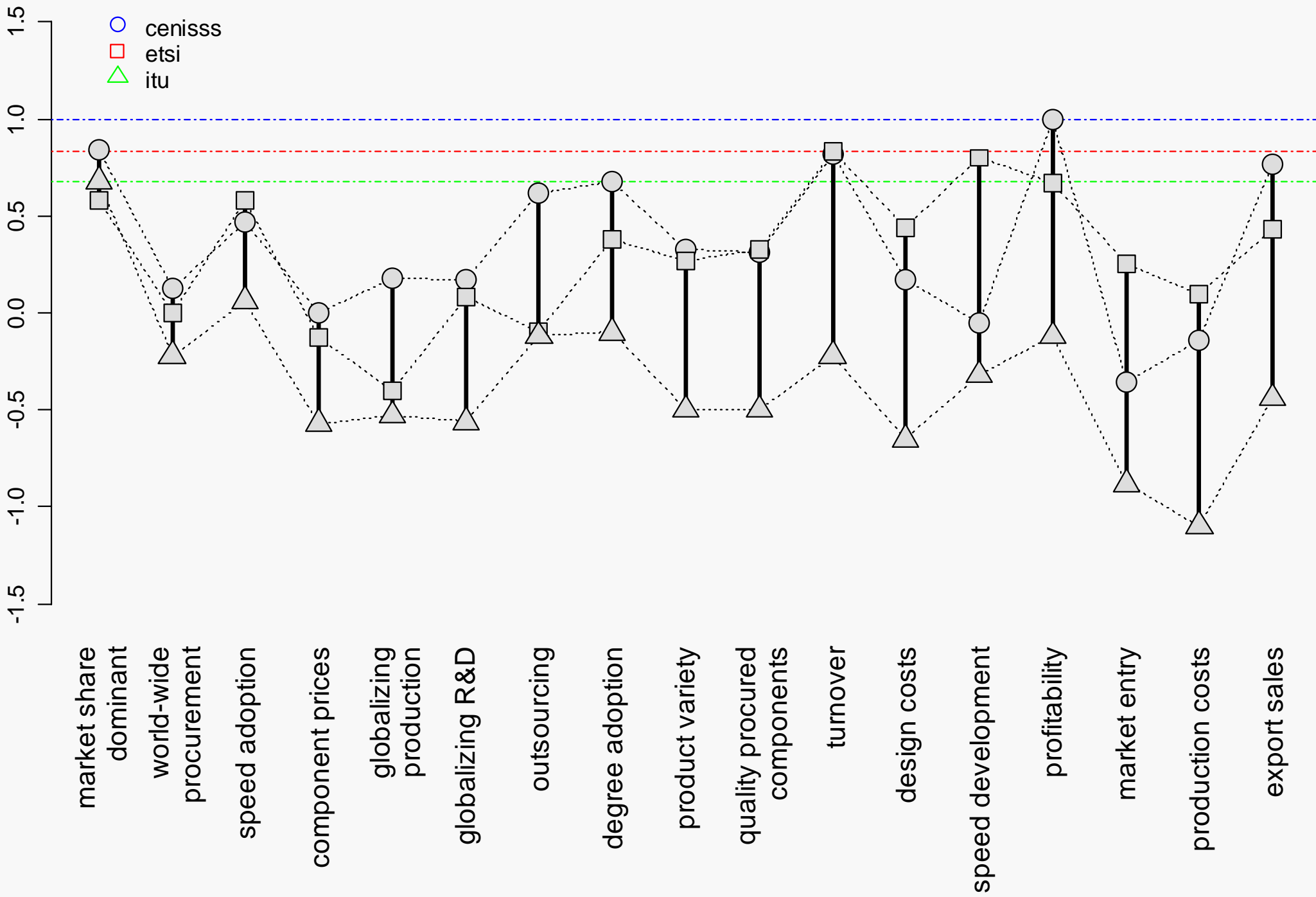
- All in all stakeholders systematically ascribe higher importance to formal standards than to informal standards
- Strong points for formal standardisation in strategic areas (globalisation of R&D and production, product variety etc.)
- In direct effects the differences between formal and proprietary are lower (turnover, profitability, dominance of strong players)
- More detail: Are there differences between stakeholder groups in ETSI, CEN and CEN/ISSS



○ ceniss
□ etsi
△ itu







Interpretation of results

- Strategic impacts of standards more important than cost or price impacts
- Rather similar assessment of the impacts of formal standards by CEN/ISSS, ETSI and ITU members
- More positive assessment of informal and proprietary standards by CEN/ISSS members indicate that they are obviously stronger involved in or depending on these other types of standardisation processes

Interpretation of results

Correlation of impact dimension (formal standards):

- standards increase global production possibilities and therefore also product variety
- standards increase the quality of procured components and therefore also product variety
- the higher the speed of development caused by standards the higher their positive impact on profitability
- the higher the degree of adoption caused by standards the higher their positive impact on profitability
- the higher the positive impact on market concentration, the higher their positive impact on profitability

Issues for Policy

- Policy response to the negative impacts of proprietary standards (e.g. conflict between IPR and standardisation policies)
- Reconciling the industry impact of standards with the policy impacts
- Role of standards for vertical market structure (e.g. outsourcing)
- Role of standards for market concentration
- Strategic issues of standards are more important than their cost effects

