

The Nature and Future of ICT Standardization Executive Summary

By Sherrie Bolin

Last December, government leaders such as Phillip Bond, US Undersecretary of Commerce, and Evangelos Vardakas, Enterprise Directorate of the European Commission, leading Information and Communications Technology (ICT) vendors including IBM, Sun Microsystems, and Microsoft, and ICT experts such as Tim Berners-Lee gathered at the Massachusetts Institute of Technology (MIT) in Cambridge, Massachusetts. What brought these diverse leaders together? *Standards.*

Once relegated to backrooms where engineers spent hours poring over detailed documents, standardization has now moved to the boardroom—and this powerful business tool is commanding the attention of media, government officials, and corporate leaders. “Standards are the new field of competition all around the globe,” stated Phillip Bond. Standards have become a key component of a corporation’s overall business strategy—used to create new markets, redefine the old ones, and bring us closer to that golden word: interoperability. They involve key issues such as intellectual property rights (IPR), economics, government regulations, and international trade practices. It is for these reasons that MIT, the Information Technology Industry Council (ITIC), and the US Department of Commerce decided to host a conference on “The Nature and Future of ICT Standardization”. Viewed as a first step in shaping the standards setting process to better meet the needs of the ICT industry, this conference focused on four key areas: the role of government, organization and structure, economics, and legal issues such as IPR.

ROLE OF GOVERNMENT IN ICT STANDARDS

The European Government tends to be more heavily involved in the standardization process whereas the US Government prefers to let private industry and the market drive the standards process. Some attendees felt that government could help to make the standards setting process more efficient by establishing guidelines or best practices while others believed that the government would best contribute to standards in their role as a user and by providing funding for

standards activities. One area that called for government participation and further discussion was international standardization. Companies that compete globally must customize their products to comply with the local regulations of their customers. Establishment and commitment to an international standard would help to simplify regulations and decrease development and distribution costs.

ORGANIZATION AND STRUCTURE

The largest debate was over whether formal standards organizations, called Standards Development Organizations (SDOs), or consortia are the optimal vehicle for ICT standards setting. While some attendees remained entrenched in their respective camps, others began to question the validity of the debate itself. After all, if most users don't care where a standard is created, perhaps the focus should be on improving the current process as a whole. Some attendees, such as Tim Berners-Lee of W3C, stated that the standards setting process should be open and royalty free and others, including Ray Alderman of VITA, emphasized synchronicity between market needs and the standards process. Regardless of their views, most of the attendees agreed on at least one thing: The current standards process does not meet the needs of the ICT marketplace and changes to improve its effectiveness need to take place.

ECONOMICS

Attempting to determine the ROI of standardization is about as easy as measuring the ROI of education and training. While some have created complicated mathematical models to address this challenge, most see little value in the exercise. In fact, Joseph Farrell, noted economist at UC Berkeley, stated that the most important question is "Why and in what circumstances do individual participants care about standards?" While many reasons for participants to care were identified, two challenges also merged. The first challenge is to increase the perceived benefits of participation to eliminate the problem of "free loaders" who observe the process and often implement the standard but do not contribute to the process. The second challenge is to increase the users' perceived value of participation so that vendors can gain earlier knowledge of user requirements and the process, as a whole, will be more balanced.

LEGAL

Given the proliferation of patents issued by the US and European patent offices and highly visible cases such as RAMBUS, the conference's focus on IPR was not surprising. SSOs, who are struggling with the balance between patent disclosure policies and antitrust concerns, often have

vague IP policies that leave room for legal interpretation. In addition, the debate between the current licensing options of royalty free, reasonable and nondiscriminatory (RAND), and charging full royalties was divided and left more questions than answers. However, the participants did agree that problems in the US Patent and Trademark Office (PTO) and the European Patent Office need to be resolved and that future discussions on disclosure policies, international patent regulations, and copyright issues are critical.

THE NEXT STEPS

ICT standards issues and the opinions that surround them are numerous and diverse. While it was never the intent of this conference to resolve these issues, it did prove one thing—key stakeholders in ICT standards can come to some agreement on the most important issues facing the standards setting process and begin to discuss alternative solutions. Future conferences, each of which will focus more in-depth on a single issue, will go a long way in turning discussions into agreements and agreements into action.

About the Author

Ms. Sherrie Bolin is President of Bolin Communications, a strategic communications consulting firm, and editor of The Standards Edge, a compilation of standardization articles originally intended to support the conference on "The Nature and Future of ICT Standardization". The book quickly evolved from this goal to become one of the most comprehensive resources on critical standards issues in the current environment (and is referenced to in this conference synopsis where it provides additional value to the presentations at the conference). The book now serves as a significant guide to ICT industry leaders, academics, and representatives in the European Union and the US Congress. Ms. Bolin is currently at work on additional books in The Standards EdgeTM series examining separate strategic standardization issues. She can be contacted at: sherrie@sbolin.com for more information.