

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(94) 183 final - Volume I

Brussels, 21.06.1994

COMMUNICATION FROM THE COMMISSION

on the mid-term review of the implementation of the Community programme,
Establishment of an Internal Information Services Market (1991-1995)

IMPACT 2

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Introduction

1. The Community programme on the "Establishment of an Internal Information Services Market" (commonly known and hereafter referred to as the "IMPACT 2" programme) was launched via the Council Decision 91/691/EEC of 12 December 1991. The total budget estimated as necessary for the implementation of the programme amounts to 64 MECU for the period of four years. The programme has set five objectives to be addressed by measures to be undertaken within the framework of four action lines. These action lines address demand and supply issues of the information services market and complement each other through the implementation of horizontal and vertical actions designed to achieve synergy across the programme. The programme specifically requires to pay particular attention to SMEs, and to the development lag of the less favoured regions of the Community.
2. Article 6 of the Council Decision requires the Commission to review the programme at mid-term and to submit an evaluation report to the Council and the European Parliament with proposals for adjusting the orientation of the programme if required.
3. This review was launched in July 1993, at a suitable mid-term juncture. To assist the review process, the Commission decided to set up a panel of high-level independent experts known as the IMPACT 2 Mid-Term Review Panel, to make an assessment. The Panel, under the chairmanship of Mr R. MAYER, conducted its review between July 1993 and November 1993.
4. The main objectives of the review were
 - to assess whether the objectives of the IMPACT 2 programme were rightly chosen and were still valid,
 - to determine whether the Commission addresses those objectives in the most appropriate way and with the right partners,
 - to assess the need for any adjustments or modifications to the IMPACT 2 programme or for future information services market related activities in Community programmes.
5. The assessments of the different action lines were carried out by individual panel members through interviews, meetings and mailed questionnaires. The findings from these investigations were discussed, extrapolated and summarised at a series of five full meetings of the Panel.

6. The IMPACT Programme Committee (IPC) was consulted on the membership of the Review Panel, at its December 1992 meeting, and discussed the contents and conclusions of the Report at its November and December 1993 meetings. On each occasion, the IPC confirmed its overall positive opinion on the IMPACT 2 programme and its satisfaction with the Report.

Preliminary Remarks by the Commission

7. In the development of an internal information services market on the basis of the application of advanced information and communication technologies (ICT), the European Community steadily faces an important challenge: its lagging behind the USA which increasingly export their services into the European market thus creating a dependence in Europe on external information services. Whereas information services are increasingly becoming a main factor in economic growth and competitiveness, as well as an area with a high potential for new employment, the exploitation of the market potential in Europe by European actors is a strategic economic and social issue of considerable concern. This fact is increasingly becoming recognised at policy level, e.g. through the notion of the common information area in the White Paper of the Commission on Growth, Competitiveness and Employment.
8. The European situation has developed because of its fragmentation into national markets with their inherent technical, legal and administrative barriers for transborder information exchange, the absence of national information policies in most Member States and the subsequent low level of public incentives to stimulate a strong information industry. Europe's weak position is mainly due to a lack of political and economic consciousness of the importance of information services for industrial and social development, rather than a delay in Information and Communication Technologies (ICT).
9. In response to this situation the IMPACT 2 programme was designed to increase market transparency, to overcome barriers, to raise awareness and to strengthen the supply and use of information services of European origin. The programme particularly emphasises the user aspect of the information services market with its main concept of INFO EURO ACCESS aiming at improving transborder access to electronic information sources by any user of information. The report of the Panel shows that the IMPACT 2 programme has, in general, achieved good progress in respect of its objectives and that it has succeeded in involving a considerable number of SME's and of organisations in LFRs in the various initiatives undertaken.
10. In implementing the IMPACT 2 programme, the various activities are suffering from budget reductions by which for the period 1991-94 only 39,2 MECU have been provided out of a total of 64 MECU up to 11.12.1995. In its report, the

Review Panel deplores this situation as having undermined the full exploitation of opportunities for market stimulation and for pushing the INFO EURO ACCESS concept more ahead.

11. The IMPACT 2 programme operates in a climate of global change which is characterised by a restructuring of the global economy with a strong shift from production to service oriented industries and with a move toward an information and communication society. In the information market this development is being manifested by strategic alliances, mergers and acquisitions across all market players including publishers, content owners, media companies, telecom operators, hard- and software companies. The information business is becoming a multimedia business encompassing highly interactive processes, sophisticated computer simulation and a convergence of professional, general interest and consumer information. The Review Panel has rightly recognised this situation and has devoted a major part of the report to this situation, thus going beyond the mere evaluation of IMPACT 2. The report confirms that these developments will in the near future be a main issue in respect of competitiveness and employment, and that they are mainly taking place in the US and Japan arenas.
12. Consequently, there is an urgent need for Europe to combine its forces for market creation activity in Europe as a springboard for participation in global markets and for enjoying competitiveness and growing employment inherent in these markets. The IMPACT 2 programme is acting to stimulate this development. This development is, however, only beginning and the rest of the decade will be instrumental in the realisation of ICT based information products and services on a mass scale. In this respect, the Commission has noted the Panel's recommendation for a substantial increase in the scope and the budget for information services market activities in follow-up of the IMPACT 2 programme.
13. The overall recommendations of the Review Panel will allow some improvement in the orientation of the IMPACT 2 programme for its second period of implementation. They will also be taken into account in the preparation of a follow-up programme.

General Conclusions of the Review Panel and Commission's comments

14. In addressing information market development involving users and suppliers at a European level, the programme faces urgent problems. The report of the Mid-Term Review Panel is particularly welcome in that it highlights a number of areas where some fine-tuning will further improve the performance and results of the work. The need to raise the consciousness of European actors of the issues at stake and to capitalise on the European assets in information content are key recommendations of the Review Panel's report. The various measures that can be taken as early as

1994 have been integrated in the IMPACT 2-1994 Work Programme as far as possible and within the limits of the 1994 budget.

15. For both the remainder of the current programme and in the planning and execution of any successor activities, the need, on the one hand, to adopt a long-term strategic vision and, on the other hand, ensure a high degree of flexibility to respond to a steadily developing and ever faster changing environment will be increasingly important features for the design and management of information market activities. The Commission will give due consideration to these issues in designing and implementing future initiatives.
16. The Mid-Term Review report recognises a high level of commitment amongst the DG XIII staff and considerable efficiency in the management of the programme. The problems highlighted on the timeliness of the reports on market developments and trends, and on the dissemination of these and other valuable reports to a public as wide as possible have been noted and will be addressed. Similarly, the other recommendations on improvement of communication with important market actors and on taking on board high level strategic advice are of ongoing concern to the Commission, and gradual progress can be reported in this respect.

Specific Conclusions of the Review Panel and Commission's comments

17. The Mid-Term Review report contains much useful information which deserves scrutiny and follow-up. The following paragraphs highlight the specific conclusions.
18. *Information Market Observatory (IMO)*. This action aims at improving the understanding of the information market. The Commission produces working papers which analyse specific market segments and which are supplemented by strategic studies on strengths, weaknesses and market trends at Community level as well as world-wide. The IMO annually establishes statistics on information supply and publishes a widely recognised annual report on the main events and developments in the electronic information services market. Wide dissemination of results is ensured by distribution agencies in all Member States.
19. The Review Report underlines that the IMO has now become an indispensable instrument for both improving European statistics on information and delivering long-term strategic studies aimed at providing the Council, the European Parliament and the Commission with policy evaluation tools. In this respect, the IMO annual report has become a reference document. In addition, strategic reports such as "New Opportunities for Publishers in the Information Services Market" are another kind of review which should be pursued and developed.

20. The Commission will look at how best to implement the recommendations of the Mid-Term Review Panel to further improve the dissemination of the IMO results and the need to establish an advisory board to advise the Commission on the selection of topics for study and their methodology, and which could also become a body for the strategic thinking. Adequate provisions in this respect have been included in the 1994 Work Programme.
21. **Overcoming legal barriers.** This area focuses on legal problems associated with the supply and use of information services, and with the transborder exchange of information in particular. In this respect the programme's activities contribute to the development of relevant directives, in particular those on personal data protection and on the legal protection of databases. A number of guidelines/codes of conducts have been established or supported in this context such as those on "Improving the synergy between the public and private sectors of the information market" and on the "Transborder control of audiotex and videotex services". A White Book on legal issues of the information services market is presently being established and will be adopted by the Commission in 1994. Future work in this area will increasingly look into a wide range of intellectual property rights issues, with particular emphasis on copyright problems in relation to multimedia and geographic information.
22. Activities in this area are supported by a Legal Advisory Board (LAB) which has been established in 1985 and which consists of high level legal experts, policy makers and information industry representatives. The LAB is highly skilled in achieving an effective reconciliation of legal-political approaches which were originally extremely divergent. The quality of the LAB's work is widely recognized, and its reports are regularly submitted to the Council and the European Parliament.
23. The Panel's comments concerning improvement of the dissemination of results and the monitoring of the implementation of results in the Commission's services and other European institutions are noted and will be addressed.
24. **Information standards.** The objective of activities in the area of information standards is to promote the concept of "Open Information Interchange" (OII) by stimulating the application of standards, raising the awareness amongst market actors on existing and emerging standards and demonstrating the benefits which can be obtained in the use of information standards. The published studies and the OII workshops constitute rich information sources of value for a wide range of information providers and users. This work is being complemented by the recent launch of a monthly newsletter, OII Spectrum, which will be followed by the publication of guidelines for the application of standards in 1994.

25. The Review Report identifies the development and application of standards as a major ingredient for the exchange of information and thus for the emergence of an internal information services market. The Commission has noted with interest the Panel's recommendation for pre-normative research into the electronic information exchange accompanied by a pre-standardisation working party. The inclusion of such activities within the related programmes will be examined.
26. *Increasing user-friendliness and improving information literacy.* This action line is addressed to users of electronic information services, and is composed of three activities: the operation of a Commission's host service (ECHO) as a central training and guidance tool at the service of the potentially enormous European clientele; the operation of a network of national awareness partners (NAPs) which are located in the Member States in close contact with the regional/national user community, particularly the SMEs, and which organize awareness and training activities; and kick-off training for information intermediaries and trainers in less favoured regions in cooperation with related Community activities (COMETT, FORCE).
27. The Review report recognises the approach taken by the IMPACT 2 programme as being well targeted and considers the role of ECHO as being a tangible indication of the Commission's resolve to be at the economic and political service of the citizens of the Community. It also welcomes the decentralisation of awareness and training activities as being much more appropriate than the centralized approach previously being taken in the IMPACT 1 programme, because it ensures closest contact to users and is best suited to take into account regional and cultural habits.
28. The Panel's recommendation to increase the number of NAPs as well as the support provided by the Community is noted and adequate provisions have been made in this respect in the 1994 Work Programme, although budget constraints do not allow to fully comply with the Panel's views.
29. *Strategic Information Initiatives.* Activities in this area aim at stimulating and reinforcing the competitive capability of European information providers thus being addressed to stimulate the supply of electronic information products and services. Activities here have specifically been targeted at SMEs and organisations in LFRs as requested in the Council decision adopting IMPACT 2. Following a call in June 1992, 56 projects in the area of interactive multimedia information services (IMM) have been launched for a first definition phase, 22 of which have subsequently been selected to for implementation phase funding. Following a second call in November 1992, 28 projects in the area of geographic information services (GIS) started their definition phase, of which some 10 projects are expected to be launched in 1994 for implementation phase activities. The total budget for these IMM and GIS projects amounts to 13.2 MECU. A call for declarations of intent has been published in October 1993 on INFO EURO ACCESS initiatives.

30. The Review report acknowledges the efficiency of the call operations and confirms that it has reached the objectives in that the projects involve some 330 organisations across all Member States, 70% of which are SMEs and 45% are organisations from LFRs, which constitutes a considerable improvement as compared to IMPACT 1 projects, not only in terms of numbers, but more importantly with regard to the potential multiplier effects, cross-fertilization across a large number of market actors and in stimulating longer term strategic alliances.
31. The Review report formulates two main criticisms on these initiatives, i.e. the absence of big actors in the projects and the fact that these initiatives absorb half of the programme's budget. In the Commission's opinion, the first criticism is not fully valid. Some 80% of the information market actors are SMEs, and the Council decision orients the programme particularly to SMEs. Nevertheless, there are several big actors present in the projects, but the relatively modest amounts made available for these projects, i.e. between 250.000 and 450.000 ECU per project, are not particularly suited to attract a larger number of them. As to the second point, it must be recognized that the stimulation of information services market and industry requires a balanced approach between supply and demand stimulation. In this respect, the Commission has launched projects which are suited to have a catalytic effect on electronic information supply and demand with a balanced budget repartition between both aspects.

Proposals for future developments

32. The Review report concludes with a number of recommendations pleading for developing a new and more ambitious programme aimed at taking advantage of Europe's assets and creating a genuine internal information market. These assets are considered to be the rich information content in all areas from research to technology through to the cultural heritage. These information holdings should be put to use for the benefit of all, and the Commission is invited to engage in concertation with the information holders, publishers and other relevant market actors to fully exploit this richness. One or more major projects are recommended in pursuit of this objective and to be supported by a high level strategic planning body. A series of other recommendations basically confirm activities with regard to awareness, demand stimulation, information standards and overcoming barriers, which will remain important issues after the termination of the IMPACT 2 programme.
33. The Commission intends to undertake as from 1994 an examination of other possible information market initiatives and will take due considerations of the views expressed by the Panel. This examination will take into consideration that the Mid-Term Review of IMPACT 2 was carried out at a moment when many initiatives had not yet fully matured. It will also take account of the discussion on the importance of the evolution towards an information society in Europe as indicated in the White Paper on Growth, Competitiveness and Employment and as subsequently elaborated in several reports.

ANNEX I
Summary Conclusions of the Report of the IMPACT 2 Mid-Term Evaluation

Composition of the IMPACT 2 Mid-Term Evaluation Panel

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Conclusions and Proposals

By creating means essential for the development of a European information market and enhancing those already in place (IMO, LAB, NAPs, ECHO, etc.), the IMPACT I and IMPACT II programmes have attained most of their initial objectives.

However, the pace of change in the world at large is so rapid that Europe cannot be content with such modest programmes, which necessarily aim too low.

In the vast domain of information, which is undergoing an impressive worldwide industrial and financial transformation, new professions and new job opportunities are emerging. On the other hand, whole spheres of activity are disappearing.

At present, Europe is suffering the losses, without benefitting particularly from the new opportunities.

The remaining duration of IMPACT II must be used to step up the pace. The means are in place (IMO, LAB, ECHO, NAP, Networks) and can now be put to use.

We must avoid swimming against the tide of market forces or struggling vainly, as the time is not yet ripe, to win back lost ground. As it is, public resources, whether of national or Community origin, are far from equal to the task.

Instead, the Community's efforts must be concentrated in areas where they can reasonably be expected to bear fruit and where no other forces can be expected to act in its place, at least not to Europe's advantage.

It can engage in pre-competitive action with a strategic scope with the aim of making Europe's cultural diversity, which is at present a weakness, a source of strength and wealth for the future.

*

The authors of this report therefore recommend that the Commission of the European Communities (DG XIII) should implement the following **seven proposals**:

1: The Commission should **acquire a strategic planning capacity** in the information field, a field that is essential for innovation and exports, and to guarantee future employment and safeguard Europe's age-old, present and future intellectual wealth.

The IMO can supply statistics and supervise strategic research. An IMO Steering Committee could exchange ideas with the IMPACT Committee, LAB and other bodies.

Networks at a sufficiently high level (members of the IMPACT Committee, decision-makers, experts, correspondents, NAPs, etc.) would act as a channel for spreading ideas and allowing them to take root so that the various countries and spheres of activity concerned could be involved in this exchange of ideas on strategic issues.

- The Commission should **set up a Strategic Council** composed of high-ranking European figures from the various spheres of activity concerned: chief executives of companies, top-flight experts, members of the Commission of the European Communities, etc. This Council would consider all questions affecting the information market, the information industry and information services, choose from and amalgamate the ideas advanced by the IMPACT Committee, the IMO Steering Committee, LAB, experts commissioned by it, etc. and submit proposals to the Commission, the Parliament and the Council, who are the ultimate decision-makers¹.

¹This proposal, which was put forward by the experts without consulting the authors of the other report, is in line with recommendation No 2 addressed to the Commission and the Member States in the excellent document already mentioned: EUR No 1492 "New opportunities for Publishers in the Information Services Market".

2: The Commission should foster the demand for information

- It should convince the governments of the Member States of the importance of what is at stake and persuade them to set up, with its assistance, large-scale national awareness and training campaigns.

- It should give its backing to "focal points" responsible for bringing certain less favoured regions up to the same level as the more developed regions in this field and should establish a special programme for such regions.

- It should use the educational experience acquired in these regions for the benefit of the other regions of Europe and the regions of the world that have cultural links with Europe.

-- It should provide the NAPs with sufficient means to fulfil their mission.

- It should make use of its correspondents and the means at its disposal (such as ECHO or the EURO INFO ACCESS centres, if this concept is developed) to make potential customers aware of existing products and services, to guide users and familiarize them with the various European sources, where these are reliable and competitive, and thus foster exchanges, cooperation, and competition throughout Europe.

- It should encourage people to call upon the services of information intermediaries, consultants and advisors operating in the various European countries.

- It should provide aid for the training of trainers in both technical and educational matters.

- It should provide moral and, where possible, material support for European associations and organizations that are engaged in heightening awareness of information in their sphere of activity.

- It should exercise strong pressure (particularly by means of a European quality label that could be widely publicized) on information holders (including public holders), producers and distributors to ensure that their products are not only accurate and reliable but also easier to access and operate - more user-friendly - standardized, compatible and easy to consult across national borders (kiosk system) and in more than one European language.

3: In pursuit with the objectives set out above, the Commission should **foster cross-border interdisciplinary networks** of people in positions of senior responsibility in the various information fields.

- It should work with persistence and energy to **bring them together** despite the barriers between countries and sectors of activity that are traditionally separate.

- It should maintain and update, on a state-of-the-art medium (multimedia CD-ROM XA-type compact disk), an **international interdisciplinary database** of people and institutions involved in the information industry (a sort of "Who's Who" of information).

4: The Commission should **combat Europe's main handicap: the barriers that create misunderstanding between countries and between professions** (the barriers of language, different regulations, traditions, working habits, ways of life, cultures, which are each worthy of respect, but are different) and **transform Europe's variety of cultures and languages into an asset for international competition**.

- It should step up significantly its **material and moral support** for a wide range of organizations, associations and working parties, whose work often goes unrecognized, in order to harmonize, make compatible and bring into communication **the rules and standards** (pre-standardization research) **and the semantic content** of information, communications and technology in particular (see pages 10 to 12).

- It should **lend support to the language industry** to promote the use of modern methods (computer-assisted translation, multimedia tools, etc.) in order to facilitate understanding within and outside Europe.

5: The Commission should lose no time in engaging in **concertation** with the ministries and institutions of the various European countries, particularly the holders of information, on research and technology (including town planning, construction, the environment, transport, industry, agriculture, space, information technology, etc.) and cultural heritage (painting, music, literature, architecture, etc.) and with publishers, **with a view to working out, field by field, how these information holdings may be put to use for the benefit of all**.

- In cooperation with the national partners, it should look into ways of gradually transferring the past, present and future intellectual wealth of Europe onto standardized digital media (i.e. starting work on a new European Encyclopedia).

- It should consider what would be, for the European economy, the most efficient way of putting these collective riches to good use.²

- It should aim to achieve, in particular, the following three objectives:

- setting up "meta-works" (see II-2-d), the raw material with which the new information technologies work and a source of new jobs;
- safeguarding and putting to good use Europe's cultural, technological and scientific heritage;
- ensure that Europe continues to have a publishing industry (books, films, cassettes, compact disks, etc.), which nowadays must necessarily be multimedia.

6: The Commission should bring European operators together to work on one (or more than one) major profit-oriented project based on multiple block orders negotiated in advance, in pursuit of the above-mentioned objectives (see III-5).

7: In order to take up where IMPACT II leaves off in 1995, the Commission should start developing a new and more ambitious project aimed at taking advantage of Europe's assets and creating a genuine internal market in information in order to:

- develop a competitive and profitable European information industry³ that will be in the forefront of job-creation;
- ensure that Europe continues to have a cultural impact and project a positive image of Europe (promoting its culture, technology, patents, science, literature, cinema and television arts, tourism, etc.);

² This proposal is in line with proposals 3, 5 and 11 of Report No 14925 mentioned above.

³ Here, as throughout Part II and particularly from Chapter II-3 to Chapter II-7, we mean the information industry broadly defined: i.e. including telecommunications, servers, data transmission, databases, television, publishing, the specialist press, information intermediaries, documentation activities, scientific and technical information, multimedia electronic publishing and even electronic games.

- give Europeans the best access to information in order to promote training, stimulate innovation, boost productivity and facilitate the expansion of exports on the basis of a thorough knowledge of the world environment.

20 November 1993

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**MID-TERM REVIEW
OF THE IMPLEMENTATION OF
THE COMMUNITY PROGRAMME - ESTABLISHMENT OF
AN INTERNAL INFORMATION SERVICES MARKET (1991 - 1995)**

IMPACT 2

Evaluation Report drawn up by Independent Experts

See Volume II

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ISSN 0254-1475

COM(94) 183 Vol. I

DOCUMENTS

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Catalogue number : CB-CO-94-195-EN-C

ISBN 92-77-68484-4
