Building Knowledge Economies in Emerging Markets

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Copyright, innovation and development

- Digital Inclusion is our common interest
  - We all want to increase economic development *and* to increase access to information

- IP protection and open collaboration models
  - Not an either/or scenario

Copyright relevance

- Copyright ensures a continuing flow of creative works to the public
- Copyright licensing can take new forms
  - OSS and Creative Commons licenses
  - Licensing variations from commercial vendors
- Technology tools can also be flexible
  - Rights management
  - Peer-to-peer sharing
- Business models remain critical
  - Economic growth depends on investment and employment by sustainable local businesses
  - Customized solutions to address cost/language issues
  - Respect for IP creators' choice of licensing

Improving access

Examples:

- Orphan works
  - Problem for everyone
  - Supporting efforts to find balance between users and rights holders
- Digital Accessible Information System (DAISY)
  - Working with libraries worldwide to make digital works more accessible for the disabled

The IP-based commercial software industry

- Helping or harming development?
  - Knowledge economies: the commercial foundation
  - Knowledge economies: the community foundation
- Evolving trends in the commercial software market

Developing Knowledge Economies:

The Commercial Foundation

Knowledge economies: some basic elements

- Software is a critical tool

- In all markets, software, services and hardware businesses co-exist and are co-dependent

- Countries should stimulate a mix of local software and services companies

- Most software, including OSS, depends on IP

- IT skills training, and IP awareness, is essential no matter what type of software people use

Changing ways of doing business

- Shared Access and Rural computing
  - Kiosks/internet cafes/libraries/digital villages
  - Reduce the cost and complexity of setting up, securing, and maintaining Windows in shared computing environments
- Windows XP Starter Edition
  - Addressing cost, localization, ease of use issues for new users
- Powerline
  - Alternative financing models

Local Opportunity

IDC
Analyze the Future

Majority of revenues generated by solutions that use Microsoft products stay in country*

Europe
195,000

North America
402,000

Asia and
Pacific Rim
74,000

Africa, Eurasia
& Middle East
17,000

Latin America
57,000

Australia and
New Zealand
27,000

Global Partner Community

Developing Knowledge Economies:

The Community Foundation

Bridging the Skills Gap

Partners in Learning:
Improving technology access in the classroom

- Teacher training and IT skills curriculum
- Low-cost software and free software licensing for donated PCs
- Education grants ($250 million over five years globally)

Unlimited Potential:
Developing technology skills in the community

- Community Technology Learning Center (CTLC) funding & curriculum
- Grants: Hire trainers and build sustainable training model
- Tools: Software, Refurbished PCs and specialized Curriculum for community learning environment
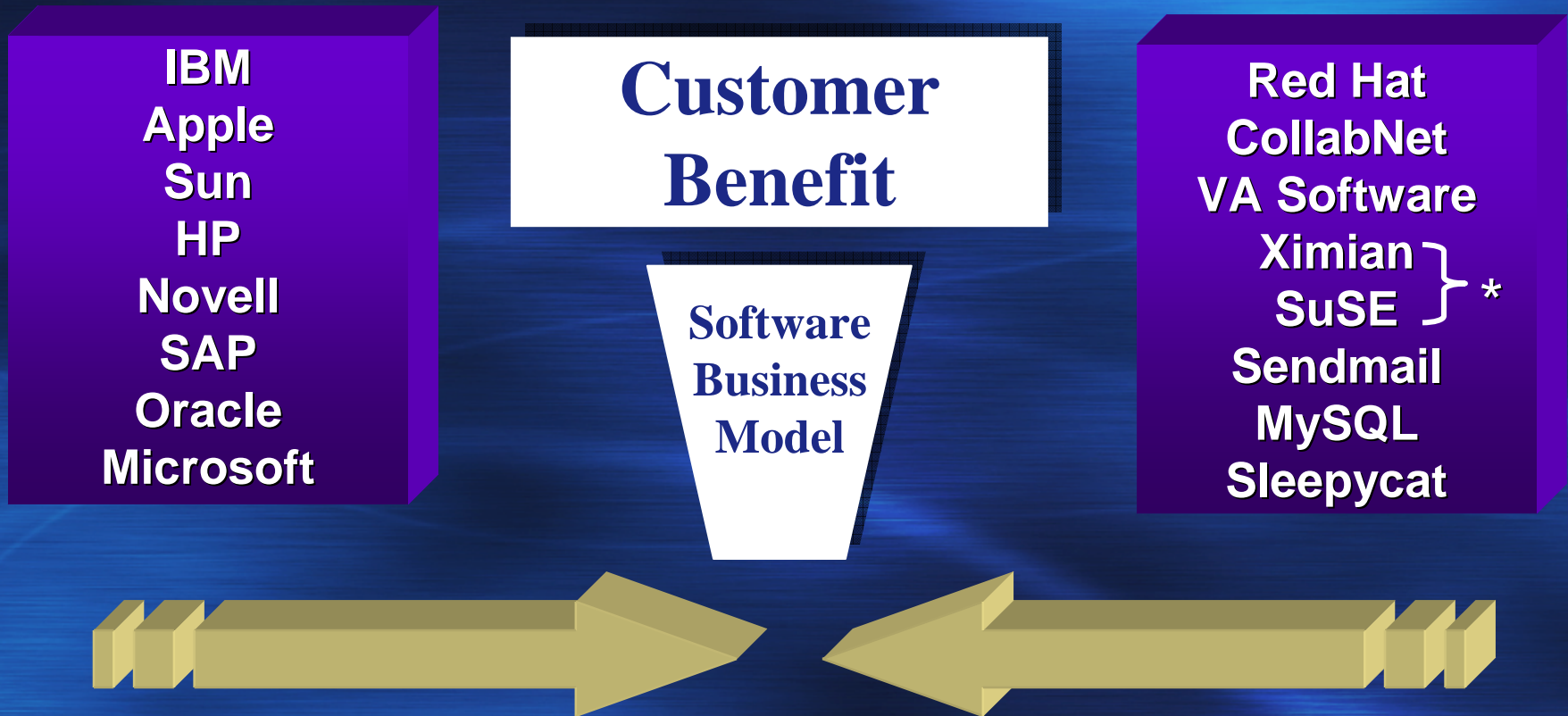- Partnerships with local NGOs and experts in development

Local Language Program

- Enables linguistic and cultural groups to benefit from IT advancements
- Supplies tools to build local skills and develop community solutions
  - Local groups build their own IT glossary with standardized terminology
  - Local group uses the glossary to build their own Language Interface Pack (LIP) for Windows XP and Office 2003 Standard Edition
  - Local groups then build community solutions utilizing these platforms

The evolving
commercial software market

The Market Move to the Middle

IBM
Apple
Sun
HP
Novell
SAP
Oracle
Microsoft

Customer Benefit

Software Business Model

Red Hat
CollabNet
VA Software
Ximian
SuSE } *
Sendmail
MySQL
Sleepycat

- ➢ OSS is positive influence for most major software companies
- ➢ Increased product and services competition
- ➢ OSS vendors are directly commercializing their solutions
- ➢ All vendors must build on fundamental business models

* acquired by Novell

Flexible IP law and practice: How Flexible is Microsoft?

- Open standards
  - strong proponent and active contributor of IP to open standards
- Licensing not hoarding IP
  - December 2003 – expanded IP licensing policy
- Solution Sharing Networks
  - Communities sharing eGovernment solutions, not just code

Flexible IP law and practice: How Flexible is Microsoft?

- Shared Source Initiative
  - Learning from our customers and OSS
  - Most programs allow modification of code
- OSS on Windows
  - Many OSS projects target Windows platform
  - Microsoft postings to SourceForge.net
- Collaborative development on .Net
  - www.gotdotnet.com

Commercialization of OSS

- Typical of commercial companies in OSS space
  - E.g., RedHat, IBM, HP & Novell
- OSS software "free," but bundled with or distributed for use with commercial/proprietary software (e.g., IBM Websphere)
- Some end user licensing limitations enforced via trademark or other law
- Modifications of code restricted
- Fee charged for support and administration
- Fee charged for consulting services
- Fee charged for value-added software
- Increase hardware sales

A balanced approach

- Hardware, software and services companies have a variety of business models and commercial interests

- Mixed environment = increased choices
  - No one model can meet all needs

- IP does and should continue to foster economic development
  - Innovative and flexible solutions are possible from all to address needs of developing countries
  - Evaluate local business models

- Governments as users can compare based on overall value, and as policymakers can stimulate all for economic development

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