



## **14<sup>th</sup> Annual Digital Economy Workshop (DEW)**

**Tuesday, 28 June 2015, Washington D.C.**

### **Event Report**

Collaboration was the key theme at the Trans-Atlantic Business Council's (TABC) 14<sup>th</sup> annual '**Digital Economy Workshop (DEW)**'. Participants agreed that while the U.S. and EU may not always agree on the approach in terms of regulation and standardization, both have the shared goal of maximizing the potential of the transatlantic digital economy. Therefore, continued collaboration is vital in areas such as standard setting, building consumer trust, security, and privacy.

**Ambassador Daniel A. Sepulveda**, Deputy Assistant Secretary of State and U.S. Coordinator for International Communications and Information Policy of the U.S. State Department Bureau of Economic and Business Affairs (EB), kicked off the workshop with opening remarks highlighting the increasing importance of digital services to the transatlantic economy and how the Information Society Dialogue (ISD), the government-to-government dialogue that took place the day prior the DEW, is an important platform. He cited three key areas for the U.S. and EU to continue cooperation in order to better understand each other's philosophies: emerging technology, the digital single market (DSM), as well as research and open data.

**Roberto Viola**, Director General of the European Commission's Directorate General for Communications Networks, Content & Technology, agreed that the U.S. and EU should continue to have open and frank discussions in order to "plant the seed" for what can be agreed upon and promoted internationally on topics such as data flows. He also said that while we are thinking about the Internet of Things (IoT) now, a new area of work for the U.S. and EU must be to look ahead to the "Internet of Humans, a much more human-centered vision of the digital world."

The first session, "**Tech Driven Innovation: The Internet of Things (IoT) and Emerging Technologies**", allowed speakers to discuss the technological and regulatory developments in IoT on both sides of the Atlantic as well as exchange ideas on potential policy solutions and areas for transatlantic collaboration. **Susan Ness**, Senior Fellow at Johns Hopkins University SAIS's Center for Transatlantic Relations, moderated.

Ambassador Sepulveda and Roberto Viola joined the first panel offering government perspectives on IoT. Viola said that the government's role at the moment is to reflect on what is happening in this area rather than to react. Governments have a tough challenge ahead of drawing a line between what is necessary and what is dangerous regulation. Ambassador Sepulveda agreed that governments are still trying to understand their role in IoT and must undergo critical analyses. He added that the policy prescriptions will vary for products, e.g. drones versus wearables.

**Alan Davidson**, Director of Digital Economy and Senior Advisor to the U.S. Secretary of Commerce, talked about the Department of Commerce's efforts to better understand the benefits of IoT as well as the policy challenges and the role of government. He also stated that U.S. and European stakeholders must collaborate and coordinate as they have much in common through their shared objectives of leveraging standards to promote innovation and deploying emerging technologies that will benefit their societies.

**Peter Lord**, Senior Director of Global Standards Strategy and Policy for Oracle, said that IoT is something we are already making a “reality” but needs the “freedom and flexibility in regulation to evolve”. One key area will be “defending the data”. He advised that it is the data that creates the value in IoT so companies must find ways to secure data and no two solutions will be alike. Therefore, governments need to work with industry to allow for flexible policies.

**Paula Bruening**, Senior Counsel for Global Privacy Policy for Intel, shared an example of one of Intel’s IoT projects: drone technology. She said new possibilities are presenting themselves in regards to drone usages, from weather forecasting to famine relief. Whether for drones or other IoT technologies, a policy environment that supports innovation and the uptake of technology is critical. She warned that these issues cannot be looked at in a vacuum, but must be viewed more broadly including big data, cloud, and movement of data.

Speakers during the second session, “**Connectivity: Building the Next Generation of Networks**”, discussed the necessary building blocks for the future of networks from 5G, cloud services, spectrum and beyond. Susan Ness again served as the moderator.

**Mindel De La Torre**, Chief of the Federal Communications Commission’s International Bureau, gave the audience a brief history of how wireless services have rapidly evolved. She emphasized that spectrum is not a black and white issue. For example, the ability to share data presents big challenges but also opportunities. The U.S. government is considering numerous ideas, such as two different services: satellite and terrestrial. Such ideas are brand new, but new technological advances require new solutions.

**Per Axel Blixt**, Head of Unit for Experimental Platforms of DG CONNECT, explained a new initiative the European Commission is launching called ‘Next Generation Internet’, which is currently in the consultation phase. This new initiative will focus on creating a better-performing, open, and interoperable internet. He emphasized that connectivity is at the heart of IoT.

**Dean Brenner**, Senior Vice President for Government Affairs for Qualcomm, told attendees to remember the DEW as the first time they heard about how revolutionary 5G will be, if they had not already. He said this new technology is going to take advantage of all spectra – low, mid, and high-band—while connecting all types of devices, from medical to household. He recalled that when 4G was created no one thought about Uber or Snapchat so no one really knows yet how 5G will be used.

**Richard Nohe**, General Counsel Americas Region for BT Global Services, explained BT’s “Cloud of Cloud” services. By 2018 half of IT will be on the cloud and half of the applications will be considered critical. By 2020 not having access to the cloud will be equivalent to not having the Internet today. He said the service aims at helping the business user connect more easily with data centers. It gives the business user a choice to use a private data center, a BT data center, or other data center. Further, users can self-serve, e.g. select the level of bandwidth they need. In order to make services like this viable, companies need a regulatory environment that allows innovation, free flow of data and affordable infrastructure.

**Steve Sharkey**, Vice President for Technology and Engineering Policy for T-Mobile, said that a reliable network is key for consumers. T-mobile started with networks mainly in urban areas and expanded throughout the U.S. to allow better coverage. With new advances, sharing of spectrum will be necessary. In order to maintain the reliability of networks, a flexible regulatory environment that allows innovative ways for spectrum to be managed is necessary.

**Charla Rath**, Vice President of Wireless Policy Development for Verizon, shared how Verizon led the way with 4G by introducing it before most thought it would be viable. They created innovation centers so that consumers could understand the opportunities around 4G. There are still many years of use for 4G, but Verizon wants to push the envelope in regards to 5G. Last year, Verizon set up a 5G Forum to test frequencies and determine what should go into the standards process. She underlined that the U.S. regulatory environment allows companies to lead, which helps them excel compared to the rest of the world.

The final session, “**Geography: Cross-Border Issues in the Global Digital Economy**”, examined how governments are struggling to balance the free flow of data with the need to address legitimate privacy and security concerns associated with it, while maintaining flexibility for companies to meet varying local

or regional demands. Speakers addressed the importance of these issues and how best to ensure the appropriate safeguards for consumers and flexibilities for business while paving the way for a competitive global digital economy. **Gina Vetere**, Of Counsel for Covington & Burling, moderated the discussion.

**Ted Dean**, Deputy Assistant Secretary of the U.S. Department of Commerce's International Trade Administration, discussed ongoing work to finalize an agreement on transatlantic data flows, known as the EU – U.S. Privacy Shield. A revised version was presented to the Article 31 Committee a few days before the DEW, and he expects the framework to be approved in early July. He hopes that putting this framework into place will allow greater cooperation on digital economy issues that have been held up by concerns of data flows between the U.S. and EU.

**Andrea Glorioso**, Counsellor for the Digital Economy for the Delegation of the European Union to the United States, said that the Privacy Shield is a good example of how the U.S. and EU governments can work together to find commonalities and solutions. He explained data flows are more than just the Privacy Shield. Both sides also need to look at issues such as how to use data, developing common language around data, interoperability and liability.

**Bret Cohen**, Senior Associate for Hogan Lovells, explained that we are at an inflection point with respect to cross-border data flows. There is existing legal uncertainty with regard to transatlantic data flows: the *Schrems* case, the pending challenge to Standards Contractual Clauses (SCC), the status of the Privacy Shield, Brexit, and greater European enforcement (e.g., Hamburg DPA fines in early June). In the face of these challenges, he recommended that companies acknowledge the uncertainty, understand their internal and external data flows, and develop a risk-based compliance plan that prioritizes key transfers.

**Emily Sharpe**, Privacy and Public Policy Manager for Facebook, explained that regulation around data flows should protect privacy while still allowing innovation. She also discussed Facebook's new initiative on the value of data. We are seeing a new shift: whereas historically data has been controlled by companies, today we're seeing that individuals have more control over their data and can use it to their benefit. The conversation around data needs to change with this shift and explore how to use data as a valuable asset and empower individuals. Further, she said that Privacy Shield represents a good example of interoperable privacy frameworks, and in particular contains robust privacy protections that will require compliance work by companies that decide to self-certify.

**Stan McCoy**, President & Managing Director for the Motion Picture Association EMEA, shared that his industry is both technology- and audience-driven, and that these forces sometimes pull in different directions. For example, audiences are national so there is a need to ensure flexibility for data flows, but video and film companies must also have the ability to tailor to different audiences. He explained that movies are a cross-border collaboration and a great deal of this collaboration takes place on a transatlantic basis. Therefore, governments must keep in mind the nuances of different sectors when looking at data flows. For his industry, it is important for a regime to have flexibility to allow companies to transcend and work within borders.