

Impact of E-Government Procurement Policies on ICT Standards: SAP's Perspective

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1. Background

- SAP
- Importance of Standards in SAP's Business

2. Impact of E-Government Procurement Policies on ICT Standards

3. Conclusion

SAP AG

- Headquartered in Walldorf, Germany
 - More than 55,765 employees in 130+ countries

- SAP is the world leader in enterprise applications with annual revenue of € 14,23 billion
 - Europe's largest and world's third largest independent software manufacturer

- “The Best Run Business Run SAP”
 - More than 183,000 customers in 120+ countries

- SAP's public sector software solutions
 - U.S. federal and state government agencies
 - Examples of public sector solutions: procurement, public service financials, tax/revenue administrations, emergency management, social services management

SAP and Standards

■ **SAP products are built on standards**

- Standards enable SAP to: (1) offer end-to-end enterprise and cross agency/enterprise solutions and (2) meet needs of customers in globalized economy

■ **SAP is a member of over 100 standards organizations**

- Technology standards: OASIS, W3C, OMG, etc.
- Industry standards: GS1, Banking Industry Architecture Network (BIAN), Common Global Implementation Initiative (standards for corporate to bank connectivity)

■ **SAP's role in standards development varies from standards to standards**

- Founding member/principal driver
- Essential patent holder
- Implementer
- Observer

■ **Licensing practice**

Impact of E-Government Procurement Policies on ICT standards

Because governments are “enormous customers of ICT’s and related services,” their procurement policies have wide-ranging effects on ICT industry and customers and profound impact on the ICT standards system

Within the ICT standards system, procurement policies can affect:

- Standards development process
- Quality and quantity of standards
 - Market driven v. government driven standards
 - R&D investment, flexibility, efficiency, and responsiveness to “customer” needs
- Standards’ role in national economic and innovation policy
 - Use of standards as technical barriers to trade
 - Investment in standards-related technology fields
- Cross-border interoperability
 - “Non-standardized” mandatory standards
- Consumer welfare
 - Consumer needs, product choice, pricing etc.

E-Government Procurement Policy that Supports Optimal ICT Standards System (1/2)

■ Successful Standards

- **Voluntary**, flexible, efficient, market driven and market responsive

- USTR 2010 Report on Technical Barriers to Trade

“Voluntary standards can facilitate buyer-seller transactions, spur competition and innovation, increase the efficiency of production, unify markets, and promote societal goals. When used as the basis for establishing a technical requirement in a regulation, voluntary standards can help officials harness relevant technology to achieve regulatory goals in a cost efficient manner.”

- Spur innovation and competition
 - Meet needs of networked and globalized economy—widely adopted across different industries, governments and geographic regions

■ Standards-Development Process

- OMB Circular A-119: market driven, voluntary consensus-based standards development system

E-Government Procurement Policy that Supports Optimal ICT Standards System (2/2)

Characteristics of successful IPR policies:

- Well-written and easy-to-find
- Reflect diversity of standards eco-system
 - Technology, industry practice, business model, economic interests etc.
- Balance interests of stakeholders
- Encourage innovation, contribution of patented technology to standards
- Spur adoption

FRAND has been widely recognized as the optimal approach by standards stakeholders in public and private sectors, and FRAND standards are implemented in a wide variety of ICT products on solutions, including open source software (OSS).

Conclusion

- **SAP favors the U.S. to continue the current policy of supporting standards developed through the current voluntary consensus-based standards system in which SSOs define balanced IPR policies to meet the needs of their stakeholders, and the relevant industry**
- **SAP looks forward to continue working with government agencies in the U.S., EU and other countries to support interoperability**

Thank You!