



The Interactive Software Federation of Europe

Companies

- Activision
- Atari
- Eidos
- Electronic Arts
- Konami
- Microsoft
- Nintendo
- Sony Computer Entertainment Europe
- Take 2
- THQ
- Ubisoft
- Vivendi Universal Games

National Trade Associations

- ADESE (Spain)
- AESVI (Italy)
- BLISA (Belgium)
- ELSPA (UK)
- MDTTS (Sweden)
- NISVE (The Netherlands)
- NSM (Norway)
- SELL (France)
- VUD (Germany)

For more information go to www.isfe-eu.org



ISFE current membership

- includes all 3 platform holders, major 3rd party publishers
- through member NTAs, ISFE reaches out to 2nd party publishers as well
- the bit we are missing is developers

As pointed out in the report, interactive software is content:

- **born digital:** “Our industry embraced the Internet as a distribution tool years ago. In fact, the entertainment software industry is not only meeting consumer demand, we are creating that demand through innovative use of the Internet...”
Doug Lowenstein, president, ESA
- **technology-heavy:** the report quotes 15% of total sales devoted to R&D, as much as 30-40% of game development costs attributable to R&D and innovation

These unique features position interactive software, a combination of leading-edge technology and compelling content, as a natural fit for both the IT and creative worlds, a possibly propitious bridge between the ducts and content communities.



The writing on the wall reads like a steep challenge:

- substitute cooperation to years of stand-off
- or governments will provide a substitute of their own, intervention

There is hope for cooperation:

“Regulatory frameworks that balance the interests of suppliers and users, in areas such as the protection of intellectual property rights, and digital rights management without disadvantaging innovative e-business models”

Recommendations of the OECD Council on Broadband development adopted on February 12, 2004

“The broadband content and services industry requires business models and technologies that provide effective copyright protection and exploitation while ensuring that the creative process is rewarded for the significant investment and risk taken in developing new content. There is therefore a real need to develop a consensus between content owners and service providers on the optimum means to develop new and profitable services that attract a new wave of consumer interest.”

Broadband content & services: strategic issues, PwC study prepared for EU telecom ministers' Roundtable, April 22, 2004

There is hope for cooperation:

- “ But there is also a lack of motivators that encourage, inspire and attract the content providers and users to the digital domain. Such motivators can for example be found in games (the market size of games is larger than the Hollywood content industry), in the educational system and in making government information and cultural assets of Europe available in digital format. Although government initiatives have been taken to date further discussion and action are now deemed to be necessary »
 - Rethinking the European ICT agenda, PwC for the Dutch presidency, fall 2004

Requisites vs motivators

- This study, « Rethinking the European ICT agenda », suggests a distinction between « the requisites, without which a content market cannot function, and the motivators, that both stimulate and attract content providers and users ».
- A seminal distinction indeed. With all items in the former category basically agreed by industries concerned, it is time to focus on the latter.

To build upon these positive signals, a number of roadblocks have to be removed before “the digital entertainment revolution extends to broadband users”, to paraphrase the title of a seminal EPPA report on this matter (go to: http://www.eppa.com/Publications/Interactive_Software.htm)

- proper, i.e. flawless enforcement of existing legislation protecting IP rights (governments)
- adequate technology to overcome connectivity, latency issues (industry)
- education of the general public to the beauties and pitfalls of broadband (government + industry)

In-between sessions of this workshop, industries are making their own sober assessment of what it takes to have consumers switch to broadband without unduly rocking the boat of successful business models. As a result, there seems to be:

- a joint realization that consumers are eager to be afforded a choice of access to choice content. Core gamers are known to be driving technological leaps such as the one towards 64-bit microprocessors and broadband access.
- an increasing number of points on which ducts and content see eye-to-eye. Among those spotted by EPPA:
 - DRM
 - Content regulation contained to existing provisions, “restricted to the media they were created for” (Mobile Communications and Technology Platform)
 - Education as key to curbing unauthorized distribution and to fostering legal use.

In order to meet consumers' growing expectations, the industries concerned have to show the way forward (it only takes a couple of leaders in each camp to start the ball rolling).

The alternative is for governments to take charge.

The interactive software industry stands ready to rev up the “motivator” engine and to play a part commensurate to its characterization as “potentially a much larger driver of demand for broadband Internet access than almost any other form of content” (EPPA, July 2004)

