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The Digital Economy

Opportunities and Challenges

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Innovation and Regulation

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 - The act of making changes in anything established
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Regulation and Innovation are not natural bedfellows.



Commercial Flexibility Drives Investment and Innovation

Light touch regulation and the freedom to innovate without permission drive the greatest market dynamism, competitive intensity, investment, and innovation in the marketplace.

US Experience

- Adoption of light touch regulation of the Internet unleashed nearly two decades of investment, innovation & competition across the ecosystem
- Since 1996, US companies invested \$1.4 trillion in wireline and wireless networks, and Silicon Valley companies created products and services that made them household names around the globe



Today's Market Circumstances Warrant a Fresh Look at Regulation



Market Changes

Old bottlenecks are gone

New bottlenecks may be forming in unanticipated places in the ecosystem

Service Categories

No longer align with old provider classifications

e.g., Who provides voice services

e.g., Who provides messaging services

e.g., What is a network versus an over-the-top service

Consumer Protection

Consumer protection safeguards are missing the mark

Legacy Requirements

Legacy requirements can impede entirely new technologies

e.g., SIM tax & regional numbering plans



A Modernized Regulatory Framework

Use a **functionally-based**, bottoms up approach

- Move beyond the limitations of historical thinking
 - Move beyond legacy legal/jurisdictional limitations
 - Move beyond the old rules
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Tailor regulations to meet **policy objectives**

Apply tailored regulations rationally **across the ecosystem**

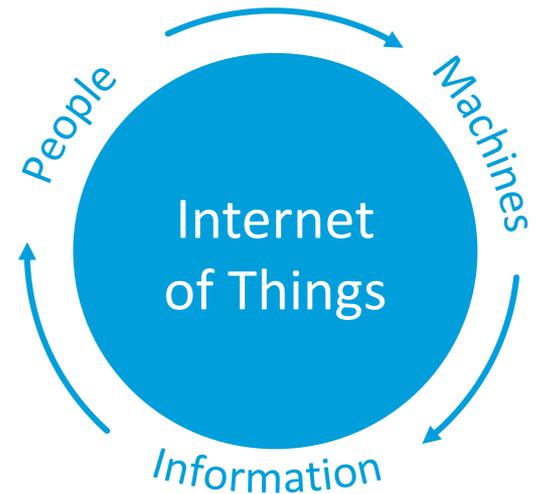
Case in Point: IoT

Industry: an open and interoperable platform, agnostic to device and network, that is reliable, private, secure, and scalable

Policymakers: frameworks that

- are appropriate and proportional to use;
- don't unnecessarily restrict data flows;
- are free from regulations not designed for IoT; and
- avoid duplicate, inconsistent regulation by agencies from every sector of the economy

Policymakers can also encourage IoT in **public works** and **enable access to public data** through APIs and IoT platforms





IoT – Why Now?

Mobile Broadband is the Foundation

Ubiquitous, high speed, low latency, wireless networks enable people and devices to connect to almost any place at almost any time.

Though not yet universal, we are past the tipping point in terms of availability, scale and performance of these networks.

Investment

The investment needed to expand, maintain, upgrade, and protect these networks is extraordinary.

There is nothing inevitable about these investments.

Public Policy

Tax, spectrum, and regulatory policies should be considered with an eye toward fostering and not burdening investments in these enabling networks, and toward driving universal availability.



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