

# Global Industry Watch “Digital Economy and OTTs: Regulation and International Trends”

Sonia Agnese

Senior Principal Analyst, Latin America

[Sonia.agnese@omdia.com](mailto:Sonia.agnese@omdia.com)

@sonixag

25<sup>th</sup> June 2023

Copyright © 2023. All rights reserved. Informa Tech, a trading division of Informa PLC



**CTU's 3rd International ICT Preparatory  
and Industry Watch Meeting**

**OMDIA**

Brought to you by Informa Tech

# The most valuable companies Top 10 – Market capitalization ranking 2018

USD billions

#	Company	Sept-18	Industry
1	Apple	1,091	Tech
2	Amazon	976	Tech
3	Microsoft	877	Tech
4	Alphabet (Google)	839	Tech
5	Berkshire Hathaway	523	Conglomerate
6	Facebook	473	Tech
7	Alibaba Group (China)	423	Tech
8	Tencent (China)	388	Tech
9	JPMorgan	379	Financial
10	Johnson & Johnson	370	Pharma



7 top market cap companies: Tech platforms  
Only 2 out of the 10 most valuable companies are still in the Top 10 since 2012 (Apple and Microsoft)

# The most valuable companies

## Top 10 – Market capitalization ranking 2018 vs 2021



#	Company	Sept-18	Industry	USD billions	
				Jun-21	Industry
1	Apple	1,091	Tech	2,286	Tech
2	Amazon	976	Tech	2,040	Tech
3	Microsoft	877	Tech	1,735	Tech
4	Alphabet (Google)	839	Tech	1,680	Tech
5	Berkshire Hathaway	523	Conglomerate	986	Tech
6	Facebook	473	Tech	721	Tech
7	Alibaba Group (China)	423	Tech	655	Tech carmaker+
8	Tencent (China)	388	Tech	637	Conglomerate
9	JPMorgan	379	Financial	623	Semiconductors
10	Johnson & Johnson	370	Pharma	615	Tech

+110%

\* Taiwan Semiconductor Manufacturing Co Ltd (TSMC)

7 top market cap companies: Tech platforms  
 Only 2 out of the 10 most valuable companies are still in the Top 10 since 2012 (Apple and Microsoft)

# The most valuable companies

## Top 10 – Market capitalization ranking 2021 vs 2023



USD billions

	Company	Jun-21	Industry
1	Apple	2,286	Tech
4	Microsoft	2,040	Tech
3	Amazon	1,735	Tech
4	Alphabet (Google)	1,680	Tech
5	Facebook	986	Tech
6	Tencent (China)	721	Tech
7	Tesla	655	Tech carmaker+
8	Berkshire Hathaway	637	Conglomerate
9	TSMC *	623	Semiconductors
10	Alibaba Group (China)	615	Tech

	Company	Mar-23	Industry
1	Apple	2,609	Tech
4	Microsoft	2,146	Tech
3	Alphabet (Google)	1,332	Tech
4	Amazon	1,058	Tech
.5	Nvidia	986	SW, AI HW/SW
6	Berkshire Hathaway	677	Conglomerate
7	Tesla	656	Tech carmaker+
8	Meta	549	Tech
9	TSMC *	482	Semiconductors
.10	Visa	473	Financial



**No more Chinese companies**  
**Nvidia and Visa raise: AI and semiconductors relevance**  
**8 top market cap companies: Tech platforms**

\* Taiwan Semiconductor Manufacturing Co Ltd (TSMC)

# Digital platforms main regulatory challenges

## Politics, Democracy and Geopolitics

### Anti-trust Competition

- Mergers: impact in GAFAM and competition
- Anticompetitive conducts (fines)
- Abuse of market power
- **Artificial Intelligence challenges**
- Net neutrality
- Gate keepers
- Fair Share

### Consumer Protection

- Trust in the digital economy
- E-commerce
- Electronic Contracts
- On line payments
- Dispute resolution
- Right to repair

**Contribution to  
reduce the Digital  
Divide**

### Content

- EU local content in the European Audiovisual Media Services Directive (& other markets)
- Fake news
- Hate speech, terrorism, bullying
- Protection of minors
- Copyright/intellectual prop. rights
- Content responsibility
- Content moderation

### Digital taxation

- Several countries implementing digital tax
- VAT
- Tax
- Cross-border collection
- OCDE agreement (BEPS 2.0: Pillars 1&2)

**Labour laws**

### Privacy and data protection

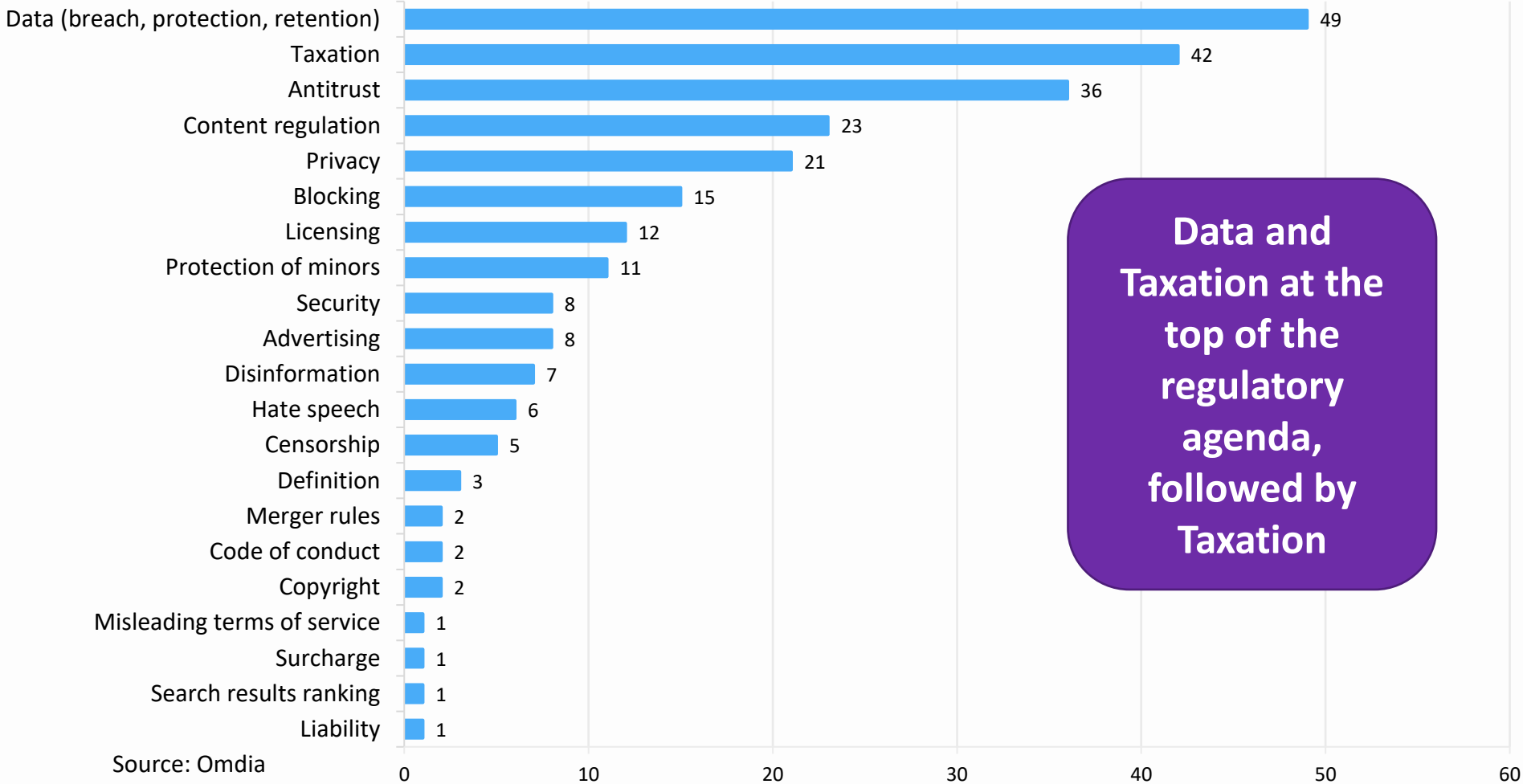
- GDPR and other data protection laws and implementation
- Free data flows
- Security
- Politics impact
- Data portability
- Data retention and the right to be forgotten
- Transparency and accountability

Source: Omdia

**“While there are common issues and common imperatives globally, there is an evident lack of global common approach and global coordination”**

# Digital Technology Platform Regulation Tracker (2021)

## Global publicly announced regulatory initiatives to address digital technology platforms, by topic



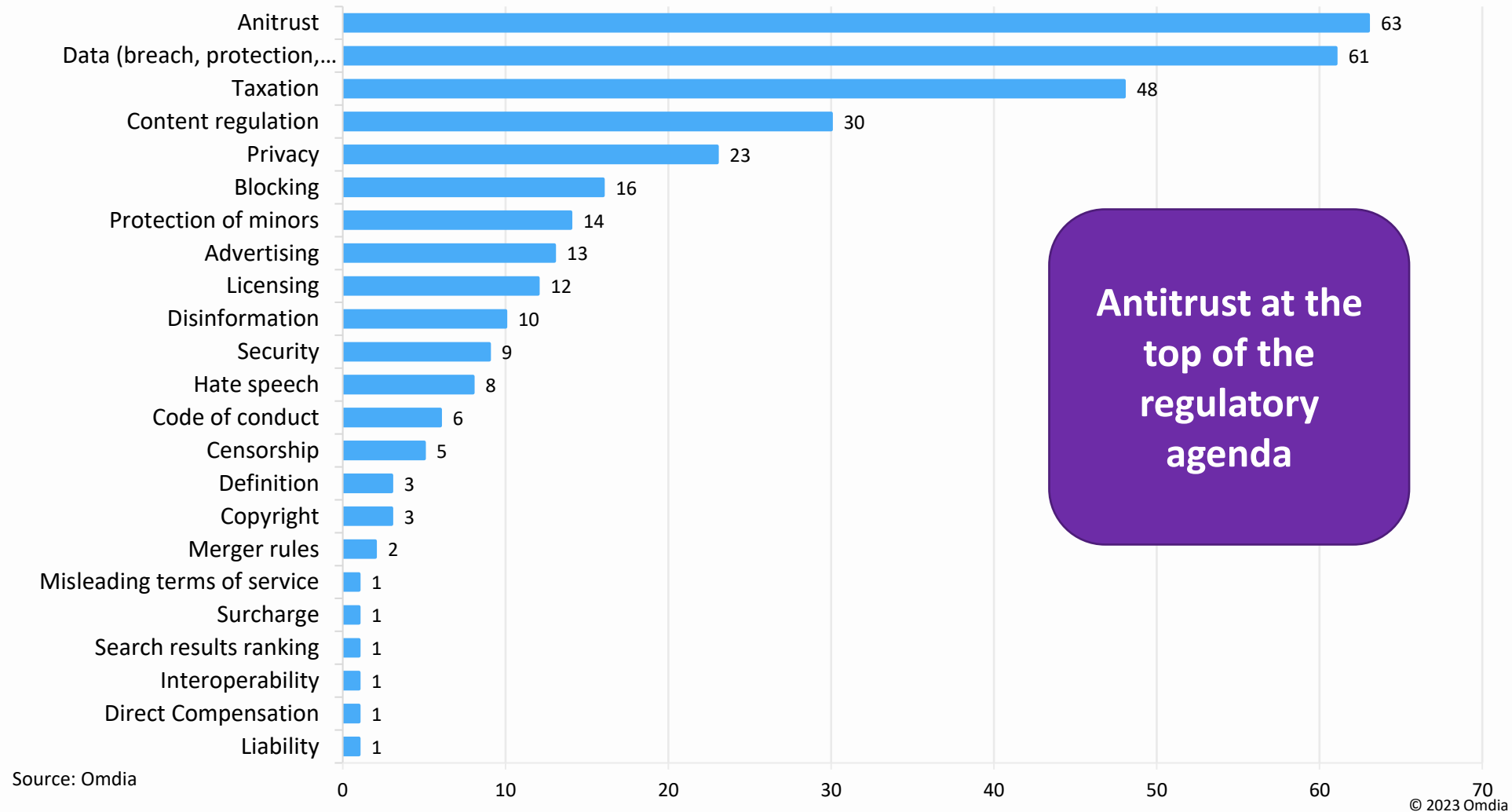
Source: Omdia, Omdia's Digital Technology Platform Regulation Tracker: 2021

Copyright © 2023. All rights reserved. Informa Tech, a trading division of Informa PLC

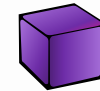
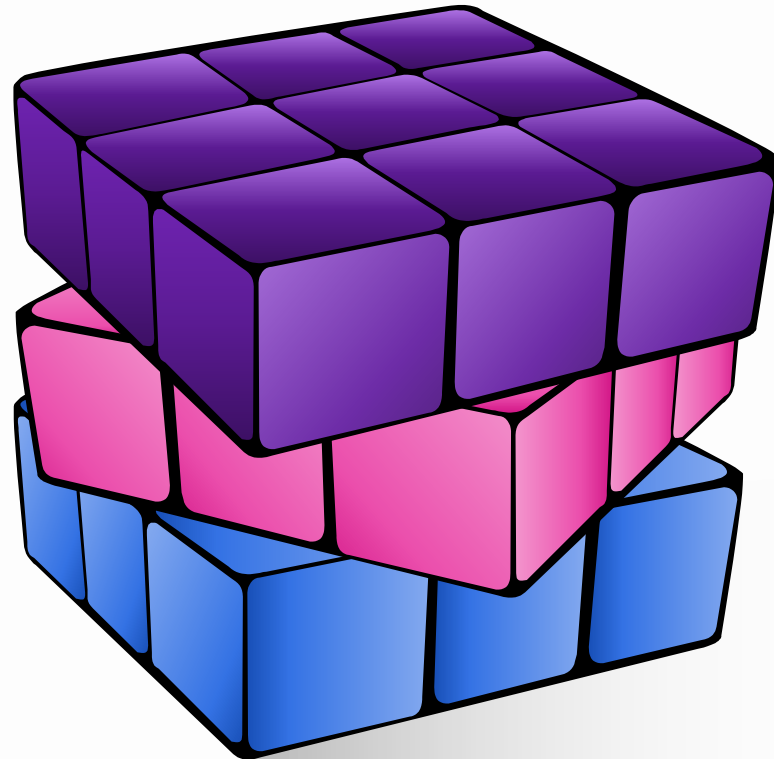


# Digital Technology Platform Regulation Tracker (2022)

## Global publicly announced regulatory initiatives to address digital technology platforms, by topic



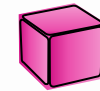
# EU: Digital economy regulation



**Digital Service Act (DSA)**

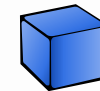
## Implementation

**2024**  
(in force Nov-22)



**GDPR**

**2018**  
(in force May-16)



**Digital Market Act (DMA)**

**2024**  
(in force Nov-22)



- In progress: end 2023?
- Unlikely to apply until the second half of 2025 at the earliest





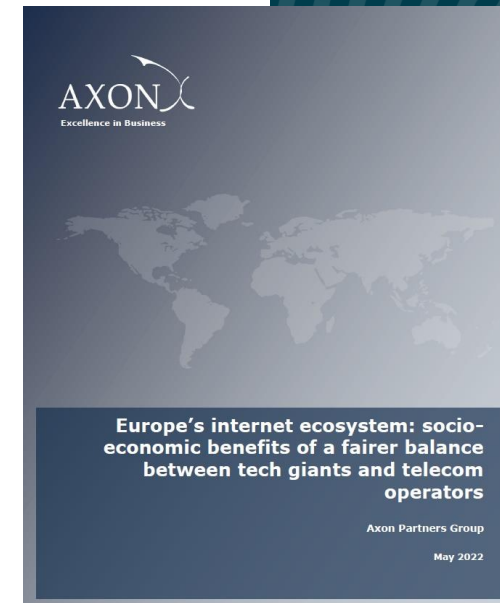
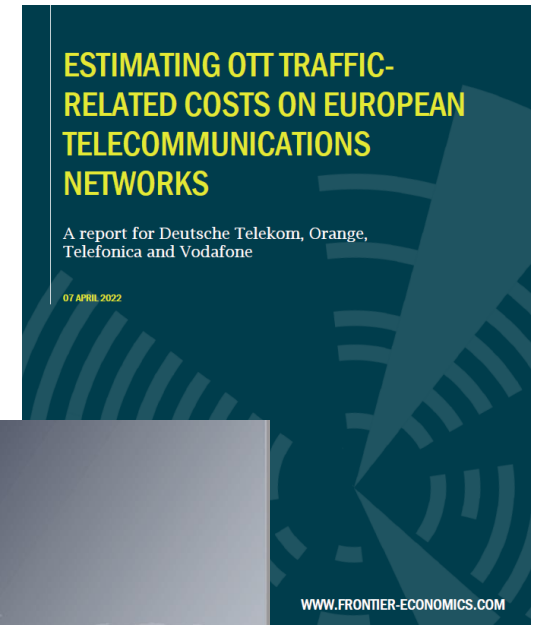
European Commission's commitment to developing adequate frameworks so that "***all market players benefiting from the digital transformation (...) make a fair and proportionate contribution to the costs of public goods, services and infrastructures***".

Declaration on Digital Rights and Principles for the Digital Decade, COM (2022) 28 final, 26.1.22



## ETNO: “Tech giants should share telecoms network costs”

- **Data traffic growth** over the last decade has been driven by a small number of leading OTT providers, with little or no economic contribution to the development of national telecom networks, who now account for over 55% of all network traffic.
- **Traffic driven by OTTs could generate costs of up to €36-40 billion per year for EU telcos.**
- **Telecom network operators are in no position to negotiate** fair commercial terms for their networks’ ever-increasing use by the leading OTTs
- Current situation is undermining many network operators’ ability to make a viable return on their **investments** and, if sustained further, could threaten some of the European Commission’s “Digital Decade” connectivity targets.
- **Remedying this situation could bring substantial socio-economic benefits (an annual OTT contribution of €20bn to the development of telecoms infrastructure** in the EU would raise GDP by as much as €72 billion by 2025, with a parallel increase in employment of up to 840,000 jobs annually; positive effects on both user experience and innovation levels; and a steep reduction of energy consumption and carbon emission levels.



<https://etno.eu/library/reports/105-eu-internet-ecosystem.html>



## ETNO proposal: “Tech giants should share telecoms network costs”

- ✓ **Direct compensation mechanism.** The tools to be adopted could work **ex post and/or ex ante**, and include **principles of fair and proportionate compensation**, and an **enforcement or dispute resolution mechanism**.
- ✓ Could be **complemented with regulatory obligations for OTTs to manage their traffic more efficiently**, so as to **minimize unnecessary volume increases**, without affecting quality of service (will also contribute to EU energy efficiency and Green Deal targets).
- Enable Europe’s telcos **to build scale** through “**in-market consolidation**” as a “stepping-stone for a healthy European telecom market”.
- Creating a “**real European telecom single market** by simplifying regulation, including for telecoms rules, spectrum policy, consumer protection, taxation and harmonised security frameworks”



# SK Broadband vs Netflix Inc. trial for fair network costs recovery

Should 23 Million South Koreans Pay More For Broadband When Only 5 Million View Netflix?



# EU Connectivity Package (23 February 2023)



- **Fair Share consultation**: exploratory **consultation** on the future of the connectivity sector and its infrastructure gather views on how increasing demands for connectivity and technological advances may affect the future developments and needs.
- **Proposal for a ‘Gigabit Infrastructure Act’** (new rules to enable faster, cheaper and more effective rollout of Gigabit networks) (replace the Broadband Cost Reduction Directive 2014/61/EU) (includes tower companies, set up a single digital point of information ("SIP") for obtaining information about existing physical infrastructure, civil works, and permits, simplifies the licensing/authorization procedures, Tacit approval for permit granting, fiber-ready connection for newly constructed sites or those undergoing major renovation).
- **Draft Gigabit Recommendation**, which seeks to provide guidance to National Regulatory Authorities on the conditions of access to telecom networks of operators with significant market power, in order to incentivise faster switch-off of legacy technologies and accelerated Gigabit networks deployment



# US: government helps to ensure ease of 5G deployments and broadband for all. Economic recovery \$1.2 trillion Bipartisan Infrastructure Framework



## 5G Fast Plan FCC

- Spectrum
- Infrastructure
- Backhaul

## 5G Fund for Rural America

- \$9bn of funding (Oct.2020)
- Investments will be allocated through a reverse auction in two phases
- 1bn to the deployment of precision agricultural

## Biden's \$1.2 trillion infrastructure plan

(Law Nov 2021)

**\$65 bn will be invested in broadband for all**

*"30 million Americans have no access to broadband, while those living in urban and suburban markets face broadband bills that are too expensive"*

June 2021

# US: internet demand subsidy



**Benefit provides a discount of up to \$30 per month toward internet service for eligible households (before \$50) and one time device subsidy**



Home / Consumer /

## Affordable Connectivity Program

[Español](#) | [한국어](#) | [繁體中文](#) | [Tagalog](#) | [Tiếng Việt](#)



The Affordable Connectivity Program is an FCC benefit program that helps ensure that households can afford the broadband they need for work, school, healthcare and more.

The benefit provides a discount of up to \$30 per month toward internet service for eligible households and up to \$75 per month for households on qualifying Tribal lands. Eligible households can also receive a one-time discount of up to \$100 to purchase a laptop, desktop computer, or tablet from participating providers if they contribute more than \$10 and less than \$50 toward the purchase price.

The Affordable Connectivity Program is limited to one monthly service discount and one device discount per household.

**Who Is Eligible for the Affordable Connectivity Program?**

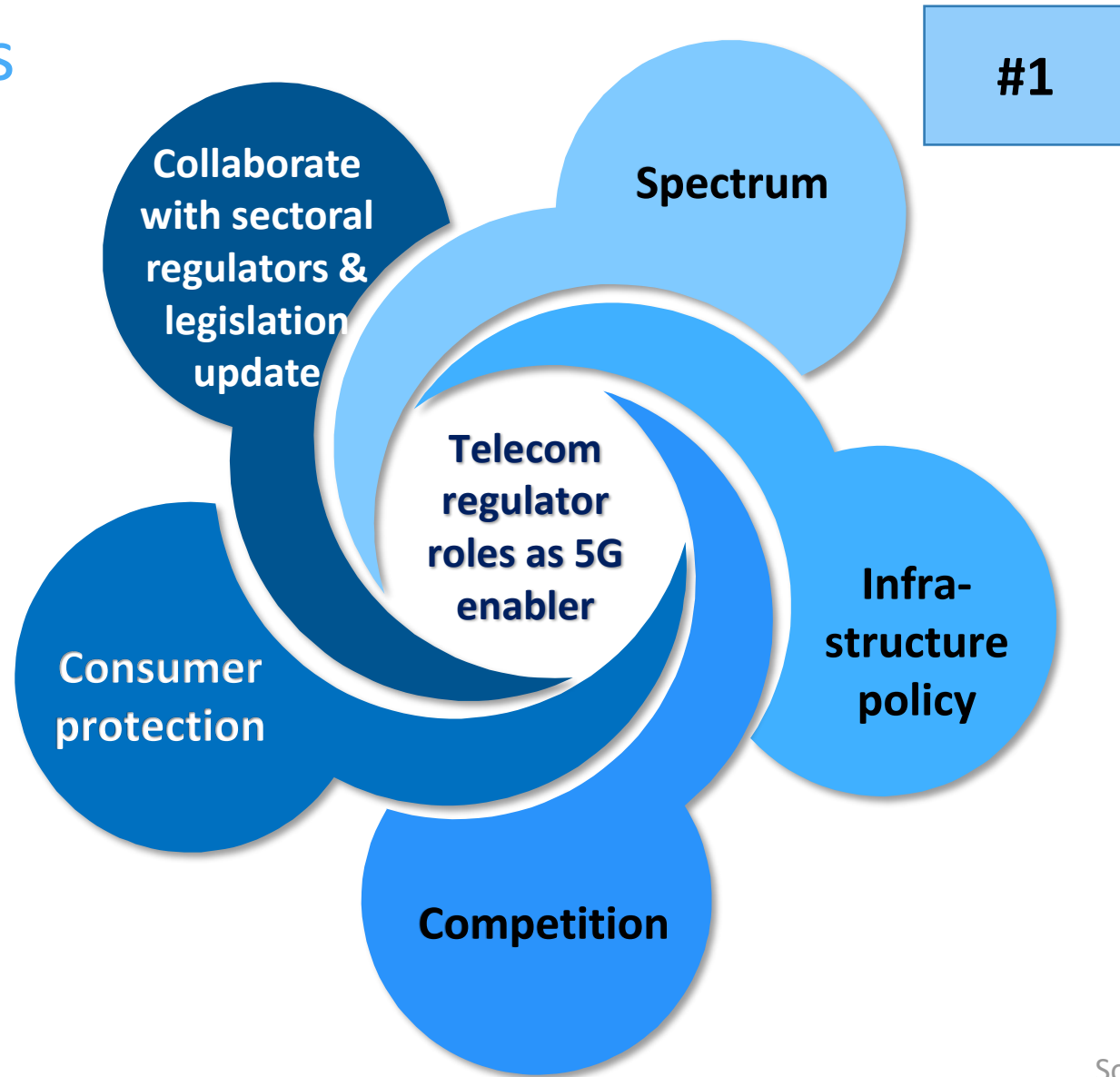
### ACP: What It Is & How It Works



*Helping families get connected to broadband during the*

# To Do List for Policymakers

Deploying a 5G and fiber networks involves large sunk costs and long payback periods; therefore, prospective investors seek certainty and clarity about the legal and regulatory landscape



Source: Omdia



# Thank you!

**Sonia Agnese**

Senior Principal Analyst Latin America

[Sonia.agnese@Omdia.com](mailto:Sonia.agnese@Omdia.com)

<https://www.linkedin.com/in/soniaagnese>

@sonixag



# Appendix

## **Omdia Consulting**

We hope that this analysis will help you make informed and imaginative business decisions. If you have further requirements, Omdia's consulting team may be able to help you. For more information about Omdia's consulting capabilities, please contact us directly at [consulting@omdia.com](mailto:consulting@omdia.com).

## **Citation Policy**

Request external citation and usage of Omdia research and data via [citations@omdia.com](mailto:citations@omdia.com).

## Disclaimer

The Omdia research, data and information referenced herein (the “Omdia Materials”) are the copyrighted property of Informa Tech and its subsidiaries or affiliates (together “Informa Tech”) or its third party data providers and represent data, research, opinions, or viewpoints published by Informa Tech, and are not representations of fact.

The Omdia Materials reflect information and opinions from the original publication date and not from the date of this document. The information and opinions expressed in the Omdia Materials are subject to change without notice and Informa Tech does not have any duty or responsibility to update the Omdia Materials or this publication as a result.

Omdia Materials are delivered on an “as-is” and “as-available” basis. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, or correctness of the information, opinions, and conclusions contained in Omdia Materials.

To the maximum extent permitted by law, Informa Tech and its affiliates, officers, directors, employees, agents, and third party data providers disclaim any liability (including, without limitation, any liability arising from fault or negligence) as to the accuracy or completeness or use of the Omdia Materials. Informa Tech will not, under any circumstance whatsoever, be liable for any trading, investment, commercial, or other decisions based on or made in reliance of the Omdia Materials.

## Get in touch

Americas

[customersuccess@omdia.com](mailto:customersuccess@omdia.com)

08:00 – 18:00 GMT -5

Europe, Middle East & Africa

[customersuccess@omdia.com](mailto:customersuccess@omdia.com)

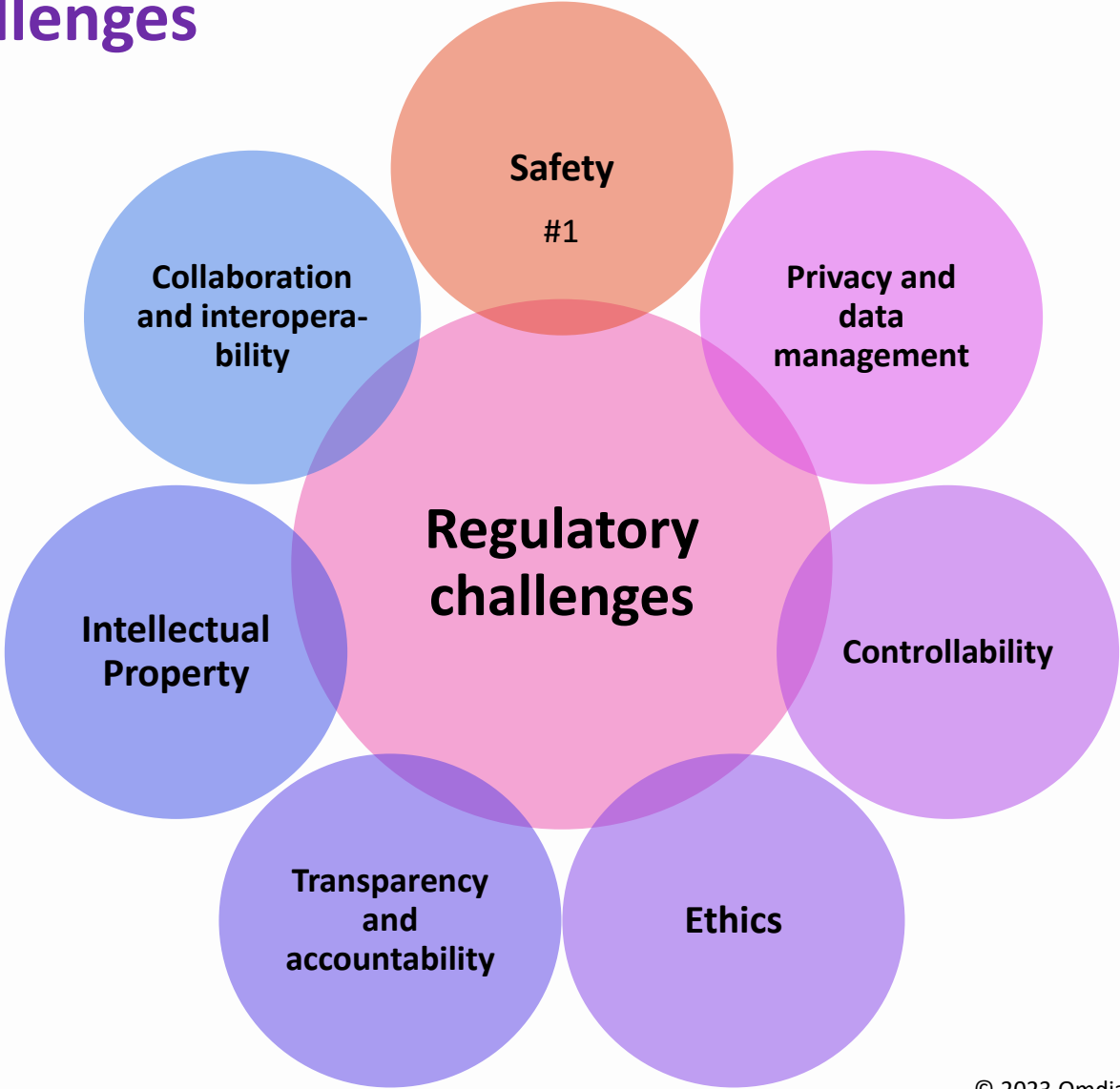
8:00 – 18:00 GMT

Asia Pacific

[customersuccess@omdia.com](mailto:customersuccess@omdia.com)

08:00 – 18:00 GMT + 8

# AI regulation challenges

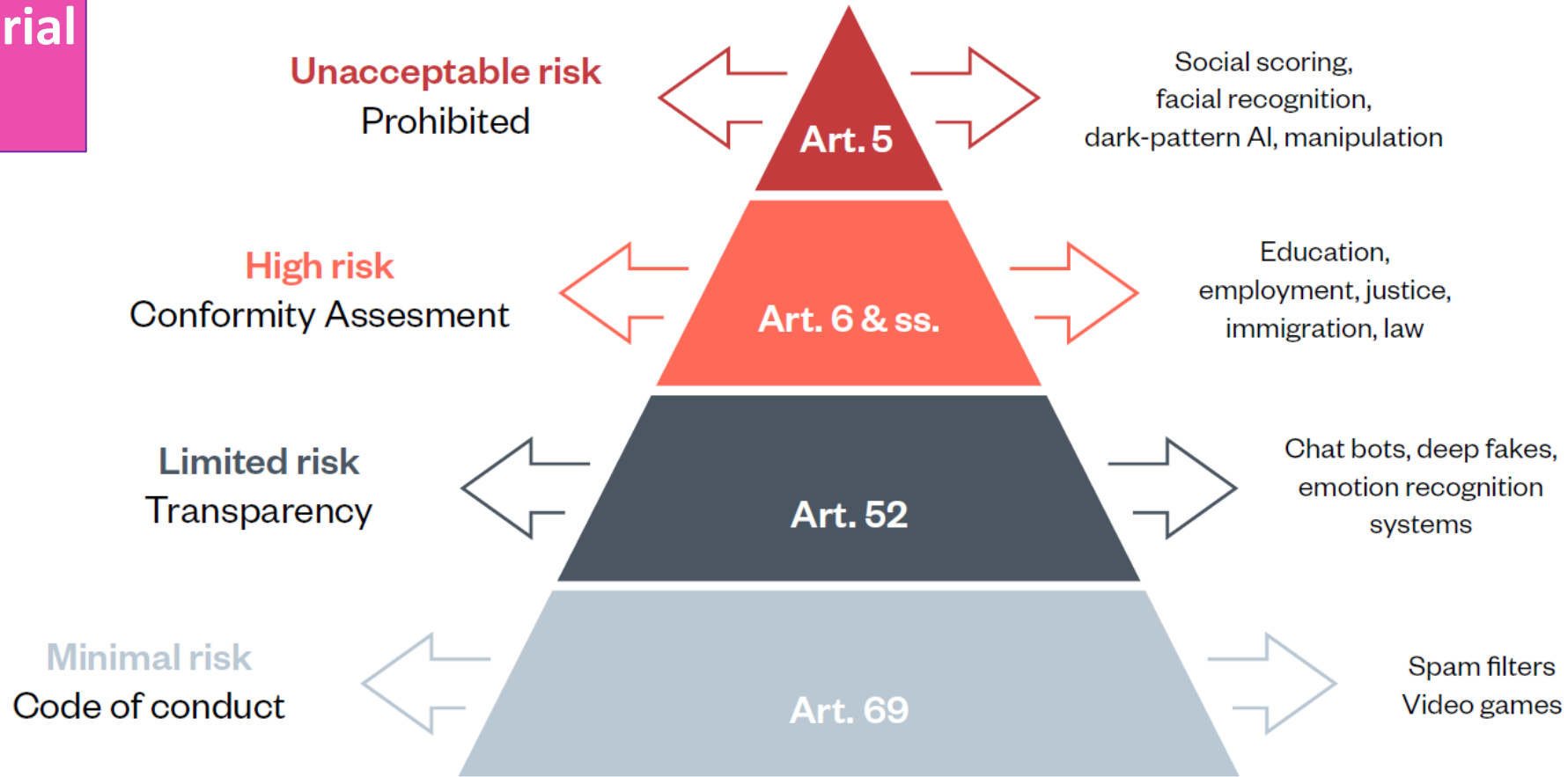


Source: Omdia

© 2023 Omdia

# AI Act will apply to all providers and users of AI systems, regardless if they were established within or outside the EU

**Extraterritorial scope**



EU Parliament introduced a separate notion of “foundation models” (GPAIS)

# AI Regulations

AI regulations are gradually moving to the implementation stage, with the EC taking the lead

Most countries are heavily focused on developing an ethical framework for AI

Governments will need to amend existing regulations to accommodate AI

Several countries have been considering sector-specific regulation

**Generative AI dilemma (ChatGPT)**