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For immediate release

Open Source key for ICT Competitiveness: European Commission

The European Commission has released a study of the economic impact of Free/Libre or Open Source Software (FLOSS) on the European ICT sector. It was prepared by a consortium of research institutions led by UNU-MERIT's Rishab Aiyer Ghosh.

Looking at the impact of FLOSS on European competitiveness in ICTs, the study finds that such software is of great importance to the digital industry in Europe and several other parts of the world. It has already reached considerable market share in several fields, including web servers and operating systems. A large share of public and private sector organizations use at least some FLOSS.

Findings include:

- FLOSS applications are top rung products in terms of market share in several markets.
- The existing base of quality FLOSS applications with reasonable quality control and distribution would cost firms almost Euro 12 billion to reproduce internally. This code base has been doubling every 1824 months over the past eight years.
- The notional value of Europe's investment in FLOSS software today is Euro 22 billion (36 billion in the US) representing 20.5% of total software investment (20% in the US)
- While the US has an edge in large FLOSS-related businesses, Europe is the leading region in terms of globally active FLOSS software developers, and leads in terms of global project leaders, followed closely by North America. Asia and Latin America face disadvantages at least partly due to language barriers, but may have an increasing share of developers active in local communities.
- By providing a skills development environment valued by employers and retaining a greater share of value addition locally, FLOSS can encourage the creation of SMEs and jobs.
- Defined broadly, FLOSS-related services could reach a 32% share of all IT services by 2010, and the FLOSS-related share of the economy could reach 4% of European GDP by 2010.
- Though FLOSS provides ample opportunities for Europe, it is threatened by increasing moves in some policy circles to support regulation that seeks to protect old business models of creative industries, making it harder to develop new ways of doing business.

The study, which also provides policy recommendations, was commissioned by the European Commission's Directorate General for Enterprise and Industry.

The full study, including a short executive summary, can be downloaded from the official website of the European Commission at:
<http://ec.europa.eu/enterprise/ict/policy/doc/2006-11-20-flossimpact.pdf> (pdf, 1.8 MB).

The views expressed in the study are those of its authors and do not necessarily represent the views of the European Commission.

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(United Nations University – Maastricht Economic and social Research and training Centre on Innovation and Technology)

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UNU-MERIT provides insights into the social, political and economic contexts within which innovation and technological change is created, adapted, selected, diffused, and improved upon. The Institute’s research and training programmes address a broad range of relevant policy questions dealing with the national and international governance of innovation, intellectual property protection, and knowledge creation and diffusion.

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