



12 May 2008

Digital Strategy 2.0 Submission
Digital Development Group
Ministry of Economic Development
submission@digitalstrategy.govt.nz

Draft Digital Strategy 2.0

Google is grateful for the opportunity to provide this submission in response to the *Draft Digital Strategy 2.0* (the Strategy). Google commends the Ministry of Economic Development on the development of this Strategy. In this submission, Google provides an overview of its relevant experience.

Google has commented separately on the *Digital Broadcasting: Review of Regulation Discussion Paper* and the *Broadcasting and New Digital Media: Future of Content Regulation Consultation Paper* and looks forward to engaging with the New Zealand Government on these issues.

About Google

Google initially became familiar to most Internet users as the provider of the Google search engine and subsequently as the provider of email, instant messaging and specialist search and information services, including Google News, Google Finance and Google Maps.

More recently Google (by acquisition of YouTube) became the provider of the well-known YouTube service. YouTube is a platform for people to watch and share original videos through a Web experience. Google is also the provider of Picasa. Picasa allows users to manage, edit and share their photographs online.

Google serves corporate clients, including advertisers and content publishers with cost-effective advertising and a wide range of search services. Google's breakthrough technology and continued innovation serve its mission of 'organising the world's information and making it universally accessible and useful.'

Google's business model has focused on what is known as the 'long tail' of the Internet – the millions of individuals and small businesses that cater to niche interests and markets. Google lowers the barrier to entry for these small publishers and advertisers and matches them up with users who are interested in what they have to say or sell.

Google in the New Zealand market



Tailoring services to local interests is of key importance in achieving Google's aim. New Zealand is strategically important for Google and Google is committed to increasing its local investment. Google has a local employee presence in Auckland. The web is an especially vital and exciting platform for New Zealand users and businesses and Google is committed to helping them take advantage of the opportunities that it brings.

New Zealanders are among the biggest users of Google's products worldwide and Google is committed to making the full suite of free Google products available in New Zealand and localised to New Zealanders' needs. For example, in 2007:

- Google launched a local version of maps.google.co.nz with data from apfinda;
- Google launched youtube.co.nz, featuring video content from New Zealand users,
- political parties, NGOs and businesses such as TVNZ, SKY News NZ and Tourism NZ; and
- Google worked with Tourism NZ to launch the world's first official layer by a tourism authority on Google Earth, showcasing New Zealand's best destinations and activities worldwide to Google Earth's 300m+ users.

Google works with thousands of New Zealand businesses to help them connect with audiences, information and customers worldwide, through Google AdWords and Google AdSense, as well as Google Apps and Google Maps' enterprise edition. Google's services are used by New Zealand agencies and businesses to promote New Zealand goods and services. For example, the Tourism New Zealand YouTube branded channel has generated significant awareness for its 100% Pure New Zealand campaign, with one video uploaded that has now been viewed over 829,000 times, as well as commented on and 'favourited' over 1200 times each. YouTube users have also posted their own videos about New Zealand in response.

The Open Internet: what it is, and why it matters

Google is, of course, only one piece of how the Internet as a whole is transforming the way individuals can create and engage with information. Innovation and free expression has thrived online because the Internet's architecture enables any and all users to generate new ideas and technologies. This openness has dramatically lowered the barriers for anyone to develop transformative technologies and has created unparalleled avenues for social discourse. As the Internet becomes increasingly essential as the fundamental communications infrastructure, promoting and nourishing the Internet's openness is paramount.

By openness, we mean that the Internet should allow unanticipated, unfiltered contributions from broad and varied audiences. The Internet is an environment of 'innovation without permission': it allows any user to create and offer applications or content to all other users, and users themselves are in control of what content and applications they access.



The Internet's architecture – its underlying technical design – gives rise to this openness. As Dr Vint Cerf, Google's Chief Internet Evangelist and one of the architects of the Internet has said:

'The Internet was designed to allow the implementation of applications to reside largely with users at the "edges" of the network, rather than in the core of the network itself. This is precisely the opposite of the traditional telephony and cable networks, where applications and content are managed in the core (in headends and central offices), away from the users at the edge.'

Further, the Internet's key protocols are open to all applications, not favouring one over another. As a result new applications, from the revolutionary to the merely useful, can be deployed and embraced by millions of individual users worldwide without the need for approval from gatekeepers. With some technological savvy and minimal capital outlays (relative to many other industries), an innovator can make their applications available to the world. Applications succeed on their own merits – because users like them, not because particular intermediaries have picked them.

The power of open networks to drive digital development is central to Google's story. When Google started as a project of two friends from Stanford University, they didn't have to ask anyone's permission to develop an Internet search engine. Rather, they were able to come up with a novel idea, implement it themselves and let users access it. Google's co-founders, Larry Page and Sergey Brin, have noted on countless occasions that their tiny company likely would not have survived had they needed to ask permission first in order to develop.

Keeping the Internet open is not about Google though; it's about the next Google – and making sure that the Internet remains an open ecosystem, where new ideas can succeed and new business models can flourish, on their own merits. Indeed, Google's story is the story of a myriad of other companies that have become global brands in a matter of years or even months. Skype went from an Estonian start-up to being a major competitor in international calling. Facebook went from being a small college project to being a platform used by a vast amount of New Zealanders.

The Internet is not just the story of businesses, but also of other entities and individuals. Cultural groups as well as other communities of shared interest depend on the Internet to communicate. Independent voices that typically could not afford access to traditional mass media platforms can now reach broad audiences. Today 'user-generated content' flourishes online, as individuals increasingly create and share content with one another. For instance, sites like YouTube allow individuals to share their creativity with local, national and global audiences. With access to the most basic of computing tools, users can put a video online and develop an audience of millions.

No one can reasonably dispute the tremendous benefits that have flowed from the marketplace enabled by an open Internet. The vibrant ecosystem of innovation that lies at the heart of the Internet has fuelled unimagined economic, social, and personal



growth. That ecosystem – based on an open network – should be nourished and promoted.

Policies preserving openness

If an open Internet is the optimal outcome, the critical task is to determine the appropriate legal, regulatory and/or market mechanisms to ensure the Internet's openness is preserved. This includes ensuring the minimum regulation necessary and encouraging and maintaining open networks. It also involves promoting universal access to the Internet.

As recognised in the Strategy, there are tremendous benefits from the uptake of broadband Internet in New Zealand. Primarily, access to broadband Internet supports growth in productivity. There are also derivative benefits from broadband Internet. Universal access to the Internet and a strong open network infrastructure means a better playing field for entrepreneurs to deliver new and innovative services for New Zealand business and consumers.

There are many areas where the legal and regulatory frameworks and market mechanisms must reflect the prioritisation of an open Internet. These include Internet and broadband policy as well as spectrum policy. It is important that policies in these areas are forward thinking. Openness must be preserved not just in the context of fixed line broadband connectivity, but also in the context of wireless and mobile Internet access. Increasingly, New Zealanders are accessing the Internet through mobile devices. New Zealanders who use the Internet from their mobile phone or through a wireless connection should have no more restricted an Internet experience than New Zealanders who access the Internet at home or at work over a fixed line connection. Therefore, like Internet policy generally, mobile and wireless policy should also encourage openness to stimulate innovation and enhance productivity.

To enable New Zealanders to make the most of an open Internet, it is important that copyright law strikes the appropriate balance between protecting and compensating copyright owners, encouraging them to create new material, whilst also allowing consumers and businesses to use those same materials in unexpected, innovative ways.

In addition, frameworks for research and development as well as education and training must reflect the prioritisation of digital development.

Conclusion

Google congratulates the Government on its approach to promoting digital development in New Zealand. Google believes that the preservation of an open Internet will facilitate strong digital development. This is achieved through the setting of laws, policies, rules and regulations that encourage new entrants, new business models, new content and new ways to excite New Zealand's consumers.



Google would be pleased to discuss any aspect of this submission with you further and to provide further information about our experiences.

Kind regards

Carolyn Dalton
Senior Policy Counsel
Public Policy and Government Relations
Australia & New Zealand
Google Sydney office:
P: +61 2 9374 4482
M: +61 402 791 031
E: carolyndalton@google.com

Google™