

CONFERENCE

Galileo Services: Chances for Business

24/25 April 2006 - PRAGUE, Czech Republic

CONCLUSIONS AND RECOMMENDATIONS

More than 200 experts, industry leaders, and governments' representatives from 28 countries gathered in Prague to discuss the future market opportunities for Galileo. They addressed market drivers, current success stories, success factors and risks (the administrative and regulatory framework, economical and financial foundations, and the importance of public actors), to ensure that this market takes off. Notably, the European Navigation Concessionaire (ENC), in the process of negotiating the Galileo concession with the Galileo Joint Undertaking (GJU, under the initiative of the EC and ESA) to become the Galileo Operating Company (GOC), presented for the first time its preliminary business strategy.

The Galileo Programme is the first structural programme of the enlarged European Union. It will bring important benefits to the Union, all 25 Member States and citizens, ranging from improved safety to persons, more efficient transportation systems, precision agriculture, personal navigation and localisation, and will trigger new policies such as road tolling and dangerous good tracking. The Galileo programme is now in a crucial transition phase. While the negotiations between the GJU and the potential future Concessionaire are dealing with the details of the concession, and in particular regarding the Public Private Partnership (PPP) which shall ensure the proper financing of the implementation phase of the programme, it is important to ensure that the revenue derived from the system will materialise.

Many actors have an important role to play in this prospect: The European Space Agency (ESA), through its technology development programmes, and the EC and the GJU, through the 6th EU Framework Programme for Research and Technological Development, have already allowed more than 330 industries and SMEs to develop new applications and future services. Member states, directly or through PPP mechanisms, have done the same. The GNSS Supervisory Authority (GSA) will supervise the Concession, interface with the EU and Member states to ensure a smooth adaptation of regulations, and in general foster a strong Galileo market penetration, while the GOC will be responsible for marketing the Galileo Services.

Private industry and in particular SMEs are now facing an important endeavour to position themselves on the market. While the GNSS market started 25 years ago with military, transport and other professional applications, it has since 2000 entered into the mass market era, stimulated by road navigation and Personal Navigation Devices. It is now a multi-billion Euro market. Technology and Regulations will very soon open the market of the Location Based Services, which is the optimal combination of Navigation – Communication – and rich Multimedia Content. The perspective of the GNSS market should lead to the creation of several hundred thousand jobs by 2020 in Europe.

While a few European companies have succeeded in playing a leading role in this market, it is however to be noted that this market relies today mainly on the American Global Positioning System (GPS), and that a Galileo based market is years ahead. Yet, strongholds in this market are being built today, and strong measures need to be taken to ensure that Galileo will progress towards a strong market penetration.

Finally, with the Galileo system and the GPS new generation, will appear a variety of new services, opening for new issues, such as liability, certification and standardisation, interoperability, personal privacy, which, according to the Conference participants, still need to be thoroughly addressed.

With these perspectives in mind, the participants wish to address to officials from the public and private sectors dealing with the Galileo Programme, to consider the following recommendations:

- 1) As the GNSS market is booming, and market leaders and standard products are emerging, it is apparent that the Galileo time-to-market dynamic is too slow for industry to make revenue. As a consequence, potential Galileo based applications are losing ground to GPS and GLONASS. As it is important that industry can generate revenue with a European alternative to GPS as rapidly as possible, the Conference participants recommend to the EC, GJU, GSA, Member States, and the European Satellite Services Provider (ESSP), to better promote the development of GNSS applications based on EGNOS, paving the way for Galileo.
- 2) Furthermore, the participants strongly recommend to the EC, GJU, GSA, and ENC, to install the concession contract as rapidly as possible in order to clarify the framework within which industry, and in particular SMEs, will be able to commercialise Galileo based applications.
- 3) Similarly, as a number of specific issues shall be clarified during the negotiation between the Galileo authorities and the future Concessionaire, the conference participants are encouraging the EC, the ESA, the GJU, the GSA and the ENC to provide swift insights on those, to ensure smooth operations and business development. The following questions (and their implications for SMEs) are of particular interest to the participants: Which will be the mechanism for liability and risk sharing in the Concession (in particular, which risk will stay on the public side)? Should liability and responsibility for Open Service rest in the Public Sector? How does the GOC intend to deal with the liability issues with the downstream market? How will Intellectual Property Rights (IPRs) be dealt with within the PPP set up? What should be the mechanisms for certification of applications?
- 4) Support to SMEs for transferring technology from R&D to business remains essential. While the EC, ESA and numerous public and private incubator organisations are very active, they are invited to favour projects which clearly identify the specificities of EGNOS and Galileo, in particular those permitting rapid revenue (cf. recommendation 1).
- 5) While the GNSS mass market is potentially a multi-billion euro market, the professional market is comparatively small. However, this market has potentially tremendous social and economical side effects, with the example of efficient transport management. As it is recalled that Galileo was originated to improve Europe's autonomy and social/economical edge, the participants strongly encourage the EC and Member States to provide an important support to applications and regulations directed towards such applications.
- 6) The Conference has demonstrated how crucial communication towards SMEs on Galileo potential for business development is. For many, the operational phase framework remains unclear, when on the contrary the readiness of the GPS based market is obvious. To enable the Galileo market penetration, the Conference participants invite the EC, GJU and GSA, to foster communication on the EGNOS and Galileo signal and services and to actively pursue the dialogue with SMEs. Furthermore, it appeared clearly during this conference that aspects related to how the public bodies (e.g. ministries) could best approach this relatively new technology of positioning, navigation and timing in terms of defining how society should/could adapt to it and adopt it as a strategic possibility for development were not discussed per se. A conference on such topics would be very appropriate in the near future.