COMMISSION OF THE EUROPEAN COMMUNITIES

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**COMMUNICATION FROM THE COMMISSION
TO THE COUNCIL, THE EUROPEAN PARLIAMENT,
THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE
AND THE COMMITTEE OF THE REGIONS**

**concerning the mid term evaluation of the multiannual Community programme to
stimulate the development and use of European digital content on the global networks
and to promote linguistic diversity in the information society (eContent)**

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(Text with EEA relevance)

Introduction

This Communication concerns the mid term evaluation of the eContent programme (2001 –
2004). The evaluation was carried out by a consortium of companies[1] contracted on the basis
of public invitations to tender issued by DG Information Society in June 2002. The evaluation
was conducted in the period January to June 2003. The executive summary of the evaluation
report is annexed to this Communication[2].

The eContent programme

The objectives of eContent, as specified in its Council Decision[3], are to:

- Create favourable conditions for the development of the European multimedia content
  industry.

- Stimulate demand for, and use of, multimedia content.

- Contribute to the professional, social and cultural development of citizens.

- Promote the exchange of knowledge between users and suppliers.

eContent covers the four-year period from January 2001 to January 2005 with a reference
budget of 100 million euro. The programme is implemented through three action lines:

- improving access to and expanding use of public sector information;

- enhancing content production in a multilingual and multicultural environment;

- increasing dynamism of the digital content market.

During the years 2001–2002, 58 projects were co-financed, involving over 468 organisations[4].

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[1]   Technopolis Ltd (lead contractor), IDATE, PRISMA.
[2]   *Mid term evaluation of the eContent Programme: Final Report, June 2003*, Technopolis Ltd., IDATE,
        PRISMA, full report available at www.cordis.lu/econtent
[3]   Council Decision 2001/48/EC of 22 December 2000 (OJ L 14, 18.1.2001, p. 32).
[4]   Contracts conclude with consortia resulting from the programme operations in 2001 and 2002, via calls
        for proposals.

Evaluation objectives

The eContent mid term evaluation assessed the extent to which the programme was effective in meeting its objectives in the first two years of implementation as laid down in its Council Decision; the effectiveness of the programme's theory of action (intervention logic); the efficiency of the programme's organisation and management; issues related to rationale, synergy and sustainability; the extent to which the programme met the needs of its target audience. The evaluators formulated recommendations for the second part of the current programme as well as giving indications for a possible continuation of the activities.

Key evaluation findings

The evaluators found that the benefits of the programme were significant in comparison with the level of resources allocated to it. The programme fulfils the role of demonstrating the potential economic benefits of information held by the public sector as well as increased market access opportunities provided by linguistic and cultural adaptation of digital content to target audiences.

The evaluators recognised the positive impact of the current programme and expressed a clear recommendation to continue supporting digital content via Community policies and programmes.

Detailed findings

More specifically it was concluded that:

– **The programme intervention logic was well designed**, with a hierarchy of objectives ranging from the political framework of facilitating "access for all" to the internet, through the operational goals of the action lines and the results expected from the individual projects selected;

– **The programme stimulated projects that would not have happened** in the same form or with the same transnational dimension, thereby showing a high level of additionality and good use of public funds. In particular, participating organisations recognised the leverage effect of transnational networking involved in the projects;

– **The programme reached its target audience,** mainly SMEs, representing 43% of the participants, followed by public sector organisations (40 %). In terms of funding, 44% went to SMEs, with 29% being received by companies employing less than 50 people. These beneficiaries gave explicit value to the fact of being able to collaborate in cross national projects.

– **The programme was overall well managed.** Problems encountered during the programme's implementation were relatively minor: there were some delays in awarding contracts and making payments, and networking and information exchange within and between projects could have been more effective.

Main recommendations for the implementation of the eContent programme

The evaluation report contains recommendations addressed to the Commission on the implementation of the current programme as well as to the Member States. Below are the main recommendations to the Commission and its response:

Recommendation 1: The financial requirements imposed on participants are too strict for SMEs and start ups, the main target group of the programme. The Commission should also reduce the payment delays to participant organisations.

Commission comment. The legal and financial measures applied to participants in the *e*Content programme are those laid down in the Financial Regulation of the Communities. This regulation is built on the principles of sound financial management and the safeguard of the public interest. All contractors, including SMEs and start-ups need to demonstrate that they have the capacity to cofinance the project and that they posses the human and financial resources to implement them. The Commission supports the participation of SMEs and start ups by providing pre-financing of up to 30% of the contractual amounts, sharing the costs of financial guarantees when these are needed.

With the entry in to force of the new Financial Regulation on 1 January 2003, the contractual payment delays applicable to new participants is being reduced from 60 to 45 days from the acceptance of reports, thereby alleviating the burden for the smaller players.

Recommendation 2: The commercial dimension of projects should be emphasised.

Commission comment. While being market orientated, the eContent programme acts in areas where the risk of market failure is widely recognised and the public interest is high. The eContent programme supports financially two types of projects.

Firstly, projects based on public-private partnerships and or multilingual/multicultural applications that aim at achieving demonstrators of revenue producing services. This action is directly linked to the legislative action in support of re-use of information held by the public sector as proposed by the Commission[5]. It contributes to the change of culture that public sector bodies need to undergo in order to facilitate the re-use of public sector information resources.

Secondly, there are projects that prepare the grounds to services to be developed in a second phase, interconnecting existing data resources in Member States specifying clear re-use policies for the use of the data they handle. While these projects[6] have a longer time-to-market, they seek to involve potential users of the services resulting at the completion of the projects themselves.

This approach results on the one hand to delivering functioning demonstrators with the first type of projects while additional data are made available for later exploitation in areas where the public interest is best served.

Recommendation 3: The feedback to unsuccessful bidders should be improved.

Commission comment. Each proposal is evaluated with respect to a number of criteria published in the call documents. The Commission communicates to all bidders detailed reasons for the acceptance or the rejection of their proposals. Feedback is offered on each of those criteria, allowing bidders to review their proposals and – in case – submit an upgraded version of it to a future call. In addition, the Commission services offer the possibility to

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[5]   OJ C 227 E, 24.9.2002, pp. 382-386 - Proposal for a Directive of the European Parliament and of the Council on the reuse and commercial exploitation of public sector documents (COM(2002) 207 final).

[6]   See the eContent Council Decision, Annex I, for the types of projects supported.

potential bidder to confront their ideas before full proposals are formulated, so as to ascertain the coherence with the *e*Content programme objectives.

Recommendation 4: The Commission should encourage collaboration and networking among the national contact points disseminating information about the programme aiming at improving the quality of service provided.

Commission comment. The Commission takes note of this recommendation and will continue training the national contact points. It should be noted that national contact points are a support mechanism to inform and disseminate potential participants established and financed by Member States and participating countries in line with the principle of subsidiarity. As such the level of services provided as well as the resources put in place vary depending on the allocation of funds in the different countries.

Main recommendations on a possible follow on programme

Recommendation 5: The contractor argues in favours of a need for a follow on programme.

Commission comment. The Commission takes note of the impact analysis of the current programme as well as the wide consultation process undertaken by the contractor. As a result of the evaluation, more than 2000 organisations the applied to the programme were surveyed, with the aim of gathering information on their activities in the field of digital content.

Many respondents valued the European level support as an element allowing them to network with similar or complimentary organisations beyond their national borders or as an incentive to engage in cross-border collaboration.

The Commission recognised digital content as a key element in its *e*Europe 2005 communication[7] as an element to reduce digital divide and increase the use of global networks. A proposal for a follow on programme is under consideration at present.

Recommendation 6: The contractor asks the Commission to maximise impact with a given set of resources as well as restricting the potential target group.

Commission comment. The Commission shares the view that impact should be maximised and some rationalisation of the activities should be undertaken. The Commission will detail in its proposal the areas where added value at European level can be maximised. In particular, the Commission supports the view of the contractor that multilingual and multicultural elements should be at the core of all projects supported, and not be the subject of a specific action line.

A consultation process with industry is under way to single out areas where both the public interest element and the priority of the industry converge in order to create the ground for effective public – private partnerships.

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[7]   eEurope 2005: An information society for all, COM(2002) 263 final of 28 May 2002.

CONCLUSION

The Commission takes note of the findings and recommendations of the evaluation report on the eContent programme. In the light of the Commission's responses, it invites the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions to:

(1)   Recognise of the role of digital content as a means to increase access to information by the citizens and to stimulate the economic and social development of European businesses.

(2)   Support the role of the eContent programme as supporting demonstrators for the reuse of public sector information and the creation of European multilingual and multicultural content.

Mid Term Evaluation of the eContent Programme

Conducted for the European Commission

Technopolis Ltd

July 17th 2003

1.   INTRODUCTION

The eContent programme was developed by the European Commission[8] to encourage growth and development of the digital content industry in Europe. The programme began in 2001 and will run until 2005. With a budget of 100 MEURO the programme aims to stimulate the production, use and distribution of European digital content (e-content) on global networks. It intends to do this by encouraging the growth of a healthy and competitive EU digital content industry better able to exploit the opportunities created by new and emerging technologies.

There are three action lines in the programme:

– Improving access to, and expanding the use of, Public Sector Information

– Enhancing content production in a multilingual and multicultural environment

– Increasing the dynamism of the digital content market

This evaluation was carried out in response to a requirement laid down in the Council Decision adopted on the 22 December 2000. The evaluation was carried out over a six month period (January -June 2003) by a trans-national consortium led by Technopolis Ltd.

Although the evaluation takes a look at progress by the mid-point position, an important additional aim of the study is to consider whether the programme is an appropriate policy instrument that will assist the European digital content industry in overcoming current and future innovation barriers. This in turn has allowed the development of recommendations on whether, and in what form, the programme should be continued in future.

The evaluation covers Calls I and II projects[9] in all fifteen Member States of the European Union and including the three EFTA-countries, Norway, Liechtenstein and Iceland. The accession countries were not included in the evaluation, because at the commencement of the work in January 2003 few of them had signed a memorandum of understanding with the Commission for participation in the programme. However, in order to take into account the likely future needs, preferences and expectations of these countries, some representatives of National Contact Points (NCPs)[10] in the Accession States were interviewed.

2.   SUMMARY OF THE MAIN EVALUATION RESULTS

This summary and the accompanying recommendations form a précis of the evaluation. More detailed findings and associated analyses are contained in the main body of the report. The evaluation focuses on a series of six key questions.

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[8]   See Council Decision of 22 December 2000, OJ L 14, 18.1.2001.
[9]   The programme is implemented mainly through calls for proposals, requiring interested applicants to submit proposals for their projects within a given period of time. There is one Call per year. Call III started in December 2002.
[10]   National Contact Points are points of help set up by the Member States in order to market the programme to a national audience as well as to assist potential participants with the application procedures. Although important to the programme, they are entirely the responsibility of Member States.

2.1. Was the intervention logic behind the programme effective?

'Intervention logic' describes the relationship between the programme and the resources it uses, compared with the outputs and impacts which it has achieved. In short, there should be a logical relationship between the overall programme goals, the operational goals, the concrete results expected and the measures and activities designed to achieve these results. In order for a programme to be effective, the intervention logic should be as clear as possible, as a 'muddy' intervention logic can result in resources being allocated for measures which do not enhance the overall goal of the programme.

A useful logical framework for demonstrating the effectiveness of the intervention logic is to see a programme on a variety of different levels, as shown in Exhibit 1 below.

Exhibit 1: Interpretation of the intervention logic for the eContent programme

Overarching Framework	• EEurope – Stimulating the use of and access for all to the Internet
Overall programme goal	• Enhancing the competitiveness of the European content industry by supporting the production, use and distribution of European digital content on the global networks
Operational programme goals	• Improving access to and expanding the use of *commercially viable* Public Sector Information • Promoting cultural diversity and multilingualism by enhancing content production in a multilingual and multicultural environment • Increasing the dynamism of the digital content market
Results	• Concrete project outputs such as demonstrators for new digital products/services which are commercially viable • Development of best practice models and methodologies • Dissemination of results • Fostering new partnerships
Activities	• Funding cooperative projects which – Have a short time to market – Develop solutions based on available technology – Build on a multipartner, multinational and multidisciplinary approach

In support of the main aims of the programme, eContent provides funding for projects that have a short time-to-market, develop solutions based on available technology and aim to experiment with new business models and partnerships. Accordingly eContent is a market programme with a clear commercial angle and a strong emphasis is placed on the creation of pan-European networks and partnerships.

The objectives stated by the Council Decision are much broader in scope, in that they have a social and political remit that transcends the boundaries of a commercially oriented programme. Although these goals are not incompatible, it would make sense to put them into a hierarchy in order to have clearly defined intervention logic. Otherwise, there is a danger of having a 'catch-all' programme - attempting to achieve too great a variety of goals within comparatively limited resources.

The evaluators therefore contend that stimulating access and use of the Internet provides the **overarching framework** in which the programme is embedded, whereas enhancing the competitiveness of the European digital content industry is the **overall objective** of eContent which significantly contributes to that framework. The prospect of future commercialisation of products and services resulting from projects acts as a major incentive for public sector organisations and universities/research institutes to draw together content on a European level and to make it available to a wider public.

The three Action Lines should be seen as the **operational goals** of the programme, against which the success of the programme should be measured. The choice of the three Action Lines was considered sensible, given the fragmented nature of the industry and the breadth of issues involved at the time. The programme focuses on one important and under-utilised form of content, namely public sector content. It also points to a number of transverse issues that hamper the development of digital content in Europe, such as multilinguality and Digital Rights Management (DRM).

In order for the intervention logic to be sound, the operational goals have to contribute to the overall programme goal of enhancing the competitiveness of the content industry, not merely increasing the availability of content. Market orientation has to be a fundamental requirement for all projects from the beginning, otherwise there is a danger of highly relevant and interesting content not being used efficiently or not being sufficiently well targeted at potential users. The requirement for all applicants to provide sound business plans upon application was introduced in 2003. This is regarded as a justifiable and commendable change to have made.

2.2. What is the relevance of the programme?

The eContent programme is *broadly relevant* to a large number of players in the content industry. However, the programme has *particular relevance* to a relatively small subset of the content industry. These are mainly companies engaged in the distribution of online public sector content, experts in localisation, and specialist content providers within public bodies and research organisations. The programme is also relevant to European businesses, citizens and users in that it increases the availability of valuable content to them. The importance of the programme is amplified by the fact that few national programmes were identified in the European Member States that are directly comparable to eContent.

The relevance of the eContent programme differs for the various parties involved. The main aspects are listed below:

Relevance of European content for SMEs

– Increased access to commercially relevant information held by the public sector

– Public-private partnerships ensure that SMEs are involved in the conception, packaging, distribution and pricing of content from the beginning

– Access to best practice guides on localisation, allowing SMEs to tailor their offerings more efficiently to different target markets

– Increased opportunities to network with localisation and language experts, thus tapping into a pool of knowledge and business opportunities that have yet to be fully exploited

– Disseminating their content at a European level

– Increased knowledge on transverse matters such as Digital Rights Management and rights trading

Relevance for the public sector

– Increased opportunities to exploit content assets that are often otherwise hidden

– Increased service levels for a growing number of citizens and businesses, with multilinguality helping to remove language barriers

– Dissemination of content to a wider audience, thus promoting the notion of 'open government'

– Market-friendly distribution of content due to public-private partnerships

– Commercialisation as an opportunity for additional income

Relevance for universities and research institutes

– Efficient exploitation of highly relevant, but fragmented, content

– Dissemination of content to a wider audience

– Increased opportunities to bring their linguistic and localisation knowledge to market through networking with industry

– Pooling of knowledge in order to speed up the solution of problems

– Commercialisation as an opportunity for additional income

Relevance for European users

– Increased availability of relevant content

– Increased access through the reduction of language barriers

2.3. Has the programme been managed efficiently?

When considering this question it is important to separate out the day-to-day management of the processes involved in achieving the programme goals from the overall 'fit' with the objectives and perceptions of the Commission. In broad terms, the questionnaire survey for this evaluation has shown that the programme has been managed efficiently on both counts. The detailed achievement of objectives is discussed elsewhere in this report.

Overall, participants showed a high level of satisfaction with the input they had received from the Commission at the three key stages of pre-submission, submission and project management. Whilst there are minor improvements to be considered in project documentation, feedback and payments, the Commission should be complimented on their achievement.

The legal base of the programme proved to be clear, consistent and unambiguous in its stipulation and requirements, in that it outlines the necessity for an eContent programme, sets out its goals, and details the content of the Action Lines. It contains all the information necessary for the Commission to implement the programme. The procedures set out by the Council Decision have been followed closely by the Commission.

In a fast changing sector such as eContent, technical and market conditions can change rapidly and influence the potential for a commercial outcome to projects. The outcome of the programme could be better assured if more attention was paid to these two aspects at an earlier stage in the course of projects. Whilst the project teams should ideally have these skills available, it is suggested that the Commission encourages the NCPs to provide listings of experts on both technological and commercial matters to provide an external view where necessary, in order to strengthen this aspect. Similarly, marketing plans for the outcome of projects were in many cases found to be dormant and should have been activated much earlier in the process. The commercialisation and marketing aspects should receive special attention by the Commission and their evaluators in project reviews.

The role played by NCPs in disseminating programme information was less clear in that they were all established on different bases by Member States. As a consequence, some NCPs have the resources and prominence to be highly participative, whereas others are much more passive. Improvements in the networking and good practice of NCPs would result in a much more useful network for existing and future users.

Regarding awareness activities, the dissemination of results - for example on websites - could be improved to make them more 'market friendly'. Specific market events could also benefit from greater involvement with the commercial sector to again encourage commercialisation activities early on in the process.

Overall, the programme was found to be well managed, but needing greater applied market focus to maximise the potential of its projects.

2.4. Has the programme fulfilled the expectations of participants?

The goals of the programme, particularly in relation to commercial and networking aspects, have in principle been well understood by participants. 'Development of new products/processes and services' was found to be a high-ranking goal for all participants. Networking goals such as 'access to complementary expertise' as well as 'formation of strategic alliances' were also ranked very high. Goals related to acquiring knowledge and

enhancing in-house learning were rated lower. Although learning was an important project outcome, it was not seen as a primary objective of the projects. The low ranking of 'technological risk sharing' indicates a clear understanding that eContent is not intended as a technology programme.

As may be expected, there were some marked distinctions among participant types regarding goal prioritisation. Access to markets, customers and improved competitiveness were found to be the most important to companies. For the public sector and universities, the dissemination of content to a wider audience were considered central goals. The development of an end product was seen as a high priority for all participant types.

The results also showed that companies have different expectations from networks and partnerships, as do public sector organisations and universities. While networking goals overall were ranked highly by all participant types, companies were mainly looking for complementary expertise, whereas public authorities and universities were more interested in strategic alliances in order to disseminate their content to a wider audience.

Some of the project goals have been attained already, despite the comparatively short time that the programme has been in existence. This is especially true of networking goals, such as 'formation of strategic alliances' as well as 'access to complementary expertise'. Thus, one of the main goals of the programme, the establishment of networks across different types of players in the market has not only been classified as very important by participants, but is already showing a high degree of fulfilment.

Many participants expected goals relating to the exploitation of project outcomes to be fulfilled only after the end of the project. This reflects the fact that commercialisation has not received much attention so far, indicating that the commercial impact of the projects could take some time to materialise.

2.5. What are the direct outputs of eContent, and how will they be commercialised?

A broad range of outputs has already been produced or, as indicated by participants, will be produced in the very near future. Most projects are well under way, and new products and services are expected by the conclusion of the projects. The programme therefore appears set to be successful in increasing the availability of digital content in Europe.

In terms of commercial exploitation, which is one of the main goals of the eContent programme, few participants had so far made concrete plans about marketing, sales procedures, target customers, and revenue models/volumes. A small number of projects are already in pilot phases, actively testing an early version of their end product with potential target customers. Most projects are however still at the feasibility phase, exploring potential users' needs as well as their willingness to pay for an eventual product/service. For most projects therefore, further time, effort and money will need to be spent on marketing studies, pilot phases and other pre-launch activities before potentially commercial outputs may be expected.

Uncertainty about commercial outcomes is an unavoidable aspect of the innovation process and is not unusual even for market programmes. The fact that commercialisation was found to be still at an early stage in most projects should temper the Commission's expectations that outcomes will be close to being marketable and that commercialisation will happen shortly after the end of the projects. To help alleviate this uncertainty, measures should be taken to support commercialisation aspects from a very early stage in projects. The early inclusion of

potential business users and/or distributors in the projects is one measure that would strengthen and accelerate commercial exploitation. If the needs of users are not considered early on in a project there is a danger that good content products will not be fully exploited, products may not be designed appropriately and 'time-to-market' may be unnecessarily long.

2.6. Have the goals of the programme been met?

Overall the goals of the programme are very broad and the corresponding resources quite limited. It would therefore be unrealistic to expect the programme to have a far-reaching impact. eContent should be perceived more as a demonstration programme, showcasing to the European content industry that the public sector holds information which is of commercial interest, that multilingualism is an important asset at a European/global level and that issues such as Digital Rights Management effectively hamper the commercialisation of digital content and therefore need to be resolved.

Improving access to and expanding the use of Public Sector Information

In the field of Public Sector Information, the programme was perceived as very valid in its progress to date. The projects that have been funded are interesting to wide groups of citizens and businesses in Europe, and cover important topics such as land registry, geographical and social information, environmental data and patent information. The projects have already helped to resolve important terminological, legal and conceptual differences. Many of these projects would not have happened, or at least may have happened in a more limited way without the programme. It can therefore be concluded that access to, and availability of, Public Sector Information have both been improved through the programme. In addition, Action Line 1 also supports legislative and policy work by the Commission in the area of Public Sector Information.[11]

Whether this increased availability will result in future commercial returns is difficult to establish at this point in time. At this stage of the programme it may be seen that some of the projects can be expected to show significant commercial value if skilfully packaged and distributed. However, the fact that most projects have not yet developed a scenario for exploitation – for some this was not required from the outset – means that some time will pass before market opportunities for European SMEs may result. As already suggested, the early inclusion of business users and/or distributors in each project could shorten time-to-market for public sector content products as well as ensure that these products are tailored from the outset to the needs of potential users.

Summing up the commercial potential of Public Sector Information (PSI) as funded in this programme, the following observations may be made:

– The public sector content most likely to create revenue is to be found in the 'business to business' (B2B) realm. Geographical, land information etc. which can be used by businesses rather than by individual citizens has a higher commercial potential

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[11] See the "Green Paper on Public Sector Information in the Information Society", published in January 1999, and "eEurope 2002: Creating an EU Framework for the Exploitation of Public Sector Information", which outline an orientation for the Commission on the reuse and commercial exploitation of Public Sector Information. A proposal for a Directive on the reuse and commercial exploitation of Public Sector Information was published on 5th June 2002. These documents can be found on http://www.cordis.lu/eContent/psi/pubsec.htm

– Some conflict of interest is likely to occur between public and private sectors when socially sensitive information, such as medical data, is involved. A major element in the success or failure of future commercialisation models will be the exact nature and appropriateness of the revenue models chosen. With socially sensitive information in particular, the public sector will wish to remain involved in decisions on who will have access to the product and at what price.

– In some cases, the public sector shows reluctance to exploit the use of content because it may jeopardise potential revenue from their own PSI assets by allowing the private sector to license it. Some public sector institutions prefer to continue commercialising content on their own, or in conjunction with other public sector institutions, to avoid this risk

Enhancing content production in a multilingual and multicultural environment

The programme has helped to produce – or will help to produce in the near future – a series of outputs conducive to,

– Demonstrating the importance of localisation/multilinguality to European companies

– Assisting content companies in localising their offerings, for example by providing advice, best practice models, interactive guides and training models

– Making important content available to a European audience in a variety of languages, thereby ensuring more widespread access

– Providing effective multilingual retrieval and search mechanisms in order to access important content

Good quality outputs may therefore be expected as a result of the programme. In addition, by bringing together multidisciplinary teams consisting of localisation service providers, owners of highly specific content, specialist consultants, software companies and international associations of content-related industries, important but less tangible benefits of networking and knowledge exchange have already been achieved by participants. By networking different groups of players working in different fields important synergies have been created and consequently added value for European content firms has been achieved.

The most important impact of Action Line 2 is that it has enhanced the notion of localisation as a multicultural – not merely multilingual – phenomenon. It was made clear at the outset of the programme that projects aimed at developing translation software would not be considered. Localisation is still widely perceived as translation by participants. The programme has helped to redress this one-sided understanding and has provided European SMEs with a more valuable asset with which to operate in other national markets.

Action Line 2, however, though sensible in its objective is presented in a way that clearly lacks focus, so the added impact that goes beyond the direct effect on participants will not be as great as with Action Line 1. Action Line 2 addresses a very broad audience that has little in common – virtually everyone who has something to do with multilinguality is encouraged to participate.

This diversity is not in wrong in principle, as it reflects the diversity and the fragmented nature of the industry and a broad approach was certainly right at the time of the programme conception and launch. Looking to the future however, it may be advisable for eContent to clarify its focus (see the Recommendations section). Given the importance of the

demonstration aspect of the programme it would be sensible to clarify the focus in order to maximise the programme's impact. A better defined focus would provide a clearer message to more sharply defined user groups, rather than having a wider but more diffuse effect. With a widespread focus, user groups and target markets are too fragmented for the programme to achieve critical mass which is key aspect of successful demonstration.

Increasing the dynamism of the digital content market

By covering a wide range of issues from access to capital to Digital Rights Management the programme highlighted key structural elements of the industry. Some highly relevant projects were funded, generally aimed at reducing some of the barriers to the commercial exploitation of digital content.

Given the small size of this Action Line in terms of budget - only 15% of the overall eContent budget goes to Action Line 3 - a broader impact could hardly be realistic. The value of this Action Line lies in pointing towards 'hot spots' relevant to the industry, which are in need of resolution on a pan-European level. The current focus of eContent on the exchange of good practice, the build up of a strategic overview of the digital content market and the dissemination of project results is of great value, given the demonstration character of the programme.

Some additional points should be noted when considering the achievements of the programme:

– The programme has been successful in targeting SMEs. A substantial proportion (43%) of participants consists of SMEs, with 16% having less than 10 employees and another 16% between 10 and 49 employees. This is seen as a good result, as SMEs are a prime group that the Commission wished to attract.

– The programme has been successful in creating and strengthening pan-European networks and partnerships and has promoted the exchange of knowledge between different groups of players. Although a high proportion of participants knew all or some of their partners before participating in eContent, the programme has contributed to strengthening these networks. In addition, the networking effect can be expected to show a high degree of sustainability as a large proportion of participants indicated that they plan to continue working with some of their partners in future projects.

– Although not an explicit goal of the programme, learning effects have been an important intangible outcome of eContent. The projects have helped organisations to approach their own work in a more structured way and to 'bundle' key knowledge elements within the participating firms. Important learning effects can also be found in the intercultural realm, where interesting and effective models of cross-border cooperation have been developed.

3.   RECOMMENDATIONS

The report chapter on recommendations is divided into two sections. The first focuses on suggested improvements for the current programme, the second examines possibilities for modelling a future programme.

3.1.   Recommendations for the current programme

General recommendations for the Commission

– The Commission's financial controls require that financial performance be evidenced in the application process. Although this may be waived for applicants who are in start up situations any such applicants are not able to receive advance payments – arguably the principal reason for start up business getting involved in programmes such as eContent. The Commission should review its application requirements in order that start up businesses may be better able to receive support from programmes targeted in whole or in part at these very businesses

Financial procedures should be improved such that participant organisations receive payments, especially advance payments, in a shorter time - ideally within 60 days after the signature of the contract. Payments delays were often commented upon by participating businesses. They are particularly damaging for SMEs, whose participation in the programme, if not their very existence may be threatened through late payment.

Recommendations to the EC programme management

– Commercial market focus should be emphasised as an important aspect that should run in parallel with project development rather than at the end of it. Apart from the requirement to present a sound business plan upon application, the inclusion of business users/content distributors – although practically it cannot be made compulsory – should be considered positively in the selection process. Similarly, greater commercial focus should be introduced at promotional events.

– The system of feedback to successful and unsuccessful bidders should be reviewed in order to improve quality and consistency. Similarly, standardised forms and completion requirements are recommended. Further training of evaluators in these respects should also be considered.

– Programme documentation should be reviewed in order to improve clarity and consistency and to simplify them for users within the constraints of the Commission's internal procedural requirements.

– The programme web site should be recognised as one of the principal means of access for the programme. It should be reviewed with this in mind, with a view to clarifying the structure and content.

– The Commission should encourage the introduction of good practice networking events between NCPs as supporting actions to the programme. These actions should be entirely driven by the NCPs with participation from the Commission and should aim at improving the quality and consistency of services offered by the European network of NCPs.

– Commission staffing levels for the programme should be considered in the light of these recommendations in order that the high quality of service evidenced by the survey may be maintained or improved.

Recommendations for Member States

– Member States are encouraged to promote the commercial value of content as well as the importance of multilinguality as much as possible. This could be achieved through presenting examples of successful eContent projects at events, on ICT-related government websites and by considering the goals of eContent in national strategies and programmes. This would ensure that the eContent programme has a wider impact and that its message is transmitted to all relevant stakeholders in the Member States.

– To ensure continuous support for the development of digital content, Member States could increasingly consider content-related activities in their own national funding programmes, or if necessary set up new national programmes similar in principle to eContent.

Recommendations for NCPs

– NCPs should be further encouraged to provide demonstrations of good practice at information days. In addition, bilateral meetings held at information days should be continued and should become an integral part of these events. This would enhance the quality of proposals submitted to the Commission in providing potential participants with a clearer idea on which projects have a better chance of success, or by signposting them to other programmes.

– NCPs should establish and continuously update lists of national experts in fields relevant to eContent projects in their respective countries. Ideally, experts should be submitted to a quality check before being added to the list, but there can be no liability on the part of NCPs. Upon request, names and contact details of relevant experts should be provided to participants in order to assist them in tackling commercial and technological issues that might arise during the course of their projects.

– NCPs should increasingly engage in joint networking activities in order to improve service offerings. This could include regular meetings, exchange of good practice, workshops, standardisation of services offered, marketing, data collection etc. Joint networking events could also highlight the need for more national backing in some member states.

3.2.   Recommendations for a follow-on programme

3.2.1.   The case for 'eContent II'

It is a conclusion of this evaluation that there is already a definite need for a follow-on programme. The contextual environment for digital content has changed since the programme's inception. Prices for basic telecommunication services and high bandwidth lines in Europe - which were singled out as a major disincentive to the use of content-rich digital services and the development of a mass market in the ex-ante evaluation for the programme - have fallen substantially in recent years. Legal issues, such as the protection of Intellectual Property Rights, have been addressed by a series of national and European initiatives, the most important one being the EU Copyright Directive. Alongside these developments recent disenchantment with the Internet economy has caused many companies to reduce investment in activities related to e-business and digital content.

In spite of these issues it is the view of the evaluators that the case for an 'eContent II' programme remains strong for the following reasons:

Firstly, despite the changes in the regulatory and business environment, many of the barriers that led to the creation of the eContent programme still persist. The exploitation of Public Sector Information is still hampered by a series of legislative and conceptual barriers, which will take considerable time to change. Localisation is still seen mainly in terms of translation rather than adaptation to local markets, reducing the chances of European SME success in foreign markets.

Secondly, further networking activities still need to be encouraged to bring together the European content and language industries in order to improve the design, production and distribution of high-quality content in an increasingly multilingual and multicultural environment. This need will be further amplified through the enlargement of the European Union that will involve countries with very different cultural and linguistic requirements.

Thirdly, the commercial value of digital content has not yet been sufficiently demonstrated in order to ensure that Europe will catch up with key competitors such as the USA. Commercial success of projects under the current eContent programme is uncertain in most cases, giving rise to the need for a continuation of the programme with a stronger commercial focus to enhance the competitiveness of the digital content industry in the longer term.

Finally, increased caution on the part of venture capitalists and banks in funding content-related projects means that the eContent sector is less able to access capital in order to reach its full potential. A follow-on eContent programme would be an essential step towards providing sound business models for content services and reducing the costs of creating content suitable for the European market.

3.2.2. The case for a more clearly defined focus

As pointed out in the conclusions, the Action Lines for the current programme were well chosen and relevant for participants as well as for a wider group of players in the content industry. The fragmented nature of the industry, which includes a highly diverse set of players, as well as its 'newness' at the time of the inception of the programme required an approach which was as broad as possible. It is strongly recommended however that any future programme should be more focused in terms of participants as well as disciplines. The content industry is more mature than it was when the programme began, although there is not yet a universal classification, the industry's profile has become more recognised in that it is clearly distinguished from the goods-producing or service industries. A stronger, more clearly defined programme focus would have two major advantages:

- Firstly, there is the argument of impact. A funding programme, in order to be as effective as possible, aims to maximise impact on a group of actors beyond the direct participants of a programme. It should aim to achieve a longer-term change of behaviour, such as the reallocation of financial and human resources to new technology and/or business areas. With a widespread focus, user groups and target markets are too fragmented for a programme to achieve critical mass, which is a critical factor in successful demonstration. Given the importance of the demonstration aspect of the eContent programme, it would be sensible to narrow down the focus in order to maximise its impact. A narrower focus would provide a clearer message to more sharply defined user groups rather than having a wider, but more diffuse effect.

– Secondly, a narrower focus will make it easier to communicate and administer the programme in that it will allow better targeting of potential participants or groups of participants. This would potentially result in fewer, more targeted proposals and would allow better focusing of awareness and dissemination measures.

3.2.3. *A possible profile for 'eContent II'*

A future programme could evolve around a series of issues, which, according to the views of stakeholders and from the experience of the evaluators, are vital for the development of European digital content. 'eContent II' could focus on using content for:

Broadening learning: This would focus on projects aiming at cross-fertilisation between the public sector, universities/research institutes and companies. Examples could be the development of content for Virtual and Learning Environments (VLEs) for higher and further education as well as developing content to enhance organisational learning. Coordination with the e-learning initiative of DG Education and Culture will be necessary.

Wider use of Public Sector Information (PSI): Through the present programme PSI has been shown as a commercially viable product, an aspect that needs further promotion within the European Union. Geographical and meteorological information as well as business data have so far proven to be the front-runners. This section of the programme could fund projects aiming to develop and commercially exploit pan-European PSI. All projects should be required to provide a sound business plan upon application in order to increase the commercial focus – a focus that should then be pursued throughout the course of the project.

Broadening the European digital content knowledge base: This section could include a series of accompanying measures aimed at highlighting transverse issues, such as market and technology studies, best practice studies, networking events, as well as information and dissemination measures.

Using technology as a means of exploiting the content base: It is important that companies and organisations in the eContent sector are able to develop and capitalise on the use of enabling technologies that enhance the speed, availability and lower the cost of eContent use. This aspect would focus on the use of new technology in relation to eContent, but would of course avoid any duplication with other Commission research and technology programmes

The two overarching requirements for all projects, regardless of the section in which they are being submitted, should be **commercialisation** and **'Europeanisation'**.

Commercialisation

– The commercial viability of all projects should be demonstrated as far as possible at the outset. A business plan, which is, as detailed as possible, including commercialisation aspects, should be provided upon application.

– All projects (perhaps with the exception of accompanying measures) should be required to have public-private partnerships at their core. This will ensure that commercialisation is thought of at an early stage of the projects and that products are more tailored to the needs of the market from the outset.

– Potential business users and/or distributors should be included at a very early stage of the project. Projects that have a high market potential and the demonstrable interest of future user groups should be favoured.

'Europeanisation'

– European value added: Projects should be of interest to a wide group of European businesses and private users, at the same time enhancing European cultural diversity and highlighting issues of common concern, for example environmental issues, localisation and best practice.

– Instead of being treated in a separate Action Line, multilinguality should become an integral part of all projects, be it in the form of providing multilingual access or installing multilingual search mechanisms. By integrating multilinguality into all projects its purpose as a means to an end rather than a stand-alone measure is more clearly demonstrated. If pan-European content is to be successful in market terms, multilingual access is indispensable.

Additional aspects

In addition to these requirements, any new programme should increase the emphasis on both the use of mobile and other devices to access eContent and the development of eContent products for these devices. This aspect was already present in Call II of the current programme, but the emphasis should be expanded. Given recent developments in the mobile communications industry, the distribution of content on mobile devices will be of significant future importance to the sector[12]. Increased flexibility in the distribution of content will contribute to making content more interesting for a wider group of market players, thus enhancing its commercial potential.

The current approach of using Demonstration Projects and Definition Phase (or Feasibility) Projects based on transnational consortia should be continued. Experience shows that in market programmes the funding of concrete projects aiming at producing demonstrators - or checking the feasibility of doing so - has proven to be most valuable. Measures aimed at enhancing training and skills development are also valuable, but they would be beyond the means of the programme if funding remained at current levels.

Accompanying measures consisting of market and technology studies as well as best practice guides could also contribute to the build-up of relevant skills. This is especially important for the phase after project completion in order to ensure that project outcomes are successfully commercialised in the market place. Studies on successful commercialisation could be financed to achieve this goal. In addition, the Commission should encourage NCPs to provide listings of qualified experts who could assist users from demonstrators through to final products.

All of these measures will of course have an impact on funding levels. Along with any changes in focus there is also the question of the volume of projects that could be funded if more budget was made available. Whilst this is a question for the Commission to resolve against other equally demanding programmes, a substantial budgetary increase is strongly recommend, given the scale and importance of the global eContent industry both now and in the foreseeable future.

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[12]   See Digital Content for Global Mobile Services. Report prepared for the European Commission by Andersen Consulting, 2000 This report can be found on www.cordis.lu/eContent/studies/studies.htm.