

# On the implications of competing standards

Pros and Cons of Standard Setting, Stockholm, 12 November 2000

**Tineke M. Egyedi**  
**Delft University of Technology, Standardisation/ ICT Section**

1

# Plugs mobile phone chargers



- No standard for plugs: waste natural resources
- Market Failure due to lack of standardisation
- European Commission stepped in threatening with regulation
  
- Unusual since MF on this level common
  - Why was it recognized as MF?
  - Extract general message

**More awareness for implications of lack of standardisation**  
and possible role for government

# Structure lecture

Explore implications of lack of standardisation

- Standards: what are they and do they do
- Most complex area: **Competing standards**
- Case: Standards war on document formats
- Implications of competing standards
- Discussion

# Standards: what they are and do

Standard: point of reference, guidepost, specification to develop to

- 'De facto standard': dominant in market
- **Committee standard**: negotiated agreement

Function:

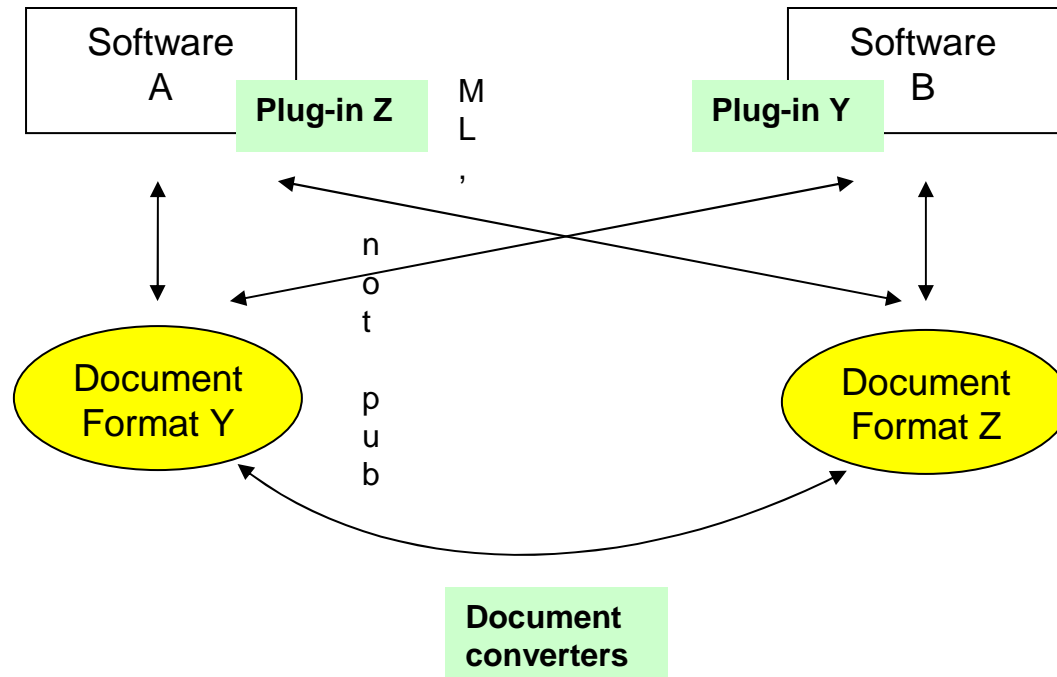
- Reduces variety > point of reference
- Information: reduces transaction costs, facilitates trade
- Compatibility: level playing field, no vendor lock-in
- Basis for innovation

# Lack of standardization

- Many technologies; no common committee standard
- Two dominant technologies (Blu-ray & HD-DVD)
- Two committee standards
  - From different standards fora (3G wireless telecom)
  - **From same standards forum**
- Why is this a problem?
  - Expected coordination in standards setting

# Standards war on document formats OOXML- ODF





# Public values at stake

- **Civil ICT standards** (Updegrove)
  - support access to government info & exchanges with government
- **Digital sustainability**
  - future accessibility of archived information (incl. cultural heritage)



# Standards war on document formats in ISO

Features	ODF	OOXML
Originally submitted by	Sun Microsystems	Microsoft
Standards consortium	OASIS	Ecma International
XML-based	Yes	Yes
Aim supplier independence?	Yes	No
ISO/IEC standard	ISO/IEC 26300	ISO/IEC 29500
Year	2006	2008
ISO/IEC JTC1 procedure	PAS procedure	Fast Track

# Implications of competing committee standards

Two points of reference: confusing and expensive

- Increase needless variety
- Decrease interoperability, less efficiency
- Non-transparent market, higher barrier to market entry
- Uncertainty, hold up of investments
- Resources side-tracked from innovation
  - Duplicate standards efforts
  - Investments to overcome incompatibility
- Prolonged consumer lock-in (higher costs & barrier to exit)

**Citizens bear extra costs of lack of industry coordination**  
(citizenship, user costs, taxes government IT projects)

# Discussion

- Lack of standardization due to failing coordinative governance
  - **Market failure:** plugs for mobile phone chargers
  - **Standardization failure\*:** ISO standards for document formats
- **More pro-active role for government where vulnerable values are implicated?**
  - Environment, democratic citizenship, cultural heritage

\*Caveat: more research needed on competing committee standards