

P2B Regulation

Synesthesia's feedback

Introduction

The European Commission's proposal for a 'Regulation of the European Parliament and of the Council on promoting fairness and transparency for business users of online intermediation services' (P2B Regulation) focuses on the relationship between online platforms and their business users. The Regulation aims to promote fairness and transparency for business users by altering the balance of power between them in negotiations over terms and conditions. The Regulation will require platforms to be more transparent about: what data the platform has about traders' performance and how traders can access that data; the ranking parameters used to display products to consumers; and any preferential treatment for certain products over others. New rules will also be introduced on mediation and redress where disputes arise between a trader and platforms. We know already that platforms and online business have helped entrepreneurs and stakeholders to reduce the effects of geographic barriers; to support new and different types of business; to lower the cost of customer acquisition. The P2B Regulation covers the providers of online intermediation services. More precisely, these can be defined as information society services. Although Article 2 gives us a definition of "platform" which is too broad and could include platforms such as operating systems (since iOS has online update and users actually accept an agreement contract in the first installing phase), or even platforms such as Trivago that do not have any contractual relationship with Business Users. In this instance, it would be important to test some effect of proposed amendments on a wide range of different markets where platforms operate, since we have to mind the fact that online platforms are covering a very wide kind of business (from dating, financial services). We would like to offer the reader some practical cases to describe the hypothetical impact of some hot points of the Platform regulation.

Operating System's T&C

As we said before, there are a lot of different kinds of online platforms. Search Engines, Apps, Web Services, eCommerces and Operating Systems are by now all possibly considered "online platforms" with all the obligations and rules the P2B regulation enshrines. We can consider the case of Operating Systems, such as Android or iOS. If a company invests to build an App or even a web service which needs to ask for some permission to access to native feature, the relation between app permissions (T&C) and Operating Systems' T&C is very important. Let's imagine we developed an app which helps people find the closest drugstore around user's position. So we know for sure that our app will need a few native permissions from the Operating System. The team develops the app applying all the rules and requirements needed, so it launches the app and it starts to collect users, the team also invests some money to collect and acquire users. The app actually processes some personal and not personal data to get some revenue share selling interesting products

(referral programs) and to improve and customize the usage experience.

If the company which owns the Operating System decides to change the process of the “permission required” and the Business User is forced to change again its Policy and rebuild the user communication to communicate properly the T&C Variation, it would be a cost for the Business User and a risk of losing users. Furthermore Operating Systems are more complex than a lot of online platforms and they should be in a different regulation to avoid the chance to make the user retention for small software houses (which consist in a huge percentage of the market) harder, and to avoid confusion about the regulation of Operating systems in relation with third parties developers. Finally, we think that in the case of Operating Systems’ T&C the Council could bring a deeper dialogue to focus the hot-point where Business Users and Customers really have interest in getting properly informed and which are the points of interest of just Developers and Legals Advisors. A mixed council, composed by academics, developers, platform owners and Operating System representatives could be a smart beginning of a deeper reasoning about the relation between Operating Systems and native (app) or online services (web apps, eCommerces, web services), which surely are not alike.

European Digital Single Market

The chance to give users, investors and Business Users a unique European Digital Single Market is, surely, a great chance. To build a Digital Single Market is an opportunity to balance the IT US market power and to attract investors and new ideas. Speaking of eCommerce business, a short example of the benefits Business Users could achieve with a European Digital Single Market is about the “return process management”. To have the same commercial rule all along the 28 countries to provide eCommerce services could be an important goal to improve the IT European Market. Also the Electronic Invoicing area is very fragmented . In Italy for example digital billing is an obligation. In Portugal e-invoicing has been there since 2012. Other countries have billing policies very different from each other. So we believe that it is important to analyze and identify which are the most different areas in national digital law to prepare a standardization process.

Ranking and Transparency

The issue about the transparency of ranking methods and rules is extremely tricky. Of course we know that the 90% of the online information passes across search engines such as Google. But we also know that hundreds of thousands of companies, developers and users started working in web fields facing those methods and developing best practices to get known by users, customers and stakeholders. To request complete transparency on ranking methods, beside the fact that it is very hard that huge companies such as Google will disclose their business secrets, all the IT stakeholders have done some efforts to increase their business with the normal ranking rules, gathering a strong know how about SEO and Semantic content across the globe. To change this ranking methods means to force marketers, companies, users and Business Users to rethink all the information distribution process, increasing costs and efforts by a lot.

About Synesthesia

Synesthesia is a permanent research centre that builds solutions using the most relevant and high level digital tools. We create high quality native and cross-platform apps for smartphones and tablets. We develop bespoke solutions based on the specific needs of your business and integrate seamlessly with existing content and infrastructure. We work with big, medium, small Italian and European companies, helping them to travel across the Digital Transformation Era. Synesthesia believes in intellectual improvement and so the company is committed to the training of the staff and providing training opportunities to others, organizing important conferences in the IT and Software fields such as Droidcon and SwiftHeroes.