

Margrethe Vestager
Commissioner for Competition
European Commission

(by email)

Brussels, 7 June 2017

Europe's digital sovereignty

Dear Commissioner Vestager,

I am writing to you following a recent meeting we have had with your colleague Cecilio Madero. With this letter I would like to express my concerns about the unlevel playing field among companies in the digital sector.

I am currently the chair of the European DIGITAL SME Alliance, an association that represent more than twenty thousands SMEs in the ICT sector across the continent, including my own company, GRÜN Software AG, a software developer SME with 130 employees.

My company, together with thousands of other SMEs, is driving the fourth industrial revolution, the digitization revolution. While global tech players, such as Google, Microsoft and the like, have greatly contributed to shape the digital era, our SMEs are a dynamic force constantly introducing new technologies and products with the potential to disrupt markets. SMEs are the drivers of innovation; they deliver real societal and economic changes.

The stakes in the digital revolution are high. Companies are fiercely competing for a share in this market. The winners will lead and shape the future economy. I believe that strengthening Europe's digital sovereignty is key to position our economy in the global value chain.

Companies like mine are fiercely competing with global players on local as well as EU-wide markets. We are however experiencing that global tech corporates obtain undue advantages by exploiting the loopholes and weaknesses of the law, which, in turn, enables them to increase their dominance to the detriment of rival companies, and in particular SMEs.

We see this happening with **Google**, which imposed its dominance over the mobile ecosystem. As the EU antitrust investigation shows, Android is a carefully designed mechanism that nourishes Google's dominance not just in the market for licensable operating systems, but also generally in the entire mobile ecosystem. The European Digital SME Alliance is particularly concerned that anyone

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developing mobile apps will be bound to share their customers' data with Google. It goes without saying that this raises barriers to new entrants and guarantees Google's data scale advantage.

Our companies are under threat from competitors that do not play by the same rules. Tax advantages for multinational companies in the EU market, whether they are legal or illegal, are hugely unfair towards our SMEs. Besides the **Apple** case in Ireland that you have rightly pursued, several other cases certainly exist. Just as an example, Bloomberg found that the largest competitor of my own company, **Microsoft**, pays no more than 3% taxes for its non-US operations including Europe. GRÜN Software AG and Microsoft are market leaders in ERP software for non-profit organizations in Germany. I am wondering how my company, paying about 30% income tax, can fairly compete with a company that only pays 3%.

I would be happy to meet with you to discuss our concerns and our views on how you, through competition law enforcement, could help foster a level playing field for European digital SMEs and help SMEs carve out a vibrant role in the global economy. I am confident that our IT products are not less good than those of our US competitors. However, I believe that nothing but the market should determine which one is the best.

Yours sincerely,

Oliver Grün



European DIGITAL SME Alliance, President
GRÜN Software AG, CEO

About the European DIGITAL SME Alliance

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DIGITAL SME is the largest network ICT small and medium sized enterprises in Europe, representing about 20.000 digital SMEs across the EU. The alliance is the joint effort of 28 national and regional SME associations from EU member states and neighboring countries to put digital SME at the center of the EU agenda.

DIGITAL SME is an association formed in 2007 to express *the voice of ICT SMEs in Europe*. DIGITAL SME aims to ensure that ICT SMEs get *talked to* rather than just *talked about*. It provides a voice for digital SMEs in the policy and business arenas and is already represented in several EU expert groups and taskforces.

The European DIGITAL SME Alliance is a member of **UEAPME** the European Association of SMEs. The European DIGITAL SME Alliance is a founding member and co-financer of **SMALL BUSINESS STANDARDS**, the European Association that is mandated and co-financed by the European Commission in order to represent the interests of SMEs in standardisation according to Regulation 1025/2012. The European DIGITAL SME Alliance is a founding member of **ECISO**, the European Cyber Security Organisation.

DIGITAL SME members

BASSCOM – Bulgarian Association of Software Companies (BULGARIA), CNA - Comunicazione e Terziario Avanzato, Confederazione Nazionale dell'Artigianato e della Piccola e Media impresa (ITALY), UKITA, United Kingdom IT Association (GREAT BRITAIN), CONETIC – Confederación Española de Empresas de Tecnologías de la Información, Comunicaciones y Electrónica (SPAIN), BITMi – Bundesverband IT-Mittelstand (GERMANY), GPNI – Groupement Professionnel National de l'Informatique (FRANCE), it-forum midtjylland (DENMARK), SwissMedia – Swiss IT & Multimedia Association (SWITZERLAND), Belgrade Chamber of Commerce, IT Association (SERBIA), Vojvodina ICT Cluster (SERBIA), STIKK – Kosovo Association of Information and Communication Technology (KOSOVO), BBS ICT – Balkan and Black Sea ICT Clusters Network (ALBANIA, BOSNIA AND HERZEGOVINA, BULGARIA, GREECE, MONTENEGRO, ROMANIA, SERBIA, KOSOVO, TURKEY, REPUBLIC OF MACEDONIA, UKRAINE), CLUSIT – Italian Association of Information Security (ITALY)

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