



Government Affairs e-Update



Volume 3, Issue 12
04 April 2003

Brought to you by Cisco Government Affairs Online



Cisco Government Affairs E-Update

Volume 3, Issue 12

04 April 2003

Brought to you by Cisco Government Affairs Online: <http://www.cisco.com/gov>

This Week@Cisco in Government Affairs

Cisco's E-Update keeps you up to date on the major policy news of the week. Focusing on broadband, education and e-government areas, but covering high-tech and telecom in general, the E-Update is a great source of information for policymakers. To subscribe, send a message with "subscribe" in the subject line to "Subscribe-eUpdate@cisco.com"

If you have high-tech public policy news or announcements that you think other e-update subscribers would be interested in, please send them to jeamhar@cisco.com. There are over 1000 subscribers to Cisco Government Affairs' eUpdate.

New Websites On Stock Options And Digital Rights Management (DRM)

Cisco is a member of coalitions on Digital Rights Management and Stock Options. Please find information on each of these issues at the following coalition websites.

INTERNATIONAL EMPLOYEES STOCK OPTIONS COALITION – (IESOC) - <http://www.savestockoptions.org/>

ALLIANCE FOR DIGITAL PROGRESS (ADP) – Digital Rights Management site – <http://alliancefordigitalprogress.org>

Sweden Beats U.S. As Top Web-Savvy Nation - Sweden has overtaken the United States as the Web-savviest nation on the planet, a survey showed. One other European country, Denmark, was also more aggressive in taking advantage of the Internet than the United States, according to research carried out by U.S. computer company International Business Machines and the intelligence unit of British magazine The Economist. Of the 60 countries surveyed, Azerbaijan and Kazakhstan were at the bottom of the list with 2.37 and 2.52 points respectively out of a possible 10.

http://story.news.yahoo.com/news?tmpl=story2&ncid=1212&e=1&u=/nm/20030401/wr_nm/tech_internet_nations_dc&sid=95573503

The report: http://graphics.eiu.com/files/ad_pdfs/eReady_2003.pdf (Adobe file)

This Week@WASHINGTON, DC

Federal IT Market: More Demand, But Less Growth - According to a report released Tuesday, a larger discretionary budget for information technology is proof of the federal government's demand for IT products and services. But at the same time, the report said, the overall annual growth rate of the IT budget has shrunk and agencies are feeling more pressure to justify their spending and prove they can manage their investments. <http://www.govexec.com/dailyfed/0403/040203h1.htm>

Senators Push FCC On USF - Members of the Senate Commerce Committee's communications subcommittee criticized the FCC for its slow movement on resolving the myriad issues that threaten the long-term stability of the universal service fund, which some experts predict will collapse by 2006 absent significant policy changes in how monies are collected and distributed. Sen. Conrad Burns, R-Mont., subcommittee chairman, said USF needed to be addressed "right now" and questioned FCC Commissioner Kathleen Abernathy on why the commission hasn't made more progress, particularly since the commission is required by telecom law to create a "predictable" support mechanism for universal service. http://telephonyonline.com/ar/telecom_senators_push_fcc/index.htm

Bill Calls For Radical USF Redistribution - A House bill introduced by Rep. Lee Terry, R-Neb., would redistribute universal service fund subsidies from the non-rural high-cost portion of the fund that currently go to just eight states to as many as 46 states by changing the qualifying methodology. http://telephonyonline.com/ar/telecom_bill_calls_radical/index.htm



This Week@EMEA

Competition Catalyses UK Broadband Market - World Markets Telecoms examines the UK broadband market which is at last showing its spurs, with price-based competition superseding lack of accessibility, a slow-acting regulator and an incumbent set on stifling competition. <http://www.europemedia.net/showfeature.asp?ArticleID=15683>

Anger As BT Cuts Broadband Wholesale Prices - BT Group has unveiled further cuts to its broadband wholesale prices in an attempt to boost take-up of high-speed internet access. The company said that the cut in the price of its main wholesale product could feed through to lower charges for users of broadband services bought from internet service providers. But the move invoked fury from rival telecommunications operators and internet service providers, which accused BT of trying to squeeze its rivals out of the market. <http://news.ft.com/servlet/ContentServer?pagename=FT.com/StoryFT/FullStory&c=StoryFT&cid=1048313454081&p=1012571727260> (Paid subscription required)

Economic Impact Of E-Business: Industry-Wide Survey, Pocketbook Of Indicators - The first comprehensive survey of European firms' successes and failures in using information and communication technology to transform their business processes, and a handy pocketbook of e-business indicators, have been posted on the Enterprise DG web pages.

The **European e-Business Report**, a 230-page summary of the already published sector-specific impact studies, assesses the maturity and economic impact of e-commerce (buying and selling) and e-business (all business processes) in 15 sectors of the EU economy.

http://www.ebusiness-watch.org/marketwatch/resources/SynthRep_2002-03.pdf (Adobe file); Executive Summary: http://www.ebusiness-watch.org/marketwatch/resources/SynthRep_2002-03_EXECSUM.pdf (Adobe file)

The **Pocketbook of e-business indicators** gives readily usable key figures on information and communication technology (ICT) and e-business use in the same 15 sectors. http://www.ebusiness-watch.org/marketwatch/resources/Pocketbook_2003.pdf (Adobe file)

Speech - Mr Erkki Liikanen Member of the European Commission, responsible for Enterprise and the Information Society "Moving towards Consensus on Digital Rights Management" -

http://europa.eu.int/rapid/start/cgi/guesten.ksh?p_action.gettxt=gt&doc=SPEECH/03/163/0/RAPID&lg=EN

Speech - Mr Erkki Liikanen Member of the European Commission, responsible for Enterprise and the Information Society "Cybersecurity in Europe and the EU-Russia Co-operation" -

http://europa.eu.int/rapid/start/cgi/guesten.ksh?p_action.gettxt=gt&doc=SPEECH/03/185/0/RAPID&lg=EN

Speech - Mr Erkki Liikanen Member of the European Commission, responsible for Enterprise and the Information Society "Challenges of the Information Society" - http://europa.eu.int/rapid/start/cgi/guesten.ksh?p_action.gettxt=gt&doc=SPEECH/03/168/0/RAPID&lg=EN

OTE Speeds Up Greek Broadband Roll-Out - OTE representatives have promised that the telco will provide high-speed internet access by the end of April 2003, pending talks with the regulator. <http://www.europemedia.net/shownews.asp?ArticleID=15720>

HP To Deliver Northern Ireland E-Learning Infrastructure - The ten-year government initiative, designed to connect the largest number of pupils, teachers and administrators in the world, will enable every child from age one through university throughout Northern Ireland to have an internet address and to access virtual classrooms. <http://www.europemedia.net/shownews.asp?ArticleID=15624>

Uganda Wireless Healthcare Aid - A Boston nonprofit has ambitious plans to build a nationwide, wireless computing network for Uganda's impoverished health-care system. The project will be built "on the cheap" using the country's existing cell-phone network, Palm handhelds and new battery-powered, wireless Linux servers. Satellife, a nonprofit organization specializing in medical technology, hopes the network will significantly improve health care in the poor East African country, which is a little more than 91,000 square miles -- or about the size of the United Kingdom. Uganda only has 1,120 miles of paved road, compared to the United Kingdom's 230,000 miles of covered roads. <http://www.wired.com/news/wireless/0,1382,58296,00.html>

This Week@Asia/Pac

SARS Underscores Need For Mobile Workers - The rapid outbreak of a deadly flu-like virus has underlined how ill-equipped Asia-Pacific companies are in supporting a remote workplace, according to market researcher Gartner. Gartner's assessment comes in response to the outbreak of Severe Acute Respiratory Syndrome (SARS), which has quickly spread to nearly 20 countries. According to the World Health Organization, there are more than 2,220 cases reported worldwide and 78 deaths as of Wednesday. Governments across the region are



struggling to contain the epidemic, and companies are trying to mitigate the effects of the disease. <http://msnbc-cnet.com.com/2100-1022-995305.html>

AOL Wins Chinese Approval For Select Broadcasts - AOL Time Warner, the US media group, announced on Tuesday it had won permission to broadcast its Chinese-language entertainment channel to hotels and selected residential compounds across China. The Chinese government's approval of such broadcasts by AOL's China Entertainment Television Broadcast (CETV) is the latest in a series of moves in its cautious opening of the tightly controlled television market to a handful of carefully chosen foreign companies. <http://news.ft.com/servlet/ContentServer?pagename=FT.com/StoryFT/FullStory&c=StoryFT&cid=1048313365803&p=1012571727248> (Paid subscription required)

This Week@Americas/International

Electronic Commerce And Technology - Combined private and public sector online sales posted another strong gain in 2002, rising 27.2% from 2001 to \$13.7 billion after an increase of 46.0% in 2001. However, e-commerce sales still accounted for only a small fraction of total operating revenues. The proportion of private sector businesses selling goods and services online rose marginally from 6.7% in 2001 to 7.5 % in 2002, according to the Survey of Electronic Commerce and Technology. Yet, the value of online orders rose 28.4% from 2001 to \$13.3 billion in 2002. This follows an increase of 84.1% in online sales in 2001. <http://www.statcan.ca/Daily/English/030402/d030402a.htm>

Making Wines Finer With Wireless - Wine is fine, but motes can make it better. Intel Research and Agriculture and Agri-Food Canada -- Canada's version of the U.S. Department of Agriculture -- are using a wireless sensor network to measure air temperatures across a 50-acre vineyard in southern British Columbia. <http://www.wired.com/news/wireless/0,1382,58312,00.html>

This Week@US States

Computers Used More In Standardized Tests - When the school testing season picks up steam next month, something will be missing in many classrooms — the No. 2 pencil. Instead, an estimated 60,000 test-takers — that's almost one in three — will grab a computer mouse, gaze at a computer screen and click their way through the test. They face the same number of questions, drawn from the same list, as students taking their tests on paper. But a student can take the computerized tests anytime from October to May, not just during this year's March 17 to April 18 testing window for paper tests. Only Idaho and Virginia have ventured as far as Oregon in testing students on computer. http://story.news.yahoo.com/news?tmpl=story2&cid=528&ncid=528&e=3&u=/ap/20030402/ap_on_hi_te/computerized_testing

Other Tech Stories Of The Week

Broadband Use Continues To Climb -- Ann Arbor-based Web Site Optimization Inc. is out with a nifty new edition of its monthly Bandwidth Report, a handy compilation of research on broadband trends. Check it out for yourself at www.websiteoptimization.com/bw/, but here's the bottom line: Broadband use continued to climb in February, to an all-time high of 33.5 percent of Internet households in February, up from 32.6 percent in January. But that still leaves 66.5 percent of households plodding along at 56k or less.

War Coverage Boosts Demand For Broadband On Internet - At least one technology is prospering from the war: high-speed Internet. War coverage has sparked a record number of video streams of major news Web sites and boosted broadband demand. "The war is the latest — and most powerful — development in a confluence of events that have popularized broadband," says analyst Charlene Li of Forrester Research. http://www.usatoday.com/tech/world/iraq/2003-04-01-broadband_x.htm

Sony TV Would Grab Streams From The Net - Sony is developing a plasma screen television set that's intended to tune in streaming video from home networks and the Internet as easily as regular TV programs, according to sources familiar with the plans. The project, code-named Altair, is one of the company's latest efforts to make digital content more accessible on its consumer-electronics devices, and it reinforces Sony's vision of the television as the centerpiece of its strategy for networked digital media. <http://msnbc-cnet.com.com/2100-1031-995467.html>

OP-ED - A False Cure For The Ills Of Stock Options By William Baumol And Burton Malkiel - Employee stock options have become a lightning rod for the blame surrounding business failures, fraud and the downturn in stock markets. A groundswell of public opinion supports the treating of stock options as expenses, in the belief that it will solve these problems. Both the International Accounting Standards Board and the Financial Accounting Standards Board in the US have recommended "expensing", as have some prominent academics. We are



convinced that expensing is no cure. On the contrary, it would make matters worse by inviting creative accounting in employee stock option valuation that would undermine the information content of company accounts and weaken their comparability. Worse still, it would discourage use of an effective instrument for inducing management to work hard to promote the company's long-term interests.

http://search.ft.com/search/article.html?id=030403006874&query=A+false+cure+for+the+ills+of+stock+options&vsc_appId=totalSearch&state=Form (Paid Subscription required)

The Complicated Calculus Of Stock Options - Lurking in the small type of corporate financial statements is a new problem that threatens the ability of investors to divine the true health of a company's earnings. Companies are taking widely varying approaches to estimating the cost of the stock options they award to their executives and employees, and the differences are sometimes large enough to make comparisons between companies difficult. <http://www.nytimes.com/2003/03/30/business/yourmoney/30EARN.html> (Free registration required)

Tuning Into The Hype About Broadband - From coffee shops to fast-food joints to an exclusive lakeside resort, businesses across the country are building high-speed wireless Internet networks in record numbers to please their current customers and to lure new ones. However, despite a spike in the number of locations, or hot spots, where people can get Wi-Fi Internet access, these businesses aren't attracting record numbers of new customers, industry analysts say. <http://www.wired.com/news/wireless/0,1382,58305,00.html>

CinemaNow Reels In Fox Movie Deal - Twentieth Century Fox Film will begin licensing feature and library films to Internet film site CinemaNow, in the Hollywood movie studio's first Internet distribution deal. Fox Film, a subsidiary of the Fox Entertainment Group, signed a nonexclusive agreement to license movies to Marina Del Rey, Calif.-based CinemaNow, which allows Web surfers to rent, download and watch full-length feature films on their PCs. <http://msnbc-cnet.com.com/2100-1025-995297.html>

E-Update Archive

To view past issues of Cisco's Government Affairs E-Update, visit our [E-Update Archive page](http://www.cisco.com/gov/archive/eupdates/index.html).
<http://www.cisco.com/gov/archive/eupdates/index.html>

Disclaimer

Positions in articles and papers from outside sources are in no way endorsed by Cisco Systems' Office of Worldwide Government Affairs. We offer articles on topics of interest to our audience to further the debate on the issues that are important to high-tech. To view our positions on the policy matters that we care about, please visit our [Government Affairs homepage](http://www.cisco.com/gov). –
<http://www.cisco.com/gov>

Cisco.com/Gov And E-Update Feedback

Please send any feedback to John Earnhardt at jearnhar@cisco.com.
To contact any member of the Government Affairs team, please visit our “[Contact Us](http://www.cisco.com/gov/contact/index_ext.html)” page.
http://www.cisco.com/gov/contact/index_ext.html

Subscribing/Unsubscribing:

You are receiving this update because you requested it. If you received this message because it was forwarded to you and you wish to subscribe to this weekly E-Update, please send a message to Subscribe-eUpdate@cisco.com with “Subscribe” in the subject line. Or, visit our Government Affairs homepage (www.cisco.com/gov) and click on the “Subscribe” button in the lower left-hand corner.

If you no longer wish to receive this update, send a message with “unsubscribe” in the subject line to Subscribe-eUpdate@cisco.com

**Corporate Headquarters**

Cisco Systems, Inc.
170 West Tasman Drive
San Jose, CA 95134-1706
USA
www.cisco.com
Tel: 408 526-4000
800 553-NETS (6387)
Fax: 408 526-4100

European Headquarters

Cisco Systems International BV
Haarlerbergpark
Haarlerbergweg 13-19
1101 CH Amsterdam
The Netherlands
www-europe.cisco.com
Tel: 31 0 20 357 1000
Fax: 31 0 20 357 1100

Americas Headquarters

Cisco Systems, Inc.
170 West Tasman Drive
San Jose, CA 95134-1706
USA
www.cisco.com
Tel: 408 526-7660
Fax: 408 527-0883

Asia Pacific Headquarters

Cisco Systems, Inc.
Capital Tower
168 Robinson Road
#22-01 to #29-01
Singapore 068912
www.cisco.com
Tel: +65 317 7777
Fax: +65 317 7799

Cisco Systems has more than 200 offices in the following countries and regions. Addresses, phone numbers, and fax numbers are listed on the Cisco Web site at www.cisco.com/go/offices.

Argentina • Australia • Austria • Belgium • Brazil • Bulgaria • Canada • Chile • China PRC • Colombia • Costa Rica • Croatia • Czech Republic • Denmark • Dubai, UAE • Finland • France • Germany • Greece • Hong Kong SAR • Hungary • India • Indonesia • Ireland • Israel • Italy • Japan • Korea • Luxembourg • Malaysia • Mexico • The Netherlands • New Zealand • Norway • Peru • Philippines • Poland • Portugal • Puerto Rico • Romania • Russia • Saudi Arabia • Scotland • Singapore • Slovakia • Slovenia • South Africa • Spain • Sweden • Switzerland • Taiwan • Thailand • Turkey • Ukraine • United Kingdom • United States • Venezuela • Vietnam • Zimbabwe

Copyright 2003 Cisco Systems, Inc. All rights reserved. Cisco, Cisco Systems, and the Cisco Systems logo are registered trademarks or trademarks of Cisco Systems, Inc. and/or its affiliates in the U.S. and certain other countries. All other trademarks mentioned in this document or Web site are the property of their respective owners. The use of the word partner does not imply a partnership relationship between Cisco and any other company. (0301R)