

Standards Today

A Journal of News, Ideas and Analysis

A publication of
**CONSORTIUM
INFO.ORG**
GesmerUpdegrove^{LLP}

July 2013

Vol. XII, No. 1

EDITORIAL:

The Dollars and Sense of Open Standards

Andrew Updegrove

A perennial challenge faced by standards advocates is how to quantify the economic benefits they contend standards can provide. Absent such data, it can be difficult to convince those in positions of authority that the expense of developing, promoting and requiring compliance with standards is justified. Happily, although well-researched data in this area has been surprisingly hard to come by, knowledgeable policy makers and industry leaders have long acknowledged the value of standards to society, safety and commerce.

A finer question is whether the way in which a standard has been created can have impact on its value. That query can be sliced even finer when it is recognized that there can be many different types of value, and also that what may benefit one type of stakeholder may sometimes burden another, at least in the near term.

Because standards can come from many sources, from most proprietary (based on products that have become dominant in the marketplace) through various gradations (e.g., self-selected groups of companies forming special interest groups to pool patent rights underlying a single specification) to least proprietary (open-membership, consensus-based, non-profit organizations).

The true value of open standards should not be assessed in purely economic terms.

One result of this reality has been an effort to differentiate standards deemed to be less virtuous from those thought to be less so – the latter usually being referred to as “open standards.” Depending on the person doing the differentiating, the criteria may relate to the process employed in the development of the standard and those permitted to participate, or to the terms under which the resulting standards (and any underlying intellectual property rights) are made available, or to both.

From an economic point of view, however, saying why one standard is “good” and another (impliedly) is “bad” needs to be supported by results in the marketplace, or the exercise is simply an exercise in abstraction. Unless those results can be demonstrated, it’s not easy to get anyone to care which type of standards they should prefer.

In addressing that question it’s important to realize that the economic values associated with open standards can be indirect as well as direct. For example, the Cabinet Office of the

United Kingdom is currently rolling out a program requiring that open standards be used in all government procurement to the greatest extent feasible. This is not only because those responsible for the policy believe that this will lower the costs of public procurement (the direct benefit), but also because it is expected that this policy will result in a more level playing field for domestic small and medium size information technology vendors, allowing them to successfully bid for more government work (the indirect benefit).

The use of standards can provide other types of economic value that may be very difficult to measure, such as losses avoided through the use of robust security standards. And they can also provide important benefits that aren't economic at all, such as protecting privacy, ensuring equal access to government resources, and supporting the right to choose products of one's choice. Standards such as these should be regarded as having a different type of value than those that define a purely technical element of (say) a communications standard.

All of which makes it difficult to quantify what the true value of an "open" standard as compared to a "closed" one may be, or even to agree on an across the board definition of what "open" should mean for such purposes. Indeed, if there is consensus over any element of this question, it is likely to be that the answer will often depend on the context.

What should not become lost in this debate is the realization that the true value of open information and communications technology standards in many public contexts should not be assessed in purely economic terms. Public rights such as privacy, access to the political process, security and equal opportunity are not only insusceptible to mathematical measurement, but run to the core of the foundations of society, enabling trust in government, faith in the fairness of one's society, and the right to protect and take care of one's family.

Where public values such as these are at stake, the non-economic costs of failing to require compliance with open standards, appropriately defined for this setting, can ultimately far exceed any savings obtained in public procurement. A failure to recognize this fact can lead to misguided efforts to seek economic justifications for policies that need no savings justification at all, or worse, the adoption of an openness policy that fails to serve the greater good at all.

Not every standard will invoke such non-economic concerns. But every year more and more will as our dependency on the Internet and all things electronic continues to increase. Governments need to keep this in mind when they set procurement and other appropriate, standards-related policies so that basic rights, as well as tax dollars, are properly protected.

Copyright 2013 Andrew Updegrove

Sign up for a [free subscription](#) to **Standards Today** at

At <http://www.consortiuminfo.org/subscribe/2.php?addentry=1>
