

## Public Policy Priorities: A view from Microsoft

Sound public policies provide the foundation and framework for innovation, job creation, and sustainable economic growth. Microsoft is committed to promoting innovation and growth through technology solutions, responsible leadership in our business practices, and partnerships that create economic and social opportunity. As part of this commitment, Microsoft works with governments, others in the industry, the broader business community, and civil society in an open and transparent way to advocate for public policies that support these and other business goals. This page highlights the areas of focus for the Microsoft public policy agenda.

- Providing a framework and foundation for innovation and sustainable growth
- Promoting the open and free flow of people, products, services, and ideas
- Promoting a safe and secure online environment
- Transforming education, learning, and access to technology

### Providing a framework and foundation for innovation and sustainable growth

- **Promoting the value of intellectual property**

Microsoft advocates for policies that ensure that innovators and those willing to invest in the development of new technologies are rewarded for their efforts. Intellectual property rights (IPRs) are the best legal framework for supporting the economic incentives that spur innovation. Governments foster innovation and its commercialization through the grant of intellectual property rights that follow international norms, effective enforcement systems, and ensuring that those who hold intellectual property rights have the ability to exercise those rights in a way that makes economic and strategic sense. Policies that promote and protect patents, copyright, trademarks, and trade secrets drive investment, job creation, and the broader economic and societal benefits that these promote.

- **Ensuring patent quality and harmonizing patent systems**

Patents are an increasingly important way for innovators to protect their innovations, including software innovations, and to share them more broadly through patent licensing and cross-licensing arrangements. As a result of rapid advances in technology, patent examiners are facing a growing number of patent applications, many involving highly complex innovations. At the same time, small start-up firms and individual inventors in particular face new challenges of accessibility to the patent system that arise because of the global economy. The multiplicity of national patent systems—all sharing the same basic goal, but each imposing disparate administrative burdens on inventors—builds inefficiency into the global economy. Microsoft supports patent reform measures to ensure high patent quality at a time of increasing patent quantity, curb excessive litigation and litigation abuse, promote international patent law harmonization on principles such as "first-to-file," and increase access to the patent system for individual inventors and small companies around the world.

- **Meeting customer needs through choice, innovation, and interoperability**

Microsoft supports policies that promote innovation in interoperability-oriented technologies and user choice among solutions. IT users are increasingly focusing on the interoperability of components in their systems and between their systems and other systems. The pace of innovation is at least as rapid in the area of interoperability as it is in other areas of IT, and solutions span product design, industry collaboration, access to technology through cross licensing, and industry developed standards such as Open XML. How these tools are used varies from case to case, and flexibility is important. Microsoft works

on its own and in collaboration with customers, partners, and other vendors to deliver solutions that meet marketplace needs. Microsoft supports policies that provide incentives for the creation of innovative solutions to interoperability challenges and the freedom to use technologies that best meet a user's needs. In the area of government use of IT, Microsoft supports government procurement policies and practices that are merit-based, technology-neutral, open, transparent, competitive, and nondiscriminatory and that do not mandate one technology solution over another.

- **Ensuring a competitive environment for software innovation**

Competition laws and regulations should be designed and applied in a manner that will promote investment, preserve incentives to innovate, and safeguard open and efficient markets and the free flow of trade, thereby benefiting consumers. Furthermore, governments should seek to harmonize competition regimes to promote certainty and avoid imposing obligations or remedies that diverge from those imposed elsewhere. Recognizing the important role that the Windows operating system plays in the global economy, Microsoft has created a set of voluntary principles that will help guide the future development of the Windows desktop platform worldwide, beginning with Windows Vista. The goal of the Windows Principles is to make it clear to customers, partners, and governments around the world what to expect in future Windows development. Through software design and our commercial agreements, Microsoft is committed to making it easy to install and configure non-Microsoft programs instead of or in addition to Windows features, to creating and preserving opportunities for developers to build products that directly compete with Microsoft products, and to meeting customers' needs for interoperability, data control, security, and reliability across diverse systems. Even more recently, in February 2008, Microsoft announced a set of broad-reaching changes to its technology and business practices to increase the openness of its products and drive greater interoperability, opportunity and choice for developers, partners, customers and competitors. Specifically, Microsoft is implementing four new interoperability principles and corresponding actions across its high-volume business products: (1) ensuring open connections; (2) promoting data portability; (3) enhancing support for industry standards; and (4) fostering more open engagement with customers and the industry, including open source communities.

- **Promoting government-funded basic research and incentives for private sector R&D, and commercialization arrangements for government-funded R&D**

Microsoft advocates for an environment in which innovators can dedicate their energies to taking technologies in new directions. By minimizing economic risks and enhancing the prospect of economic rewards, government investment in basic research and incentives for private-sector R&D creates an environment in which creators can dedicate themselves fully to the advancement of knowledge.

### **Promoting the open and free flow of people, products, services, and ideas**

- **Promoting and preserving free trade and open markets**

Open markets are fueling economic growth, increasing cross-border investment, deepening regional and global integration, and boosting incomes. Although globalization presents challenges for every society, people who obtain the necessary education and training to compete in an increasingly knowledge-based economy will enjoy the greatest opportunity in the future. Information technology is part of the essential infrastructure of a well-functioning modern economy. Microsoft supports free and open trade and the adoption of bilateral and multilateral trade agreements that eliminate barriers for IT

products, further open markets for IT services, and prohibit trade barriers that would slow the growth of electronic commerce.

- **Preserving freedom of expression online**

Microsoft believes that the Internet should be fostered and protected as a worldwide vehicle for reliable information and communications, personal expression, innovation, and economic development. At the same time, the Internet raises issues that often justify national government attention, especially in regard to individual privacy, online safety, law enforcement, and national security. It is important that governments address these issues with deliberation and restraint. Microsoft supports an international dialogue and bilateral consultations to promote the consistency of national actions and to maximize the openness, security, and reliability of the Internet platform, including through the development of a clear set of principles that should guide policies and practices of global Internet companies that provide services around the world.

- **Supporting immigration policies that foster cross-border educational and professional opportunities**

Today's skilled workforce is increasingly mobile, pursuing educational and professional opportunities all over the world. It is common for people to study or work overseas for a period of time and then return to their countries of origin. This flow and exchange of talent has enormous benefits both in fostering greater cross-cultural awareness and collaboration, and in sparking innovation and economic growth. Unfortunately, the immigration policies of some nations deter the world's best and brightest people from studying, working, and living in those countries, even where the demand for highly skilled professionals far exceeds the supply of qualified domestic workers. Governments should ensure that their immigration policies facilitate these cross-border educational and professional opportunities.

- **Ensuring that entrepreneurs and consumers have access to the content and services they need**

In the evolving market of digital content and services, healthy competition should be encouraged between content and service providers that offer a variety of different features and ease-of-use options. These should succeed or fail based on consumer demand. Microsoft supports policies that promote producer and consumer choice, not government regulation, when determining the usage limitations and other conditions of use that are acceptable. Digital rights management (DRM) technologies are one option for promoting creativity in the digital environment. DRM technologies can encourage creators of music, film, and other media to offer their content to consumers through new digital products, services, and usage options, and they can promote consumer access to a wide variety of high-quality content.

### **Promoting a safe and secure online environment**

- **Ensuring a safe and secure Internet for users of all ages**

Information technology is a driving force in the world economy, leading to cutting-edge developments in e-commerce, global communication, education, entertainment, and many other areas. IT will continue to change our lives and offer new and exciting opportunities, particularly for the generation of people growing up in an increasingly "connected" and interdependent world. Microsoft advocates for policies that ensure a more secure information technology infrastructure, including support for effective cybercrime laws, adequate enforcement capacity, and enhanced public awareness. These are essential to our societal and economic future, to public safety, and to global security.

- **Protecting privacy in the online environment**

In today's interconnected world, with affordable and powerful personal computers, high-speed Internet connections, and a

plethora of mobile devices, computer users are engaging in rich online experiences in e-commerce, communications, and entertainment. As the volume and use of online personal information continues to grow, consumers, business leaders, government policymakers, and privacy advocates are demanding better protection for individuals and their personal information. Particular care is needed to protect children, who are among the most vulnerable computer users. A growing array of data protection laws and regulations present both the private and public sectors with the daunting task of determining which rules and regulations apply to their activities. Activities that are perfectly legal and commonplace in one part of the world may be prohibited elsewhere, creating confusion for businesses, governments, and consumers alike. Microsoft supports the development of comprehensive and unified privacy legislation—based on data-protection principles that have achieved broad consensus internationally—that will provide meaningful protection for individuals online and will set clear guidelines for businesses.

### Transforming education, learning, and access to technology

- **Supporting education and promoting lifelong learning**

Microsoft partners with universities, governments, the business community, nonprofit organizations, and other institutions to support education reform worldwide. We support programs and advocate for policies that provide teachers, students, and parents with the tools and training that they need to meet basic educational needs and to promote math and science education at all levels. These initiatives share a common purpose: that every student graduate from secondary school with the skills necessary to succeed in the information economy. Microsoft believes that such engagement and advocacy, by both the private and public sectors at the local and national levels, is essential to creating education systems that enable individuals to participate and prosper in the digital economy.

- **Ensuring that entrepreneurs and workers at all levels have the skills they need for the digital economy**

Microsoft is committed to playing a leading role in helping modernize workforce development policies and programs that are designed to respond to the changes in the new world of work. In today's knowledge-based economy, computer literacy has become essential for success in the workplace. Microsoft is working worldwide to increase individual potential by eliminating technology illiteracy. As part of this commitment, Microsoft supports policies and innovative business models that enable lower-income people to acquire personal computers by using affordable subscription or pay-as-you-go methods.

- **Promoting the deployment of the infrastructure for access**

Convergence among Internet Protocol-based products and services is a boon for consumers, governments, and business. At the same time, these changes create tension within traditional regulatory approaches. To avoid impeding innovation, Microsoft advocates for the careful and creative evolution of legacy regulations and aggressive spectrum reform. Microsoft supports policies that encourage investment in Web services, promote broadband deployment, and support the continued evolution of the Internet.

Microsoft began with a dream of a computer on every desk and in every home. Thirty years ago this seemed impossible. Today, for the more than 1 billion people reached by technology, life has changed profoundly: Information is more readily available, connections are more easily made, commerce is more quickly achieved, and success is closer than ever. But for more than 5 billion people, the opportunity to learn, connect, create, and succeed remains elusive. Microsoft has set a goal of bringing the benefits of technology to 1 billion more people by 2015 through digital inclusion programs and public policy advocacy.

Ultimately, through Microsoft Unlimited Potential, our business, philanthropic, and advocacy efforts aim to bring relevant, affordable, and accessible technologies to help transform education, foster local innovation, and enable jobs and opportunity for the 5 billion people who are underserved by technology.