

# Research Unit Structural Change and Competition

## Our Topics

The research unit ‘Structural Change and Competition’ focusses its work on the question how companies behave in a constantly changing market environment. This includes research on the following policy areas:

### Industrial organization and competition

The researchers analyse the regulatory framework and necessities of the Digital Single Market as well the properties of the Sharing Economy and digital platforms in general. The increasing digitalization of companies and society raises fundamental economic questions. Industry 4.0 or the Internet of Things are topics related to that.

### Enterprises

Topics in this policy area include entrepreneurship and the conditions for start-ups. Policy for small- and medium-sized enterprises (SMEs) is another focus of the research unit. If feasible, regional aspects are also analysed in this policy area.

Many of the topics of the research unit are cross-sectional with close connections to infrastructure or innovation issues, for example. Thus, the research unit often collaborates with researchers from other units of the institute as well as from other institutions. The focus of the research is on Germany. However, for many topics, there is a strong connection to European policy-making.

## Our Findings

### Data protection legislation

The EU will enforce its General Data Protection Regulation (GDPR) from May 2018 on. In order to avoid heavy fines, companies in the member states have to adhere to rules that are in some

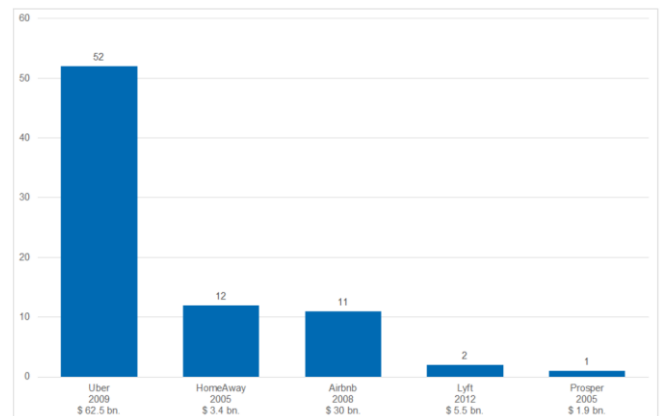
ways stricter than before to benefit consumers. While many companies are not up to date on the requirements, the GDPR often leaves room for interpretation. One example is the requirement to make all personal data portable that may not only alter the incentives to innovate for incumbent digital platforms, for example. It may also be up to the courts to decide what part of the portable data exactly is.

### Sharing Economy

Sharing Economy companies are an increasingly important part of the European company landscape and contribute to fostering employment and prosperity. To ensure fair competition, it is crucial that the relevant public sector institutions quickly review the existing regulation in many markets Sharing Economy companies are active in. Currently, these often do not adhere to this regulation because they feel the rules do not apply to their business model of matching individual suppliers and consumers.

### Patent applications of sharing platforms

Number of worldwide patent applications, adjusted for patent families and registered designs, selected sharing platforms (with year of foundation and estimated market capitalization), as of 30-09-2016



Source: DEPATISnet, 2016; Kerr, 2016; Schubarth, 2015; Ting, 2016; Yahoo! Finance UK & Ireland, 2016; own calculation

## Cyber security

Cybersecurity is the safety belt of the digital society and essential for prosperity and peace in the EU. By supporting cybersecurity as a vital strategic interest of the EU financially and ideally, the Commission tries to keep pace with the dramatic development of internet crime. In order to succeed, however, responsibilities and resources have to be assigned quickly EU and national levels and clear deadlines for implementation of new measures for an improved cyber security strategy should be set.

## Broadband infrastructure

In an economy that is becoming more digitized every day, broadband infrastructure gains importance. The German government's target of an average download speed of 50 Megabits per second until 2018 is hardly achievable, however. The biggest challenge currently is how to finance broadband infrastructure expansion, especially in rural areas. Subsidies are only necessary where there is no market solution. Still, the speed of the expansion leaves much to be desired.

## Conditions for start-ups

The number of newly founded companies in Germany is falling. At the same time, competition from American start-ups is intense. Start-up companies are especially innovative and often build on disruptive ideas that can advance whole industries. Therefore, the facilitation of start-ups is vital. In Germany, as well as in some other European countries, the main challenge consists of the availability of venture capital. However, entrepreneurial culture also plays an important role. This is why entrepreneurship needs to be promoted as early as possible, in schools and to young people.

## SMEs

The vast majority of European companies are SMEs. They face particular challenges and greater constraints compared to larger companies with respect to finance and availability of personnel, for example. Thus, they need an economic policy tailored to their need in order to

support them. Ideally, it should reduce bureaucracy, ensure fair competition in liberalized markets, and lower the tax burden of SMEs. This holds for economic policy on a national, but also on a European level.

## Selected publications

### In English

**Demary, Vera**, 2017, Stepping up the game – The role of innovation in the sharing economy, Working Paper Series in Law and Economics, Konkurrensverket, No. 1, Stockholm

**Engels, Barbara**, 2016, Data portability among online platforms, in: Internet Policy Review, Vol. 5, No. 2, DOI: 10.14763/2016.2.408

**Röhl, Klaus-Heiner**, 2017, European SME Policy – Recommendations for a Growth-Oriented Agenda, IW policy papers, No. 7, Cologne

**Röhl, Klaus-Heiner**, 2016, Entrepreneurial culture and start-ups – Could a cultural shift in favour of entrepreneurship lead to more innovative start-ups?, IW policy papers, No. 2, Cologne

### In German

**Demary, Vera / Rusche, Christian**, 2017, Zwischen Kooperation und Wettbewerb – Industrie 4.0 und europäisches Kartellrecht, IW-Report, No. 14, Cologne

**Demary, Vera / Engels, Barbara / Röhl, Klaus-Heiner / Rusche, Christian**, 2016, Digitalisierung und Mittelstand. Eine Metaanalyse, IW-Analyse, No. 109, Cologne

**Engels, Barbara**, 2017, Wirtschaftliche Kosten der Cyberspionage für deutsche Unternehmen, IW policy papers, No. 6, Cologne

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