Interviews and Editorial
Thomas Rabe
„Es gibt keine Wettbewerbsfähigkeit mit Google & Co“

Bertelsmann-Chef Thomas Rabe über die neue Dimension im Mediengeschäft, die Bezahlabhängigkeit der Kunden im Internet und die ostwestfälische DNA des Konzerns.

Nein, Digitalisierung schafft Wettbewerbschancen in allen Geschäfte

ten. Nutzen Sie das Musikgeschäft. Es wird sprichwörtlich durch die virtuelle Entwicklung der Streaming. Die Berechtigung der Kunden, für Musik zu bezahlen, ist definitiv veranlasst. Das gilt auch für die Online-Videogeschäft oder das elektronische Buch. Man kann aber nicht sagen, dass das Internet keiner Bezahlberei-
sthaft besteht.

Auch bei den Zeitschriften von Gruner und Jahr?

Im Journalismus sind, verglichen mit anderen Medien, Bezahlangebote am schwierigsten. Das ist absehbar so, und es ist, von wenigen Ausnahmen abge-

en, ein weltweites Phänomen.

Warum?

Es gibt zu viele konkrete Angebote, auf die die Leser unbedingt kommen. Und die Bezahlangebote sind nicht immer zutreffend.

Wirkung verändert sich, wird personalisier-

iert.

Daten und deren Nutzung für personalisierte Wazing sowie personalisierte Inhalte werden immer wichtiger, auch deshalb wegen der Datenschutzgesetze geschaf-

ten. Und Künstliche Intelligenz bietet ins-

tere interessante Möglichkeiten, zum Beispiel bei der Automatisierung unserer Dienstleistungen.

Der nächste Bestseller Ihres Verlags Pen
guin Random House wird also bald von einer Maschine geschrieben?

Nein, Künstliche Intelligenz wird maßgeschneiderte Tätigkeit zunehmend untrennbar

machen. Sie haben 10 bis 15 Mio. Leser, einige sogar noch stärker um bis zu 30 Prozent.

Zum Beispiel:

Zum Beispiel die Digitalgeschäfte der

Unserer erste Antwort ist: Wir investie-

ren in Inhalte, in Form, wie unseres 3 Milli-

arden Euro. Und wir bieten doch für alle

Angebote an, wie ein oder andere RTL und Gruner

es erschaffen zusammen. 99 Prozent der

Bezahlbereit. Das hat auch für die

Dienste sind klar, der Internet-Vertrauen ist zu bieten.

Das gilt auch für die Kontrolle von Inhalt.

Haben Sie schon Interessante?

Ja. Wir haben uns vor einigen Jahren ents-

chieden, unser Facebook genannt. Con-

cepts: Moderation/Dienstleistungen zu er-

bringen. Wenn Sie sich ansehen, was sich

über die sozialen Plattformen verhandelt, dann

ist es notwendig. Inhalte nach bestimm-

ten Maßstäben zu prüfen und gegebenen-

falls zu löschen. In Deutschland gibt es ja

immerhin über 1 Million Nutzer.

Dass dies auch Gleichläufigkeit, die Facebook, Google, Facebook, Amazon oder Ama-

zon sind nicht nur Kunden, sondern Wettbe-

werber.

Richtig, das ist mittlerweile nicht nur für

die Internetplattformen. Google und Face-

book vertreten in etwa zwei Drittel amerikanischen Online-Wertmarken-

schaft sich und praktisch das gesamte Wett-

bewerb im Markt. In Europa sind der-

Begriff „digital“ auf die Bezahlbereit, die

dann durch eine oder andere Plattform, RSS, Risch bis hin zu dem Internet-

den Inhalt. Das hat natürlich Auswir-

kungen auf unsere weltweiten Ge-

schaft und die Rentenbasis von RTL.

Der Wettbewerb ist nicht nur un-

gleich. Wie in der

hals aufgesetzt. Reglementierung wird immer

weiter aus der Zeit des Nutzer-gefüllten

Die

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Mr. Rabe, you will be presenting Bertelsmann’s financials for 2017 soon. Are you any closer to your ambitious goal of generating around 20 billion euros in revenues and 3 billion euros in operating profit by 2020?

2017 was a really good year for Bertelsmann. We are gradually moving towards our goals of 20 billion euros in revenues, an operating result of 3 billion, and more than 1 billion in profits. In 2011, we started out with revenues of around 15 billion euros, but we’ve sold nearly 2 billion of this in the past few years. So our real starting point was at around 13 billion euros. Last year, that much I can reveal, we landed at a good 17 billion euros, so we’ve already covered a good bit of the route. Our operating result rose to a new high, and profit, too, exceeded 1 billion euros.

Are you planning takeovers? That would accelerate your growth.

We’re always reviewing opportunities and do keep making acquisitions, but really we want to step up our organic growth.

Which means?

We didn’t see organic growth for many years, and now we’re at nearly 2 percent. This is being driven by the digital growth businesses we have established and expanded in recent years. On average they are growing by 5 to 6 percent, some of them even more strongly, by up to 30 percent.

For example?

For example, RTL Group’s digital businesses. Or Relias, the online education business for the healthcare sector.

How important are the digital businesses for your strategy?

Very important. They support our growth. Take RTL and Gruner + Jahr’s digital businesses, Fremantle’s video productions, BMG’s music, Arvato’s services, or our education business. Digital businesses are gaining in importance everywhere. They currently contribute around 5 billion euros to revenues. We want to expand this towards 7 billion euros in the next few years.

So the digitalization strategy is paying off?

In our revenues and in the result.
Are priorities in the Group shifting with digitalization?

No. Digitalization creates growth and new opportunities across all businesses. Take the music business. It’s growing markedly thanks to the rapid development of streaming. Customers are definitely willing to pay for music. The same goes for the online video business or for e-books. So you really can’t say that there’s no willingness to pay in the digital realm.

Even in the case of Gruner + Jahr’s magazines?

Compared with other media, journalism has the most difficult time with paid content. This has been the case for years and, apart from a few exceptions, it’s a global phenomenon.

Why?

There are too many free offers that readers can turn to. And the paid offers aren’t always user-friendly.

Advertising is changing, becoming more personalized.

Data and its use for personalized advertising and personalized content is becoming more and more important, which is why we’ve created data alliances. And artificial intelligence offers interesting possibilities, for example in the automation of our services.

So upcoming bestsellers from your Penguin Random House publishing group will soon be written by a machine?

I think not. Artificial intelligence will initially replace human activity where it follows a recurring pattern, i.e. where it is repetitive. Creative activity is anything but repetitive. So artificial intelligence won’t replace it, but it will provide support so as to create even better media content and tailor it to users’ needs.

You’re planning to sell off Arvato’s Customer Relations business and the call centers, and only keep Supply Chain Management (SCM), IT and Financial Services – even though contact with individual customers in the market should be a growth business, precisely because of digitization and automation. Why does Bertelsmann want to sell off the line of business in spite of this?

True, the call center market is growing. However, we’ve built many growth businesses in recent years, and they all need capital for their further expansion. So we were spoiled for choice about which growth businesses to especially invest in. It wouldn’t be right to take a scattergun approach [and invest just a little in every one of the businesses]. Especially as a privately owned company, we have to ask ourselves what resources are available for investment, and what priorities we set for them. In the case of our call centers, we came to the conclusion that these businesses have a slightly lower priority and that we aren’t prepared to provide the business with the funds needed for its technological development and the establishment of offshore locations. Accordingly, we are now reviewing the option of giving these businesses to an investor or partner.
Do you already have prospective buyers?
The business is interesting for a variety of investors. We plan to approach investors and potential partners in May, after which we will try to reach a decision as soon as possible. We hope to have a solution by autumn.

Does this cover the monitoring of online content and hate speech that Bertelsmann handles for Facebook as well?
Yes. Some time ago, we decided to provide Content Moderation services for Facebook. If you take a look at what’s being spread across social platforms, it is necessary to monitor content and delete it as needed, according to certain standards. In Germany there is even a legal obligation to do so now. Undeniably, this is a delicate subject in a liberal society. But it is important for society.

Facebook, Google, Netflix and Amazon aren’t just clients for Bertelsmann; they are also competitors.
Correct. This creates tension for us at times. Google and Facebook collectively account for about two-thirds of the American online advertising market and virtually all of the market’s growth. In Europe, the numbers are similar. Netflix and Amazon Prime are investing more and more in the video-on-demand business. This affects our global businesses and RTL’s reach, of course.

This massively changes the competition for Bertelsmann.
Very massively, in fact. The global tech platforms are formidable competitors. In the past, our TV businesses competed with ProSieben or TF1 in France, and our book businesses with Harper Collins and Simon & Schuster. We stood our ground and were usually able to maintain or grow our market shares. What’s happening now is a competition on an entirely different scale, with entirely different players who didn’t even exist 10 years ago. We’re dealing with competitors with global, scaled business models and very deep pockets. We need to adjust to that. Which is what we are doing.

Will Bertelsmann be able to keep up?
Let me preface my answer with a number. In Germany, the total volume of the TV advertising market is around 4.4 billion euros per year. According to estimates, Google and Facebook generate advertising revenues of around 5 billion euros in Germany alone. Ten years ago, that figure was zero. Nevertheless, we have grown our television business. We are more profitable than ever. So we seem to be doing something right.
What?
Our first response is: We invest in content, a total of 5 billion euros every year. And we offer reach like no other: RTL and Gruner + Jahr together reach 99 percent of German households. This is very valuable for advertisers. But above all, we offer safe advertising environments with high-quality formats – the buzzword being “brand safety”. This is extremely important because advertisers want to know where their advertising is shown. We have also massively expanded our technical and digital capabilities in online video and advertising technology. And, last not least, we also work with the technology platforms. Our services division Arvato provides services for all these platforms. RTL uses Youtube to distribute its ad-supported video-on-demand offer. That is today’s market reality.

So competition is getting tougher?
Yes, but we’re not complaining about it. The problem we have is that there is no level playing field between the tech platforms and the media companies.

What makes you say that?
It is a matter of unequal regulation, and this is a political problem.

Where does Bertelsmann feel it is being put at a disadvantage?
We don’t feel disadvantaged – it is a fact that we are: When you take a look at media regulation, the regulation of advertising markets, the application of competition law, there simply isn’t a level playing field between the tech platforms and the media companies. For example, TV channels are subject to much stricter standards than online video platforms. Youtube and co. can largely decide for themselves how much advertising they offer. For TV channels, there’s a clear rule: six minutes per half hour. It gets even more absurd in France, where there are stipulations about when movies can be shown. Today, in the age of Netflix and Amazon Prime, this rule is completely outdated. Then take a look at taxation, and you have a complete distortion of competition.

Are you complaining about excessive taxes?
No. It goes without saying that we pay taxes in all the countries we operate in. This is a social contribution that every company should make. On average, we pay 30 percent tax, which is roughly equivalent to the average tax rate in the major countries we operate in. We think that is only right and proper. But when other companies pay only a fraction of these taxes despite high profits, then that’s a problem.

Are governments responding to this criticism?
Unfortunately, we’ve only seen a fragmented approach at national and European level to date, and it’s not easy. Because the technology platforms are global, but regulations are predominantly national and some of them are still from the age of analog television.
But that means there can be no German, only a European answer.

Europeans are aware that they are in competition with other regions, across all industries. The question is – what does that mean and what consequences do we draw from it. The idea is to make Europe more competitive, through regulation or deregulation. This discussion will take place in the months ahead, when the new German government has formed and starts working, with France in particular, to reform the EU. In fact the preconditions for strengthening Europe are good. I feel this is an absolute necessity, especially in competition with the United States and China.

How important is China for Bertelsmann?

We can’t run our TV, book or magazine businesses in China the way we do in Europe or the U.S. We have to find other paths onto the market. In books and TV productions, we work with local partners. In the music industry, we have an exclusive marketing agreement with Alibaba. We also have operations in China through Arvato, because there are greater degrees of freedom than in the media business. But above all, our investment fund Bertelsmann Asia Investments is very successful there. Last year, the fund made a significant contribution to Group profit, by listing promising new companies on the stock exchange. The Chinese market is still a local market for media companies, no matter their size. It would be a big mistake to believe that business models from Europe also work one-to-one there.

The internationalization of the Group is not yet reflected at the top of Bertelsmann.

The Executive Board is currently German, that’s true. But there are six nationalities represented on the expanded Executive Board, the Group Management Committee. There we have this mix by background, gender and age. That does actually reflect the internationality of the company quite well. But it’s clear that we have to continue evolving at the top as well. We will do that over time.

Under your leadership, Bertelsmann has become more digital and more international. What is happening to the company’s East Westphalian roots?

I believe that Bertelsmann definitely still possesses that East Westphalian DNA. It includes a certain modesty, a pragmatism. And marked entrepreneurship. Bertelsmann’s post-war founder Reinhard Mohn, too, embodied all of that for me. It’s no coincidence that East Westphalia of all places is home to so many large, internationally successful, owner-managed companies.
Thomas Rabe

„Der Vertrauensschaden geht weit über Facebook hinaus“

Der Gütersloher Medienriese Bertelsmann ist zugleich Geschäftspartner und Rivale von Facebook. Der Vorstand spricht über eine komplexe Beziehung und über Datenschutz- und Wettbewerbssorgen.
“The Loss of Trust Goes Far Beyond Facebook”

Bertelsmann is both a partner and rival of Facebook. In an interview, Chairman & CEO Thomas Rabe talks about this difficult relationship. By Catrin Bialek and Thomas Tuma

Berlin – Times have been turbulent since the Facebook data scandal was made public. The data analysis company Cambridge Analytica had gained unauthorized access to more than 50 million Facebook accounts. The public, politicians, and businesses are appalled. In an interview with Handelsblatt, Thomas Rabe, Chairman & CEO of the Gütersloh-based Bertelsmann media group, explains why he is concerned and what collateral damage he fears. Bertelsmann is both a partner and rival of Facebook & co. At the moment, however, the competitive relationship is predominant, says Rabe.

Mr. Rabe, even digital giants can be shaken – that’s what we’re experiencing right now with Facebook. How would you sum up the affair so far?

It’s well known that Facebook offers free services and extracts payment for them in the form of data. And it’s also well known that Facebook uses the data for personalized content and advertising. The company has built up an advertising machine that is obviously well received by customers. This machine is very efficient, but it can also be abused.

How surprised were you at the revelations about Cambridge Analytica, which allegedly abused the data of more than 50 million users?

I had never even heard of the company. But I wasn’t surprised by the changing public perception of Facebook, including and especially in the U.S. Some even feel that the company has spun out of control in some areas. There’s a lot of criticism.

For example?

The possible influence in elections, the spread of fake news and hate comments, Facebook’s market dominance, but also a general unease among people regarding the use of their data. All of this is now coming to a head. Cambridge Analytica is, of course, an extreme case: Here, data was pumped out in an order of magnitude that’s hard to imagine. Facebook has to ask itself whether its control mechanisms are working. There has been a loss of trust that goes far beyond Facebook.

Do you see collateral damage to the rest of the media industry?

In any case it would be wrong for all of us to be held jointly culpable now.
Don’t you feel that stricter regulation is called for?
There is the EU General Data Protection Regulation, which comes into force in May. There’s a draft EU ePrivacy Directive which, in my view, is problematic because it restricts the use of data too extensively. One can only hope that decisions will be made with a sense of proportion.

In the past, you frequently warned that there is no level playing field with tech companies when it comes to regulation or even taxation. Will the distortion get even worse now?
That will have to be closely monitored. Having consistent regulation is one thing. The other is how this regulation affects different business models. And whether well-intentioned regulation could end up giving the tech groups competitive advantages again – as could certainly be the case with the ePrivacy Directive.

What would you recommend?
We need to look at the regulatory framework for the media as a whole. Is it even up to date? This includes issues such as advertising regulation, but also the definition of relevant markets when considering mergers. So far, the market definitions are still very local.

Last fall, Gruner + Jahr boss Julia Jäkel called for a kind of advertising boycott against Facebook via Handelsblatt. Was she ahead of her time?
Julia Jäkel’s appeal was not about data misuse, but about raising awareness among advertisers that commercial journalism is financed by advertising and offers a safe advertising environment – the idea of “brand safety.”

Bertelsmann itself is a business partner of Facebook: Its subsidiary Arvato CRM deletes hate speech and other critical content on behalf of the social network. How big is this virtual clean-up crew?
We work well with Facebook in this area. At this time, more than 1,000 Arvato employees work in the Facebook unit in Germany.

Are you pleased to be getting rid of the unit soon with the planned sale of Arvato CRM?
No, not at all. The CRM unit for which we are reviewing strategic options comprises a number of businesses with 36,000 employees. Besides, we’ve just renewed and expanded the Facebook contract. If it made us uncomfortable, we certainly wouldn’t have done that.

You earn money from the hate speech of others...
... and I also consider it a societal imperative that critical content on Facebook must be checked – and in cases of doubt, deleted. In Germany the Network Enforcement Act clearly regulates that platforms such as Facebook are responsible for content. And I think that is only right.
How far has the planned sale of Arvato CRM actually progressed?
We expect to issue an “information memorandum” in May and approach potential buyers or partners for the business. The negotiations should be completed by fall.

Who has already contacted you?
Several interested parties, including strategic and financial investors, have contacted us. Some are interested in a market consolidation, others come from the U.S. and want to gain a stronger foothold in Europe. The CRM market is extremely active.

That sounds very positive. So why do you want to dispose of the segment?
The market is changing rapidly. Technological change plays a major role, especially the use of artificial intelligence, for which considerable investment is required. At Bertelsmann, we have eight growth platforms that have priority for investment – Arvato CRM isn’t one of them.

And the buyer may then have to prune the workforce?
Our analysis shows that technology is going to play a larger role. This will change the business – not disruptively, but over time.

What selling price are you aiming for?
I can’t say yet. In the end, the market will have to determine that. We will take great care that we not only get a reasonable sales price, but above all find a sound buyer who can do something sustainable with the business.

In which of your growth areas can you imagine making acquisitions with the proceeds?
Basically, we are increasingly focusing on organic growth. We will continue to make acquisitions here and there, for example in advertising technology.

The planned sale of Arvato CRM is not the first major cut you’ve made at Bertelsmann. Years ago, you sold off the traditional book clubs. What reputation has this earned you in the company?
It’s not like we just coldly study our portfolio. Some decisions are heart-wrenching. Nevertheless, we have a responsibility to the company as a whole and must decide where we invest – and where we no longer invest. But you’re right: These things have to be explained and communicated well. Which is what we do. The employees have been promised – and this is what I am willing to be judged by – that we will find the best possible buyer to continue the business and secure jobs.
Your successful TV subsidiary RTL now faces strong competition from Netflix and Amazon Prime.

What will the business look like in five years?

Linear television will continue to exist, but increasingly there will also be non-linear television. RTL has been responding to this for a long time. Thanks to several acquisitions over the past few years, we are the number one in terms of video views on Youtube, and are building new video-on-demand businesses, focusing on local content.

Facebook, Amazon, Google and other U.S. giants are both partners and rivals to you.

Absolutely.

Which part of the relationship is predominant at the moment?

You have to look at this in detail. Google, Facebook and Youtube are primarily financed through advertising – as is RTL. On the other hand, we provide services for the U.S. tech platforms, and produce content for Netflix and Amazon Prime. All in all, the competitive relationship predominates.

Mr. Rabe, thank you for the interview.
Für eine wettbewerbsfähige Regulierung

Europas Kreativindustrie darf im Wettbewerb mit Google und Facebook nicht benachteiligt werden.

N

 Doch die Kreativbranche steht am Scheideweg. Amerikanische Tech-Plattformen wie Facebook, Amazon, Netflix und Google expandieren rasant und werden mehr und mehr zu Wettbewerbern: Google und Facebook allein verbuchen über 20 Prozent der weltweiten Werbeinserate sowie mehr als 80 Prozent des Marktwachstums von 2016 bis 2017 für sich. Amazon Prime versorgt global mehr als 100 Millionen Nutzer mit Onlinevideo-Inhalten, Netflix sogar mehr als 125 Milliarden. Auf Facebook und Youtube sind weltweit mehr als 2,1 beziehungsweise 1,5 Milliarden monatliche Nutzer aktiv.


For a Competitive Regulatory Policy

Europe’s creative industry must not be put at a competitive disadvantage vis-à-vis Google, Facebook & Co.

The creative industry in Europe is at a crossroads. At this point, it is still one of the most important economic sectors. In Germany, France and the U.K. alone, a total of 453,000 companies large and small provide more than two million jobs that pay into the social security system. Every year, they account for €161 billion to Europe’s gross value added, according to an exclusive study conducted for Bertelsmann by Enders Analysis. Moreover – and this is probably even more important in these times – they contribute significantly to a pluralistic society.

But the creative industry faces great challenges. U.S. tech platforms such as Facebook, Amazon, Apple, Netflix, and Google are expanding rapidly and are increasingly turning into competitors: Google and Facebook alone collect more than 20 percent of global advertising revenues and accounted for more than 80 percent of the market’s growth from 2016 to 2017. Amazon Prime supplies online video content to more than 100 million users worldwide, Netflix to more than 125 million. More than 2.1 and 1.5 billion monthly users are active worldwide on Facebook and YouTube, respectively.

This is a whole new dimension of competition, which we meet with creativity and entrepreneurship.

- As Europe’s largest media company, we invest more than five billion euros a year in creative content: in video, books and music, in journalism, and in education.
- We offer secure advertising environments and high media reach. In Germany, RTL and Gruner + Jahr together reach 99 percent of all households.
- We are expanding our digital expertise, particularly in advertising technology, and are entering into strategic alliances with partners, such as the European Net-ID Foundation, which offers users a central login for multiple online services.
- At the same time, we work with the major tech platforms in many different ways, and are growing along with them.

Yet, all success aside, like all creative companies in Europe we are at a disadvantage in our competition with the tech platforms. This is due to disparate regulatory policies that no longer correspond to the reality of the market. If politicians care about having a strong European creative industry, they must take urgent action.

Some examples:

- Data protection: The need for data protection legislation that promotes trust is absolutely beyond question since the Facebook/Cambridge Analytica scandal if not before. With the General Data Protection Regulation (GDPR), the EU has just taken a step, but its legal interpretation and economic consequences are still completely unclear. Nevertheless, the next piece of legislation, the ePrivacy
Regulation, is already being discussed at EU level. Requiring users’ consent to online targeting (opt-in) as stipulated in the draft regulation would drastically reduce the use of personalized advertising on many media sites. As a result, journalistic online services and news apps could hardly be financed. At the same time, it would cement the tech platforms’ supremacy, which due to their market power can more easily get users to opt in. The concentration of extensive user data in the hands of a few digital platforms would increase even further. We therefore call for a moratorium: Policymakers should wait two years to analyze the effects of the GDPR before deciding on further steps, if any.

The European Commission recently stressed the importance of artificial intelligence (AI) for Europe. AI is based on the combination of data and computing power. Even the most powerful computers need data. However, if the use of data is restricted too severely, Europe risks falling behind in AI.

- **Copyright**: Copyright forms the foundation of creative businesses, also in the digital world. If tech platforms use our creative content to increase their reach, this should not be possible without payment. Furthermore, they should be obligated to take more active steps against copyright infringements. Liability privileges, under which they are not responsible for content on their platforms, are no longer up to date. These rules date back to laws and directives from a time when many tech platforms and their business models did not yet exist, such as the EU E-Commerce Directive of 2000, or the US Digital Millennium Copyright Act of 1998.

- **Antitrust legislation**: For creative businesses, antitrust legislation in Europe primarily relates to national markets or even sub-sectors, which are very narrowly defined. This impedes economically meaningful collaboration and mergers or makes them impossible. For instance, in 2011 the Federal Cartel Office rejected plans by Mediengruppe RTL Deutschland and ProSiebenSat.1 to create a joint video-on-demand platform in Germany. Just a year later, in the United States, Facebook was allowed to completely take over the social network Instagram, just like WhatsApp in 2014. Nor did the takeover of YouTube by Google meet with any objections. In the U.S., the media world is currently being redistributed between tech platforms, infrastructure providers and media groups, e.g. through the merger of AT&T/Time Warner or the bidding contest between Comcast and Disney for parts of Fox. These are transactions worth billions. In Germany, by contrast, not even a comparatively small increase in minority TV holdings would be approvable to date. Similar restrictions apply in the magazine sector.

- **Advertising legislation**: Advertising is essential for the creative industry. It is a cornerstone of funding for creative and journalistic content. Currently, very different advertising regulations apply for broadcasters and “intermediaries” (the tech platforms): Commercial broadcasters such as RTL are allowed to show a maximum of twelve minutes of advertising per hour. Meanwhile, video offers on platforms such as YouTube and Facebook are practically exempt from this regulation, even though they are advertising giants: Google’s parent company Alphabet generated around 86 percent of its billions in revenues in 2017 from advertising, and Facebook as much as 98 percent. The EU’s revised Audiovisual
Media Services Directive will allow linear TV channels to go beyond twelve minutes per hour in future, as long as a maximum advertising time of 20 percent is not exceeded during core hours. This is good, but broadcasters will still continue to be much more heavily regulated than tech platforms in matters of advertising.

- **Media legislation:** Broadcasters are subject to extra requirements that are associated with high costs: For example, commercial TV channels in Germany are obligated to offer regional programming windows and make broadcasting times available for third-party programs. These requirements do not exist for the global tech platforms.

- **Taxation:** Like many other companies in Europe’s creative industries, Bertelsmann pays an average of around 30 percent tax. This is part of our contribution to financing important governmental tasks and infrastructure. By contrast, the effective tax rate for many tech platforms is just 9.5 percent according to the EU Commission – a major disparity that distorts competition. While the problem has been recognized, it is not easy to solve. The taxation of digital revenues in Europe as is being discussed is problematic because it would lead to double taxation at the creative companies’ expense.

To survive in the competition with the tech platforms, a modernization of the regulatory framework for creative companies in Europe is urgently needed – along with the removal of shackles that no longer reflect the reality of digital markets with new global competitors. Then, our industry’s success story can and will continue – in the interest of numerous jobs, high value creation, and a creative, pluralistic media landscape.