Digital Services Act

Startup Community Statement: Uplifting Platforms in Europe









The Digital Services Act is a prime opportunity to establish legal certainty and clarity for the platform economy in Europe, and scale thousands of startups. A strong intermediary liability exemption lies at the heart of startup ecosystems. We, the undersigned founders and representatives of startup communities, call on European policy makers to put startups at the centre of this reform.

Startups are the most innovative and diverse actors in our modern economy - they decrease complexity for users and businesses by creating new products and services. They build these with the support of a vibrant platform economy. It helps them to grow, operate with little cost, and connect easily with users. Instead of doing repetitive tasks, platforms allow entrepreneurs to focus on what they're good at, innovation. There are hundreds of free platforms entrepreneurs can use on their startup journey.

There are <u>over 12,000 platform startups</u> in Europe. They do not just represent future potential, they are contributing to the economy today. The app developer workforce in the EU grew from 1.8 million in 2013 to 4.8 million in 2018. Designing a Digital Services Act that works for startups is in the European Union's current economic interest.

As founders and representatives of startup ecosystems we welcome having a fresh look at the <u>E-Commerce Directive from 2000</u> to analyse what is working and what could be improved. Doing so also provides the chance to understand and tackle new challenges that the growth of the digital economy has raised.

The Digital Services Act can learn from fundamental building blocks in the E-Commerce Directive that have been crucial to the startup community in Europe. The DSA should build on these key provisions and establish a new level of legal clarity/certainty, by:

- Strengthening & harmonising a strong intermediary liability exemption at the heart of the Digital Services Act Give startup entrepreneurs one set of straightforward updated liability rules for platforms hosting third-party content In Europe;
- Create provisions that provide startups with a pathway to compliance from day one Design rules that are proportional to the platform size and risk exposure as well as incentivise proactive measures to tackle illegal content online;
- Maintaining a broad ban of general monitoring obligations Do not oblige startups to monitor all the content users upload on their platform with costly and ineffective filtering technologies;
- Ensuring a robust country of origin principle, giving entrepreneurs the foundation to reach out to all markets in the EU Provide startup founders with the foundation to scale-up across Europe;
- Create and implement sandboxes and other tools to encourage the entry of new services on the market Empower entrepreneurs to start a cutting-edge business hand in hand with the regulatory authorities, being compliant from day one.

The underlying goal of the Digital Services Act should be to make it easier for startup founders to found a platform startup and scale it across the continent.

Startups should be given the same opportunity to scale up that today's tech giants received by benefiting from a simple and affordable intermediary liability regime. Not doing so would ringfence big incumbents and diminish the chances of startups to challenge them.

We call on European and national policy makers to put startups at the centre of the Digital Services Act by implementing the 5 aforementioned proposals and stand ready for a constructive conversation to that end.

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