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Page 1 0

Europeans weigh plan on Google challenge

By Kevin J. O'Brien International Herald Tribune

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BERLIN Germany and France are negotiating on plans to inject E1 billion to E2 billion over five years into a public-private initiative to develop a series of sophisticated digital tools including a next-generation Internet search engine, a project organizer said.

The program, called Quaero, would be paid for by the French and German governments and technology companies in both countries, including Thomson, Siemens, France Télécom and Deutsche Telekom. Philippe Paban, a spokesman for Thomson, which is leading the French effort, said Quaero's organizers might be ready to announce details of the project as early as next week.

Quaero, which means "I seek" in Latin, still faces several hurdles, including scrutiny of its public funding by the European Commission and uncertainty in Germany, where no single company has taken the lead and a coalition government elected in November has yet to publicly endorse the project. Organizers are also fighting some skeptics who maintain that Quaero could waste taxpayers' money in academic research that produces no commercial benefit.

The project, conceived in April by President Jacques Chirac of France and Gerhard Schröder, then the chancellor of Germany, is an attempt by two of Europe's largest economies to develop a local challenger to Google, the California-based search engine, which spent \$327 million on research and development in the first nine months of 2005.

In a speech this month laying out his 2006 agenda, Chirac spoke to those concerns, saying: "We must take up the challenge posed by the American giants Google and Yahoo. For that, we will launch a European search engine, Quaero."

Quaero organizers said they were racing this month to complete the main details of financing, which one participant in the project, who did not want to be identified because of the sensitivity and fluid nature of the discussions, said was "in the realm of E1 billion to E2 billion," or \$1.2 billion to \$2.4 billion, over five years. A second participant, who also spoke under a promise of anonymity for the same reasons, said the figure would more likely be closer to E1 billion. Both said the level would depend on the split being negotiated between governments and participating companies.

Most research funded by the European Commission is split equally between governments and companies. On shouldering the costs of Quaero, "the split is still to be determined," said François Bourdoncle, chief executive of Exalead, a Paris maker of business search software and a member of the Quaero consortium.

Further details may come Wednesday at a meeting of French participants in Paris by Thomson, according to one organizer. German participants plan to discuss the project during a meeting at the Economics Ministry in Berlin on Friday. Other meetings may follow.

With Quaero, the French and Germans are hoping to build expertise in the technologies that are shaping the distribution of information and entertainment. The project aims to develop next-generation leadership in search technology, software for managing copyrights and digital ownership and what one document called "cultural-heritage management."

Some observers suspect this last category is a reaction to separate plans by Google, Microsoft and Amazon.com to catalogue, digitize and index the world's books, many of which are still under copyright protection. French and German publishers have objected to the projects, and a separate European scanning effort is under way.

Compared by some participants to an Airbus-style cooperative effort to

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increase European standing. Quaero has also been met with skepticism by some industry experts who fear the program would be costly and unwieldy to administer and would produce no tangible commercial advances.

"I'm not too confident that Quaero will be able to produce anything that the private sector isn't already offering or will develop on its own in the future," said John Lervik, chief executive of Fast Search & Transfer, an Oslo-based maker of software that helps businesses perform sophisticated searches of data stored on their internal corporate networks.

Some European-funded technology development and private-public partnerships have succeeded spectacularly in the past, particularly the standardization of GSM as the single cellphone technology across the European Union a decade ago.

Another public-private initiative, the E3.8 billion Galileo satellite navigation project, designed to end European reliance on the U.S. global positioning system, is just getting off the ground.

Since its inception, details of the Quaero project have been shrouded in secrecy, which has increased as planning nears an end. Last week, Thomson, which used to have a page on its corporate Web site devoted to Quaero, removed the page and instructed its executives not to give any interviews on the project.

Heinrich von Pierer, a former Siemens chief executive who is an adviser to the newly elected chancellor, Angela Merkel, is leading the private effort in Germany, and Jean-Louis Beffa, chairman of Saint-Gobain, the French glass and ceramics group, is leading the French side. Both national phone companies, Deutsche Telekom and France Télécom, are members.

Even with heavyweight sponsors in both countries, approval is still not guaranteed from the commission, which in September warned France that its original plans to pursue a purely government-financed research effort to develop a next-generation search engine would violate EU rules on subsidies to industry.

Hendrik Luchtmeier, a spokesman in the German Economics Ministry, said the meetings being held there on Quaero were "at a working group level. There is no official consortium yet in Germany. There are just a group of companies that are discussing this," which Luchtmeier declined to name. "We're trying to see what is technically possible to accomplish through Quaero."

One German participant said he doubted that Germany's contingent of companies would be ready to commit to the project next week. Besides Deutsche Telekom, which is still 38 percent state-owned, and Siemens, Germany's largest consumer electronics maker, a software subsidiary of the media giant Bertelsmann called Empolis is considering joining Quaero.

"The French have been pushing much faster on this, reflecting their belief that it is government's role to lead these types of efforts," said Hermann Ney, a professor of information sciences at RWTH-Aachen University, which is contributing speech recognition and language translation technology to the project. "In Germany, there's been more caution about this for a number of reasons."

French government funding for the project is supposed to come from the Agence de l'Innovation Industrielle, a public agency created by Chirac last year with an initial budget of E2 billion for new research initiatives.

Officials at the agency have said the body intends to finance only a few projects and the deadline for submitting proposals for consideration is Feb. 15.

Alex Waibel, director of the InterACT Center at Germany's University of Karlsruhe, which is planning to develop speech and language-processing technologies for Quaero, said Quaero was a legitimate attempt to foster research in a field that is dominated by just a few U.S. companies.

"I am myself a free marketer, but by the same token, I say, 'Let a thousand flowers bloom,'" Waibel said. "What will be more challenging for Europe is making sure that whatever technology is developed can be exploited in a commercial way, successfully."

"It's fair to say that there is a big gap between what Europe has done in this area and what is happening in the U.S. or even China," said Bourdoncle of Exalead, a six-year-old company that makes search engines for businesses and other large enterprises.

"Europe needs to boost its leaders so that they can grab whatever they can of this market."

All participants rejected the notion that Quaero is setting out to do harm to Google, Yahoo and other U.S. search engines.

"I don't think the portrayal of Quaero as being the anti-Google is correct," said Chahab Nastar, chief executive of LTU Technologies, a Paris maker of image-recognition software that is part of the French Quaero consortium.

"It would make no sense to have some kind of a geographical battle going on here," he said.

"Europe has realized their technologies were not good enough to compete at a global level. Quaero is simply trying to gather good technologies and boost them with major funding."

Nastar said that Quaero's planning was advanced and that he hoped his company could start research on the project next month or in March.

"January has been a very busy month for Quaero with the intent to make things happen," Nastar said. "I think the project is still in its definition phase. But that will go quickly. Contacts have been established. We're moving ahead."

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