

Delivering openness, innovation and choice for consumers

- A European approach to the open Internet

As Europe sets a course for its Digital Agenda for the coming five years, the European telecommunications and networking industry, represented by the signatories to this paper, would like to reaffirm its commitment to an open Internet, delivered over smart networks.

Our sector employs more than three million Europeans and is responsible for a major share of the EU's GDP growth. It contributes to sustainable growth and to a more inclusive society by enabling the next generation of communications networks and services that will be at the heart of our knowledge-based society.



OUR CORE BELIEFS

The telecoms industry is committed to delivering and expanding an open Internet where consumers can exercise their choice and that is underpinned and reinforced by competition, transparency, smart, managed networks and innovation. We believe in:

- **Openness and transparency:** consumers should be able to access the services, applications and lawful content of their choice on the Internet. They should receive transparent and meaningful information on their access to such services, applications and content.
- **Smart networks delivering choice and quality:** smart, managed networks are essential to ensure a robust and efficient functioning of the network and to support the provision of innovative services in the interest of users.
- **Innovation in business models expanding choice:** anyone in the Internet value chain should be able to innovate and develop new business models, as long as they do not behave in an anti-competitive manner, hindering innovation by other players.
- **Fundamental rights and freedom of expression:** network management does not restrict the freedom of speech as it is not concerned with the content of the data carried over the network.
- **A sound policy framework:** Europe's competition framework and its new Directives for electronic communications guarantee this openness and transparency and leave room for innovation in networks and business models.

OPENNESS AND TRANSPARENCY

Today's digital information revolution is opening up access to an amazing array of information and services, in particular through the global Internet. The full breadth and depth of this revolution goes far beyond Web surfing: it extends to virtually all aspects of our lives and all parts of society.

We believe in the open Internet where consumers are free to access lawful content and use Internet services and applications of their choice. This openness provides the fundamental strength of the Internet, enabling all to connect, whether large or small, business or consumer.

In support of the open Internet, transparency for consumers regarding access to Internet content, services and applications is key. In order to make informed choices, it is important that consumers are provided with clear and meaningful information about their ability to access or use Internet services, applications and content.

SMART NETWORKS DELIVERING CHOICE AND QUALITY

To ensure consumers and business can access the content and services of their choice, it is essential that networks apply smart traffic management techniques. Internet traffic is growing exponentially, driven by trends for new high-bandwidth services, consumer- driven content and increasing connectivity.

For example, the amount of data traffic in mobile networks doubles every eight months, while capacity in mobile networks is constrained by the limited availability of radio spectrum and network resources that are shared by all users in a particular 'cell'. Fixed networks equally may come under strain as various applications such as video streaming generate rapidly growing data traffic volumes.¹

Against this background, there is now a broad acceptance of the need for smart, managed networks to provide users with a continued quality of service experience across all network technologies. This growth cannot be supported by additional roll-out and upgrades of infrastructure alone. Network management can often mitigate the need for expensive bandwidth expansion to handle peaks of traffic at certain times of the day.

Smart broadband networks moreover provide the essential infrastructure and functionality for innovation, underpinning the success of future business models. Already today, a wide range of services and applications have specific quality requirements, such as real time interactive IP TV, e-health services (e.g., assisted living), emergency calls, high definition video conferencing and real-time multimedia services such as e-education.

With growing diversity of services, it is becoming ever more important that networks have the network management capabilities to deliver services to consumers according to their individual requirements. Also in this respect, smart networks are critical in allowing the Internet to evolve and remain successful.

¹Cisco Visual Networking Index 2009
http://www.cisco.com/en/US/netsol/ns827/networking_solutions_sub_solution.html .

INNOVATION IN BUSINESS MODELS EXPANDING CONSUMER CHOICE

When it comes to innovation in the Internet, it is users – EU citizens and businesses – who will determine the success of new applications and business models. New business models develop for delivering services over networks. Increasingly, these come from collaboration and partnerships among players – finding new and often unexpected ways to offer services. In the case of Amazon's new e-book, commercial arrangements between content provider and network operator allow consumers to benefit from an entirely new service without having to worry about their Internet bills.²



In the same way, end-users may choose an offer that delivers the quality of experience for applications and content he or she most values.

Offering differentiated products and services to users and to other players in the Internet value chain clearly adds competition and choice. By uncovering commercial opportunities in a market of billions of users, service differentiation will enrich the way we communicate and drive new products for consumers.

FUNDAMENTAL RIGHTS AND THE FREEDOM OF EXPRESSION

Freedom of speech and an uncensored and pluralistic Internet are often and rightly referred to as key elements of an open Internet. This important debate should be undertaken with the entire value chain in mind and should not be confused with the debate around network management. Operators' traffic management measures do not restrict consumer's fundamental rights, such as freedom of speech or privacy of telecommunications. They are concerned with the way the service is delivered, not with the actual content of the data carried over the network.

In fact, smart, managed networks enable citizens to exercise their fundamental rights online and are essential to supporting an environment of online trust. By providing a secure, safe and reliable network, even in the case of extreme traffic peaks or of cyber crime attacks on the functioning of the Internet, they ensure continued access for citizens to elementary forms of expression in the digital world.

A SOUND FRAMEWORK FOR THE OPEN INTERNET - THE NEW EU DIRECTIVES

Consumers in Europe benefit from a highly competitive market place for broadband Internet access, choosing from a range of providers and options to access and use the Internet. Competition is driving users' ability to access to content, applications and services they require, be it on fixed or mobile networks.

² In that case, network operators can carry the traffic for downloading e-books without charging consumers as they are compensated by the service provider who concludes a contract with the consumer.

Europe has at its disposal a robust regulatory and competition framework for protecting consumers in case of anti-competitive behaviour. The revised EU framework for electronic communications includes additional transparency measures that further enhance consumers' ability to make informed choices regarding their Internet service. In addition, NRAs dispose of a new reserve competence to prevent a possible degradation of service quality for consumers.

In highly competitive markets for fixed and mobile broadband, pre-emptive regulation that would restrict traffic management and service differentiation would undermine Europe's digital economy by excluding new business models, locking in today's technologies, and hampering necessary innovation.

We therefore encourage the EU to continue following its own policy approach to the open Internet under the new framework for electronic communications, in support of Europe's digital agenda.

All policies at EU level should moreover aim for a level playing field for competing in the Internet, addressing issues of competition, openness and consumers' rights not only at the level of electronic communications networks and services but wherever they emerge in the Internet value chain.



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