

# Net Neutrality or Service Neutrality?

## NN and innovation (in European sauce)

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Bruxelles

NTRA National Conference  
Sharm el Sheik 21-22 April 2010

*The opinions expressed in this presentation do not represent the position of associations  
where the Author holds management responsibility*

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# Innovation in the electronic communications sector: the EU context

- Main driver: competition
- Regulation must address market failures and shall target bottlenecks and dominant positions (SMP)
- Infrastructure competition /ladder of investments
- All the above confirmed with the review of the Telecom Package (2006-2009), despite controversial debate in the NGA

# What next?

- There are further debated areas which are critical for innovation:
  - Net neutrality
  - ISP liability

# Net Neutrality meanings

**Net Neutrality has  
2 basic meanings in public debates:**

- Regulation of bandwidth
- Universal/non discriminatory access to Internet resources

# Regulation of Bandwidth

- NN = uniform treatment of packets? Does such a rule/practice ever existed?
- No, to the opposite, since beginning Traffic Management (“TM”) have been traditionally a common practice :
  - Fixed market: prioritization of time sensitive applications (VOIP, web surfing) vs degradation of others (P2P, FTP)
  - Mobile market: similar to fixed, but with more bandwidth price differentiation/discrimination
  - Corporate/business market: ad hoc traffic management practices

# Universal/non discriminatory access to Internet resources

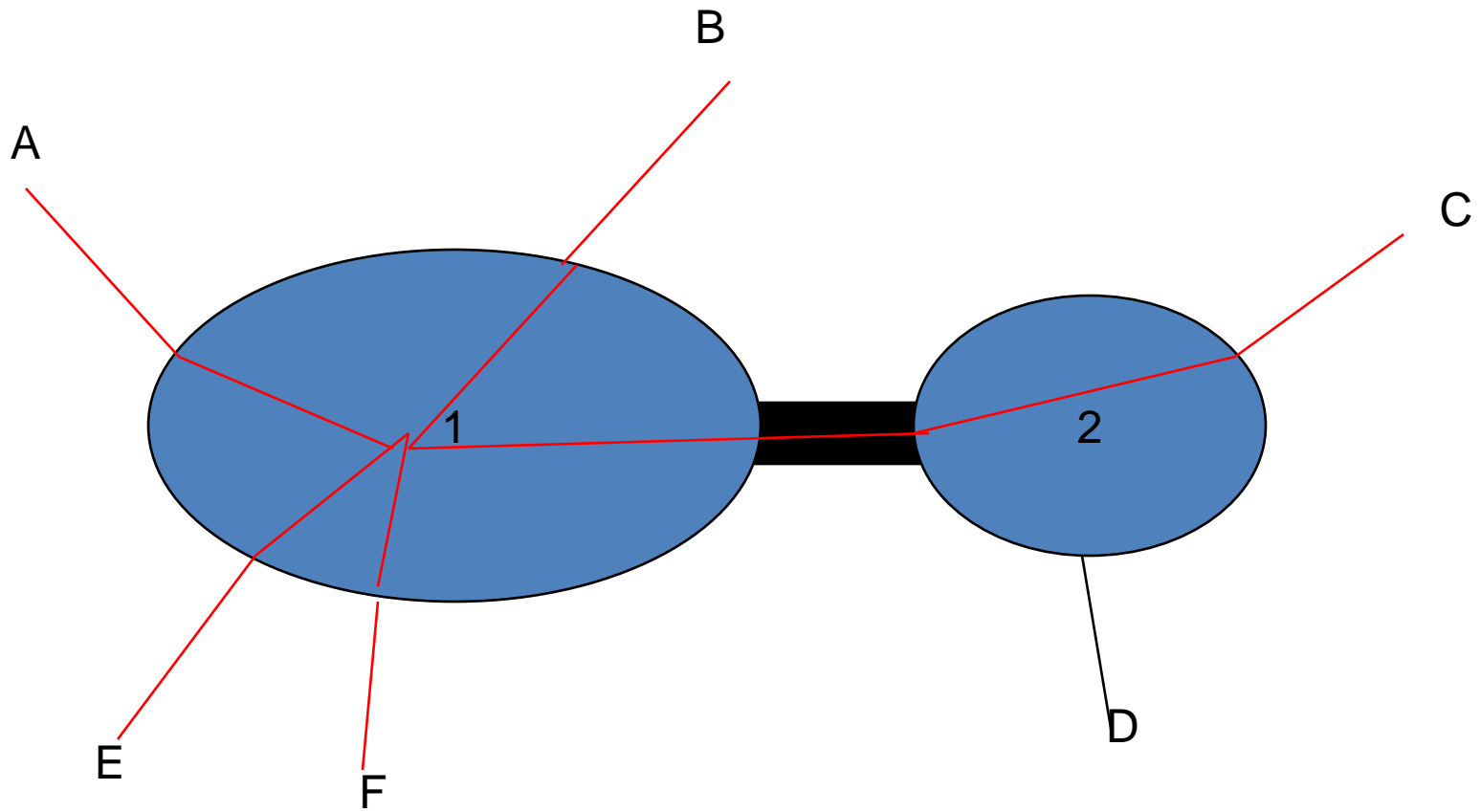
- 1. TM on Applications: VOIP, web, FTP, P2P, DNS
- 2. TM on Content
- 3. TM of destination/sources routes

The above TM practices may be legitimate or rise anticompetitive concerns, depending on the competitive context and their scope

# Competitive risks of traffic management

- Mainly associated with vertical integration:
  - Vertical tying between supply of bandwidth and supply of (tied) content/applications/equipments
  - Exclusion of competitors' services via blocking or degradation
  - In both cases, by way of technology or pricing
  - QoS interoperability an emerging issue
- Are competition rules enough?
  - Fixed access is normally dominated, but may tend to duopoly (with cable, NGA development). Mobile broadband access is rarely purely monopolistic or purely competitive. More frequently, it falls somewhere in between, is an oligopoly, with collusive behaviours
  - End-to-end connectivity is an inherent Internet right?

# Interoperability of QoS



# The European debate on NN

- Inflated into the telecom Package Review mainly by US companies
- Current rules very clear on transparency and traffic shaping (congestion), less on discrimination
- Main concrete issue: VOIP blocking over mobile networks
- Commissioner Kroes very prudent, consultation announced

# The Norwegian guidelines on NN

1. Internet users are entitled to an Internet connection with a predefined capacity and quality;
2. Internet users are entitled to an Internet connection that enables them to
  - send and receive content of their choice
  - use services and run applications of their choice
  - connect hardware and use software of their choice that do not harm the network.
3. Internet users are entitled to an Internet connection that is free of discrimination with regard to type of application, service or content or based on sender or receiver

# Conclusion: is NN a good thing for innovation?

- No with regard to bandwidth treatment: innovation and competition require differentiation
- Yes with regard to universal/non-discriminatory access to the Internet: surely yes, this is the key for innovation, think about:
  - IP protocol, Internet, world.wide.web, search engines, electronic mail, chat, videoconference, voip, social networks, P2P applications, etc (all created by new entrants, not by big telcos running the network)
- In other words, rather than neutrality of networks, we need neutrality vis-à-vis services (neutrality of services)
- Competition rules are necessary, but they could not be sufficient, to maintain the market open and innovative

# Thank you

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