

Situation on the broadband market in Slovenia

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Commission Recommendation of 17 December 2007 on relevant product and service markets

1. Access to the public telephone network at a fixed location for residential and non-residential customers (retail market)
2. Call origination on the public telephone network provided at a fixed location (wholesale market)
3. Call termination on individual public telephone networks provided at a fixed location (wholesale market)
4. Wholesale (physical) network infrastructure access (including shared or fully unbundled access) at a fixed location (wholesale market)
5. Wholesale broadband access (wholesale market)
6. Wholesale terminating segments of leased lines, irrespective of the technology used to provide leased or dedicated capacity (wholesale market)
7. Voice call termination on individual mobile networks (wholesale market)

Broadband access in Slovenia

(retail market)

1.1. 2009/ 30.6.2009

Fixed broadband lines by technology

- DSL lines 67%/64%
- Cable modem 23%/22%
- FTTH 10%/14%

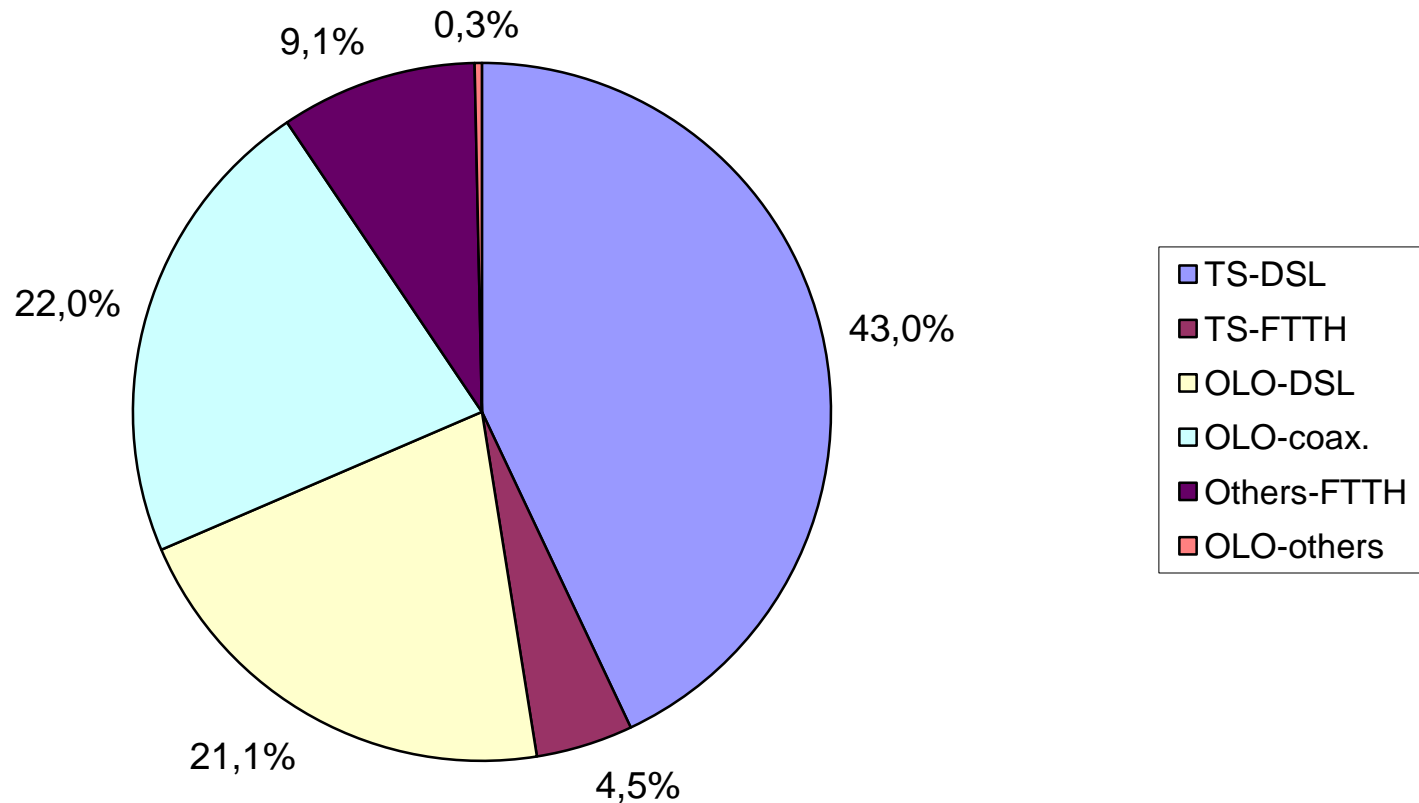
Fixed broadband lines by operators

- Telekom Slovenia 49%/47,5%
- Others 51%/52,5%

Total number of BB lines: 449.024

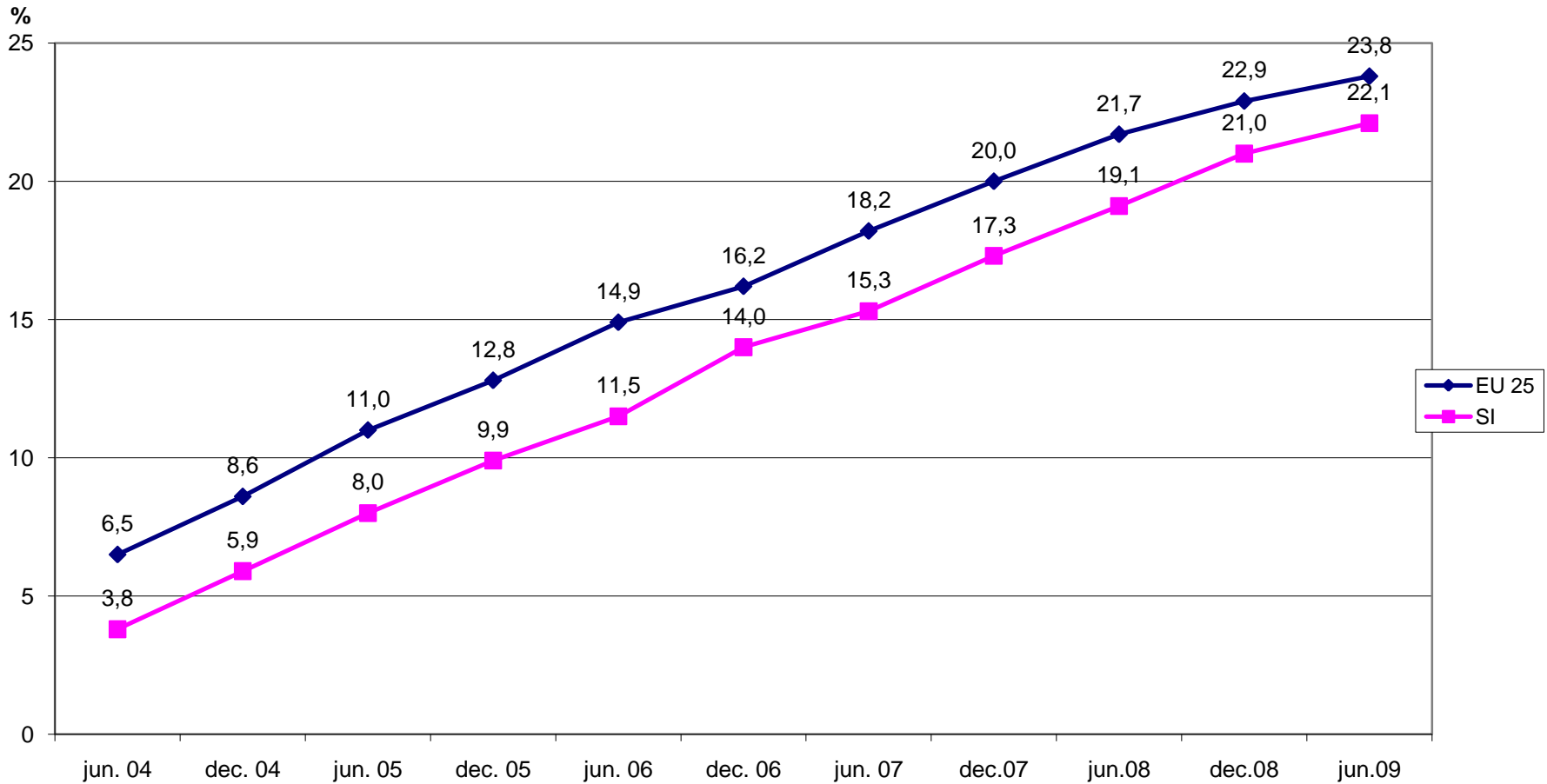
Distribution of BB fixed access lines by technology and operators

Source: EU, July 2009



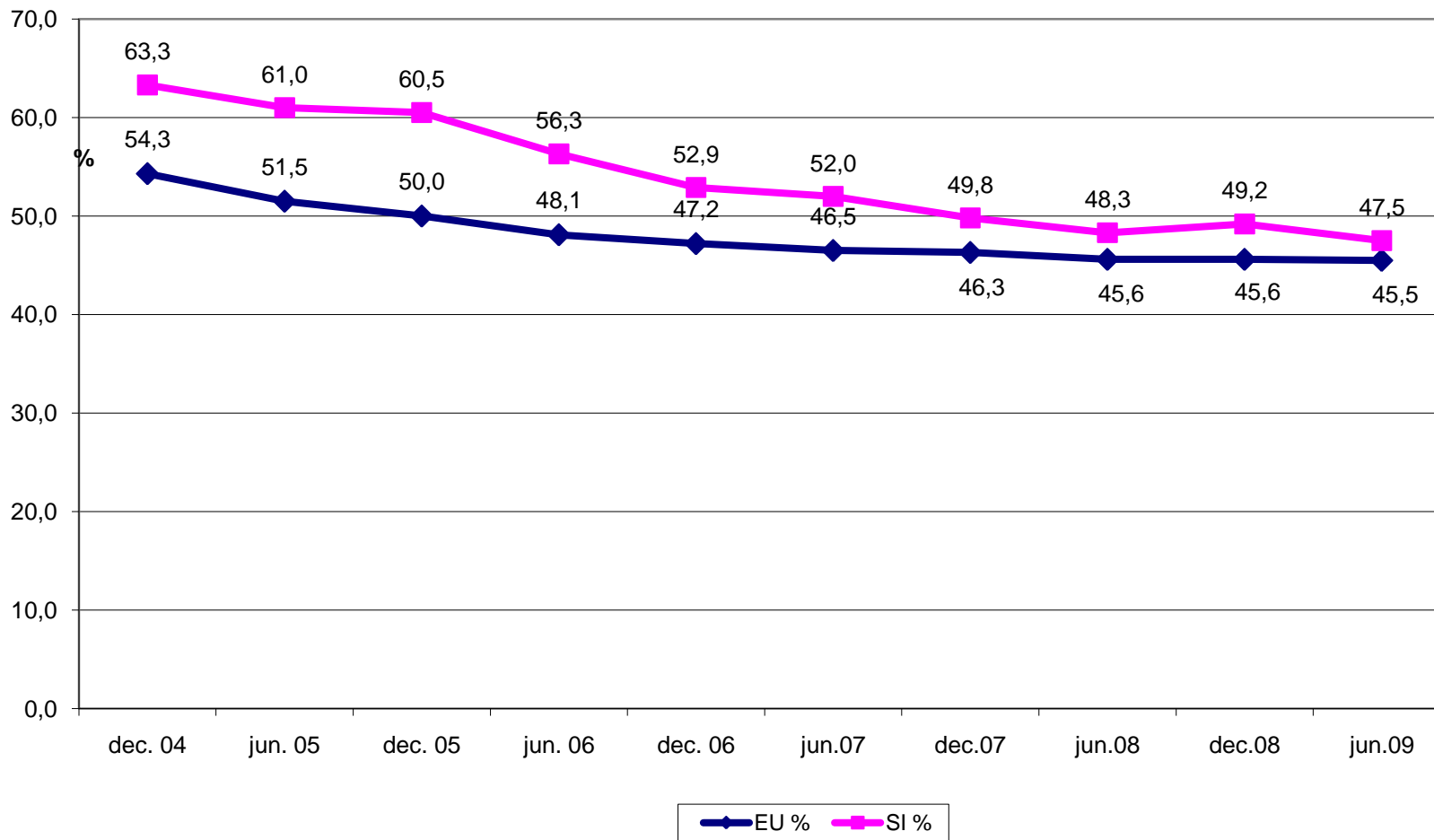
Broadband penetration rate in EU and Slovenia

Source: EU



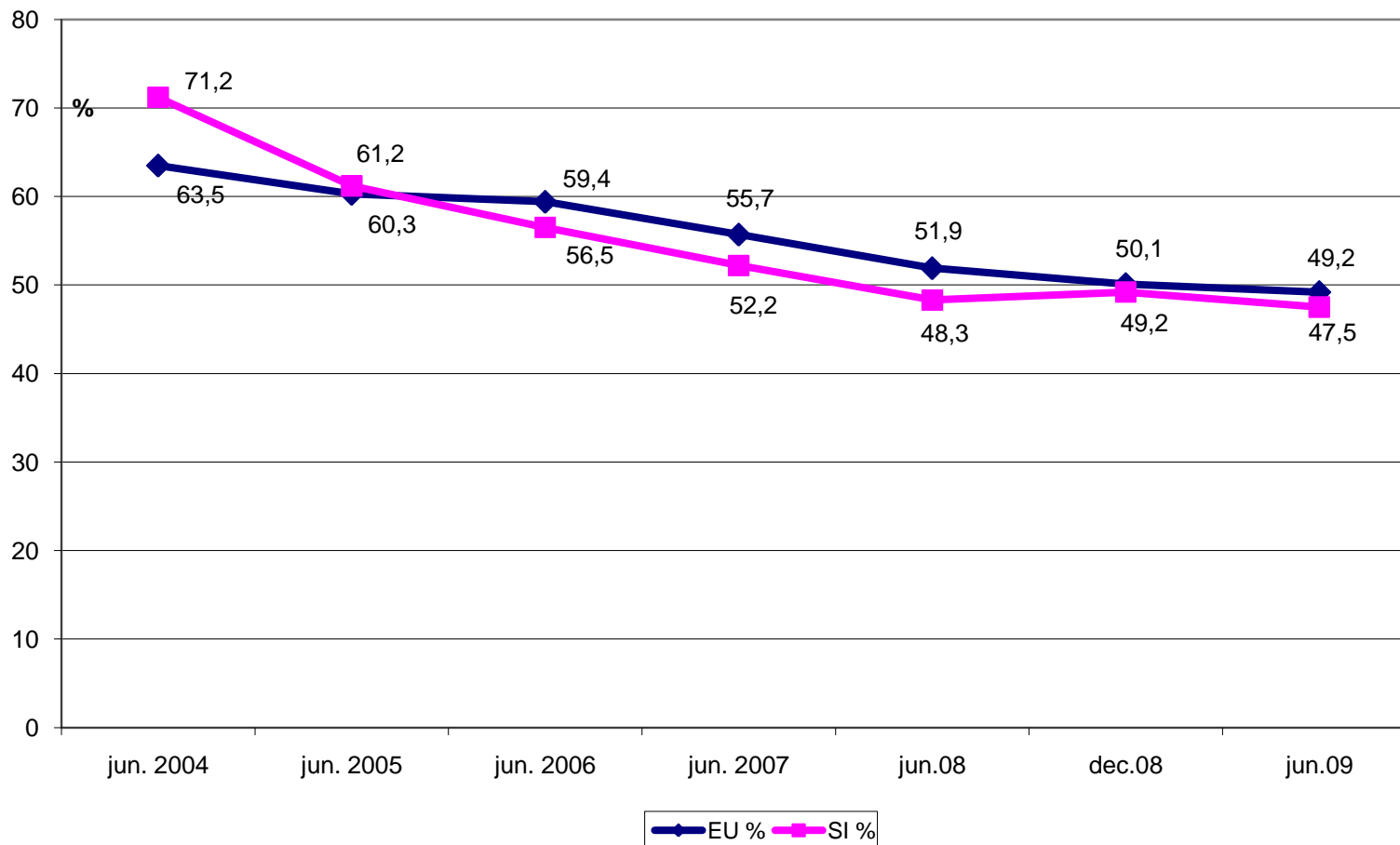
Total broadband access lines market share by operators: Incumbents (EU27, Telekom Slovenija)

Source: EU



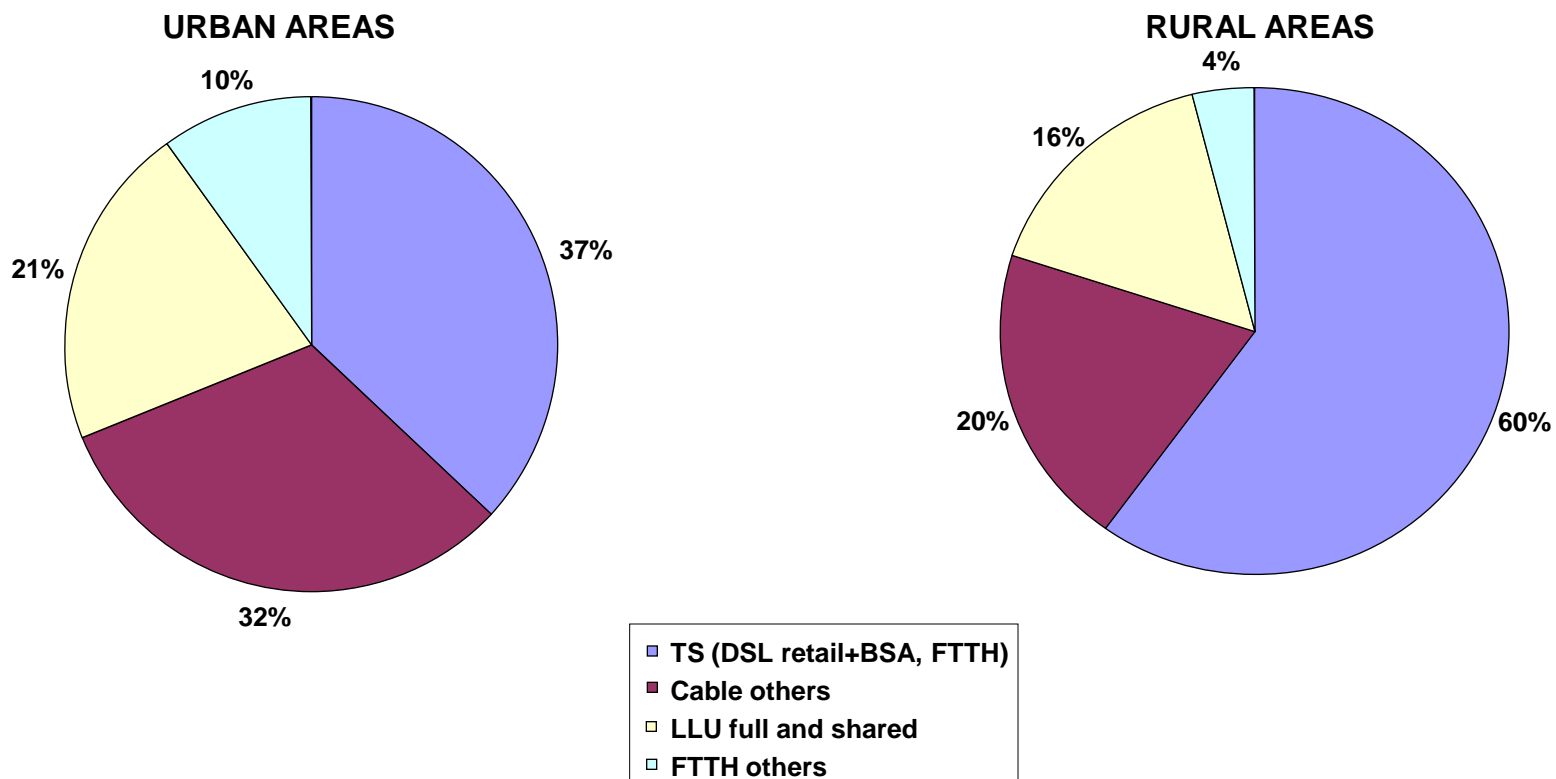
Total broadband access lines market share by operators: Incumbents (EU27 with resale, Telekom Slovenija)

Source: EU



Total BB access lines in urban and rural areas

Source: TS (1.7.2008)



Retail market share of BB lines in Slovenia

Source: Analysys Mason

<i>TS market share</i>	<i>Number of communities</i>	<i>% of pop.</i>	<i>Average TS market share</i>	<i>Average OLO market share</i>	<i>Average cable market share</i>
<=10%	0	0%	-	-	-
<=20%	0	0%	-	-	-
<=30%	3	8%	26%	26%	48%
<=40%	18	41%	32%	34%	34%
<=50%	46	56%	36%	33%	32%
<=60%	72	67%	39%	31%	30%
<=70%	101	81%	42%	31%	27%
<=80%	140	90%	45%	30%	25%
<=90%	191	98%	48%	29%	23%
<=100%	210	100%	48%	29%	23%

Figure 4: Retail market share [Source: Analysys Mason, Telekom Slovenije, APEK, July 2009]

Retail market share of BB lines in geographical areas segmented in terms of competition

Source: Analysys Mason

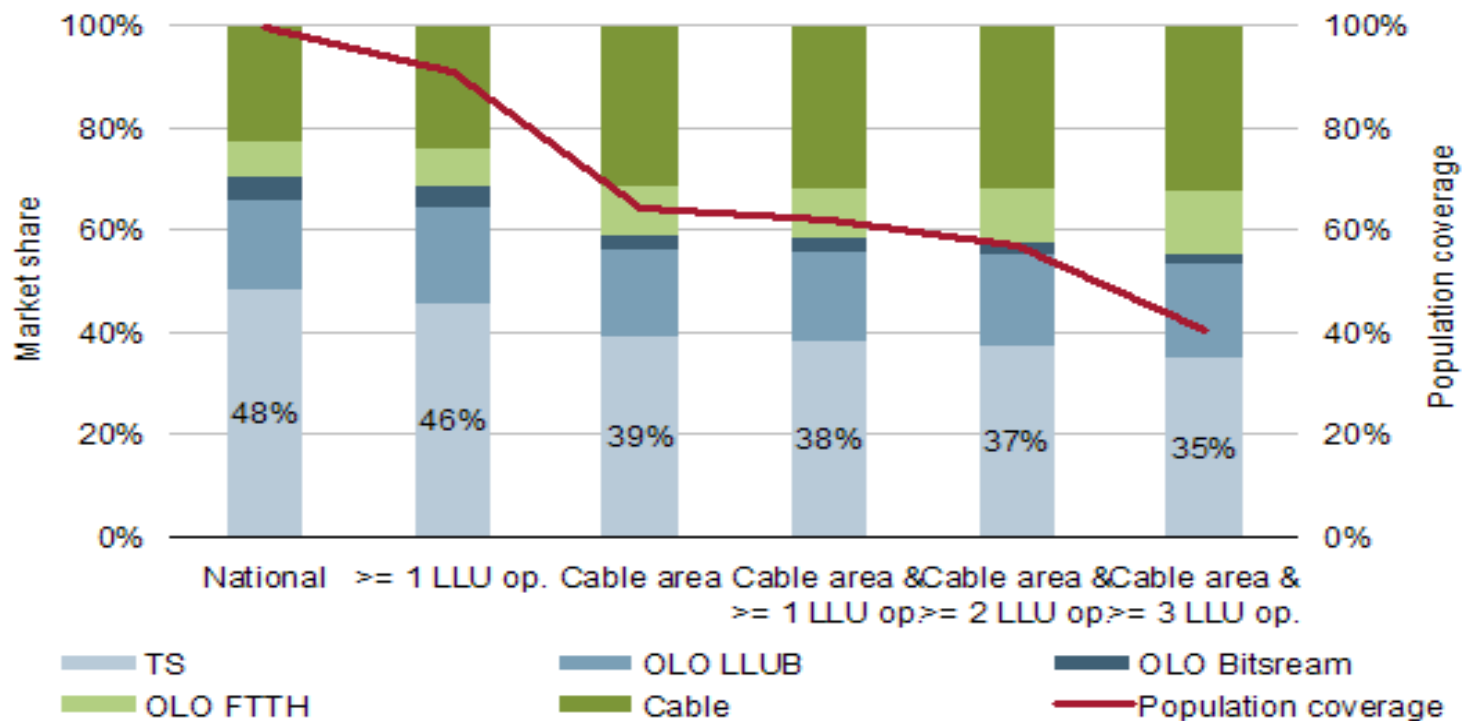
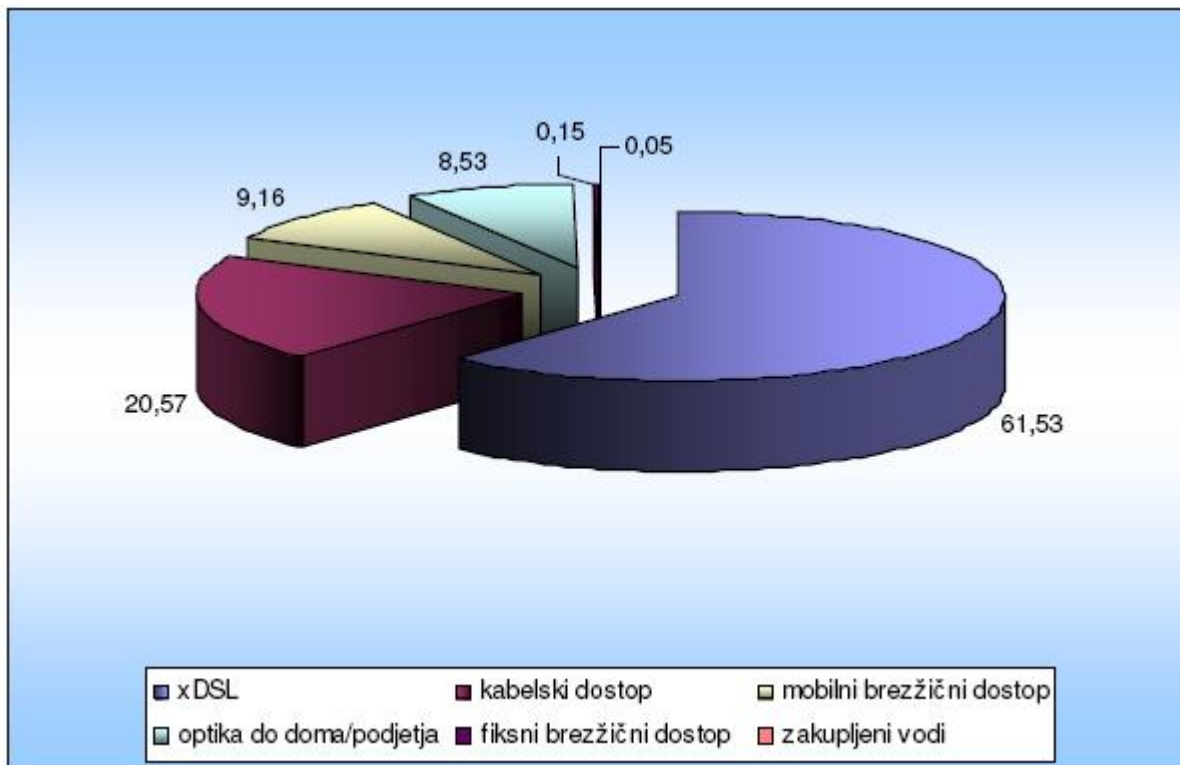


Figure 6: Retail market share in geographical areas segmented in terms of competition [Source: Analysys Mason, Telekom Slovenije July 2009]

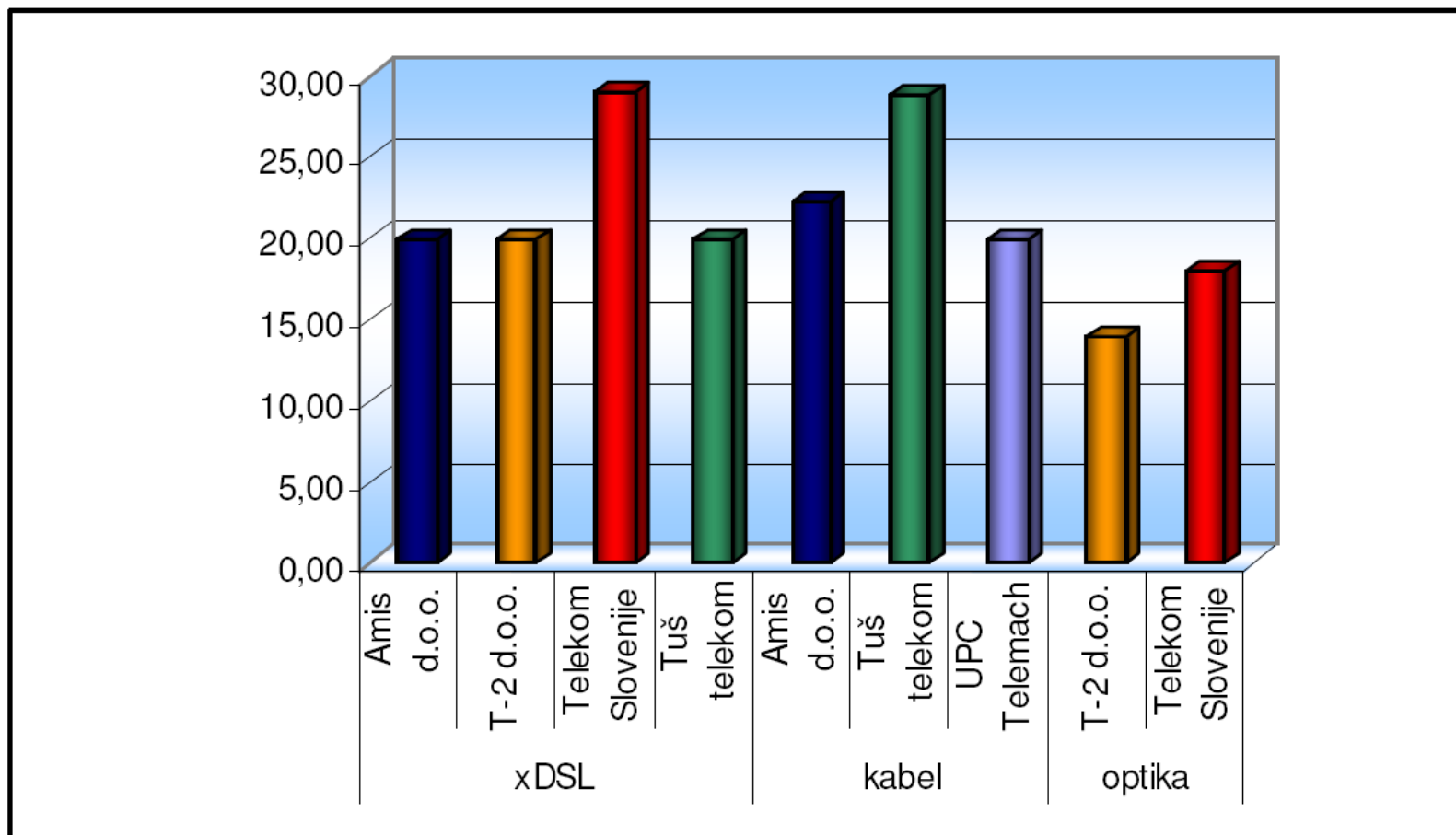
Distribution of BB lines (with mobile access)

Source: APEK (30.9.2008)



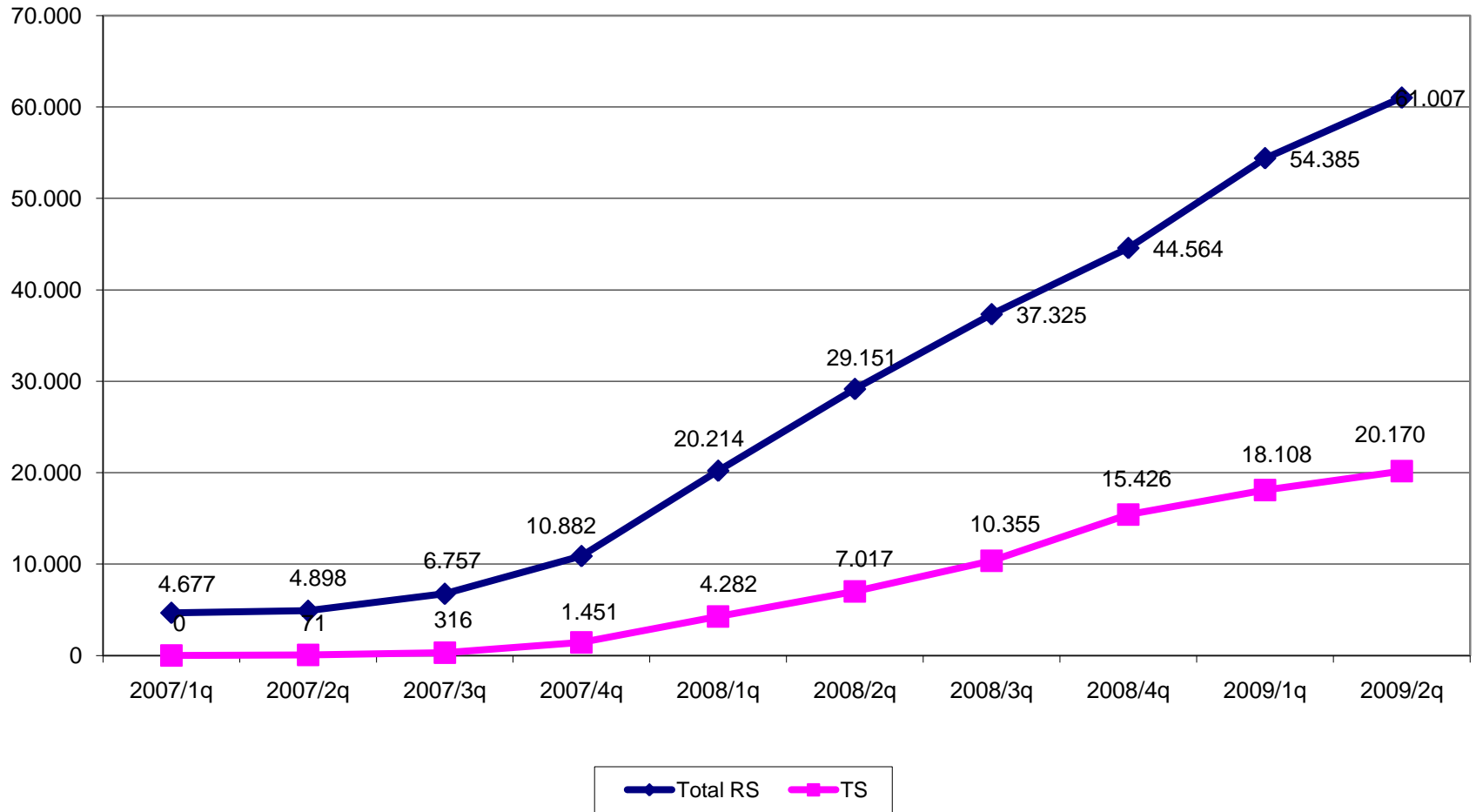
Retail broadband prices by operators and type of access

Source: APEK



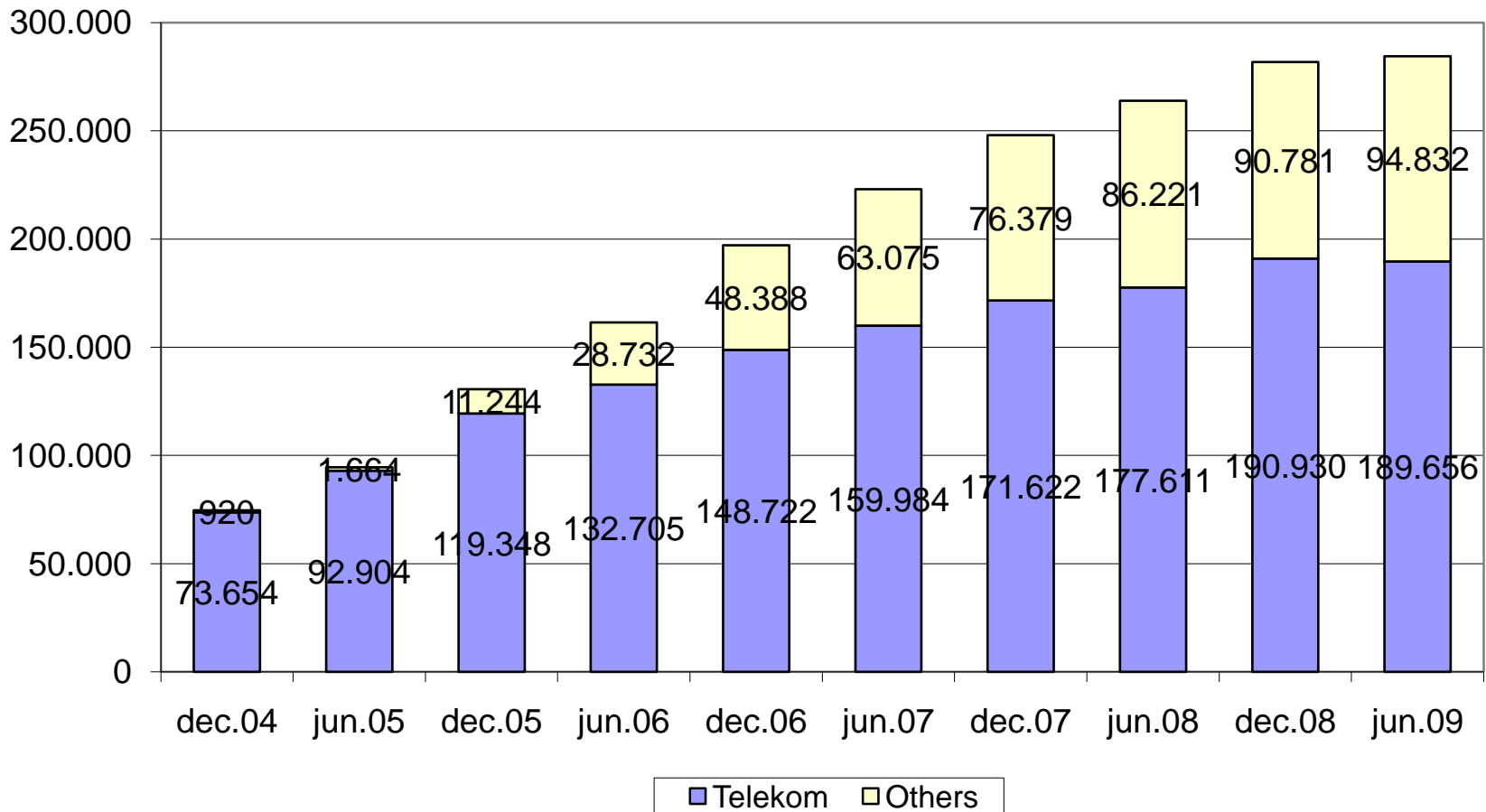
FTTH lines (total and Telekom Slovenia)

Source: TS and APEK



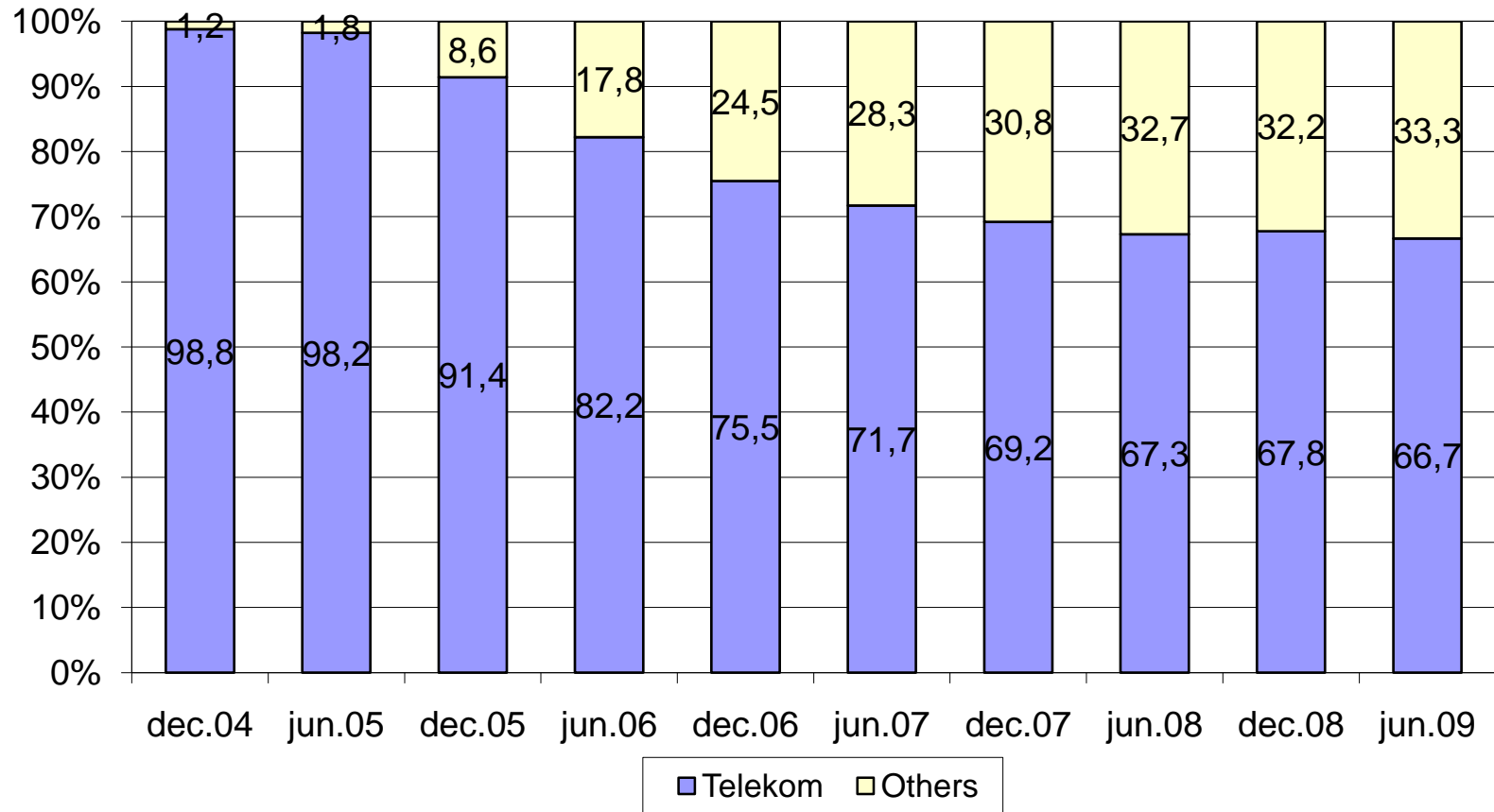
DSL retail lines by operator

Source: TS



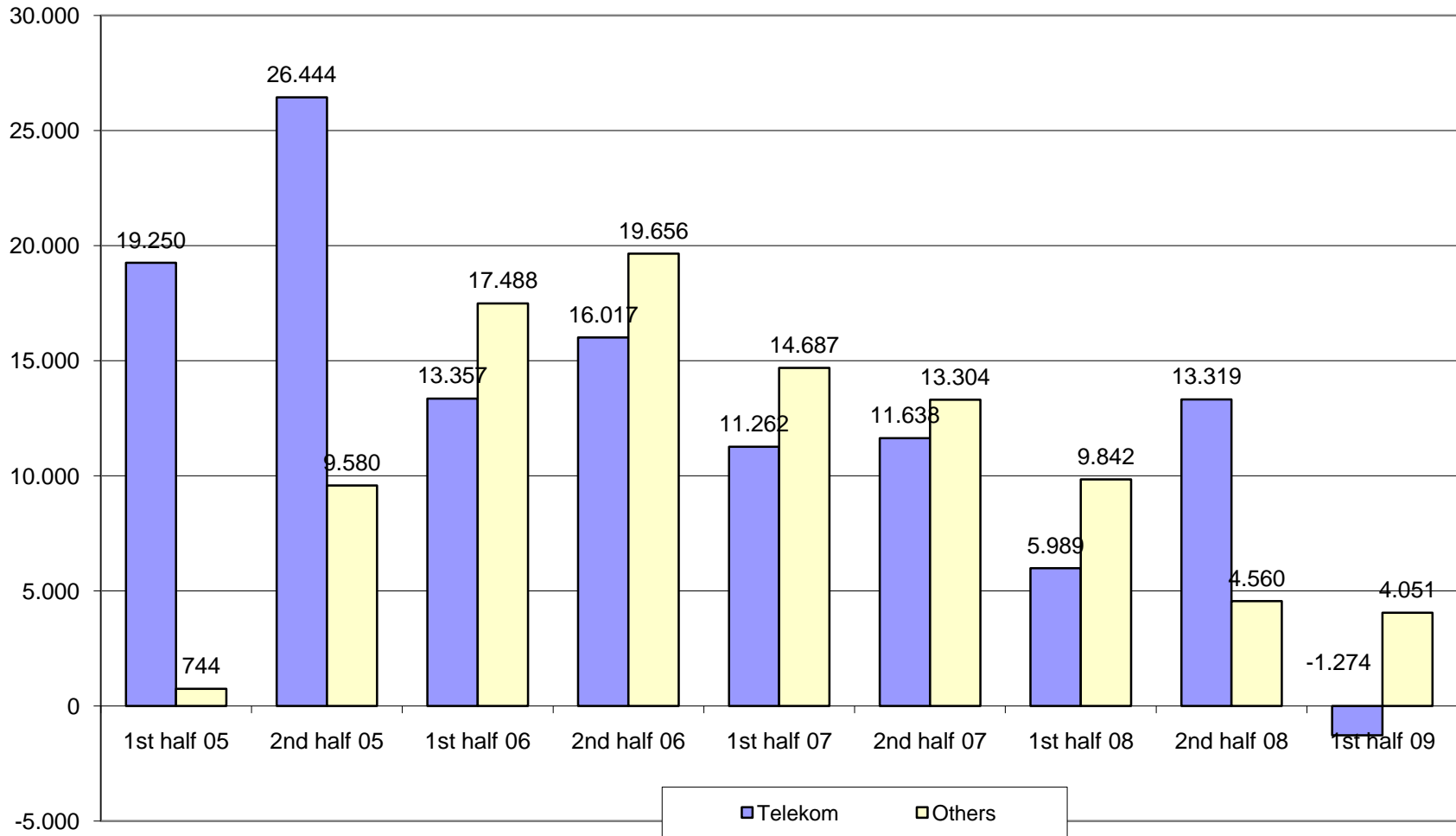
DSL access lines market share by operator

Source: TS



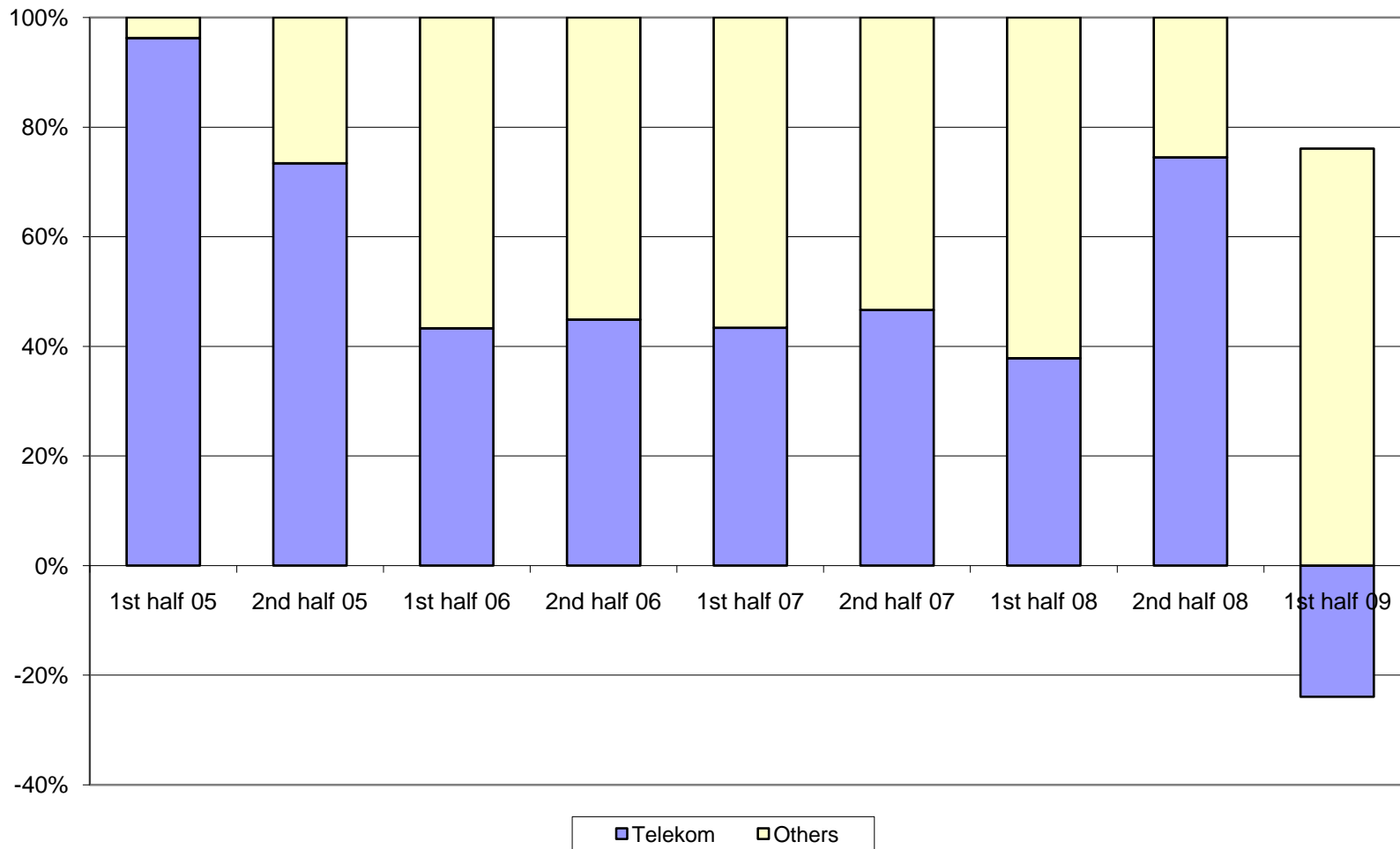
DSL increment by operator

Source: TS



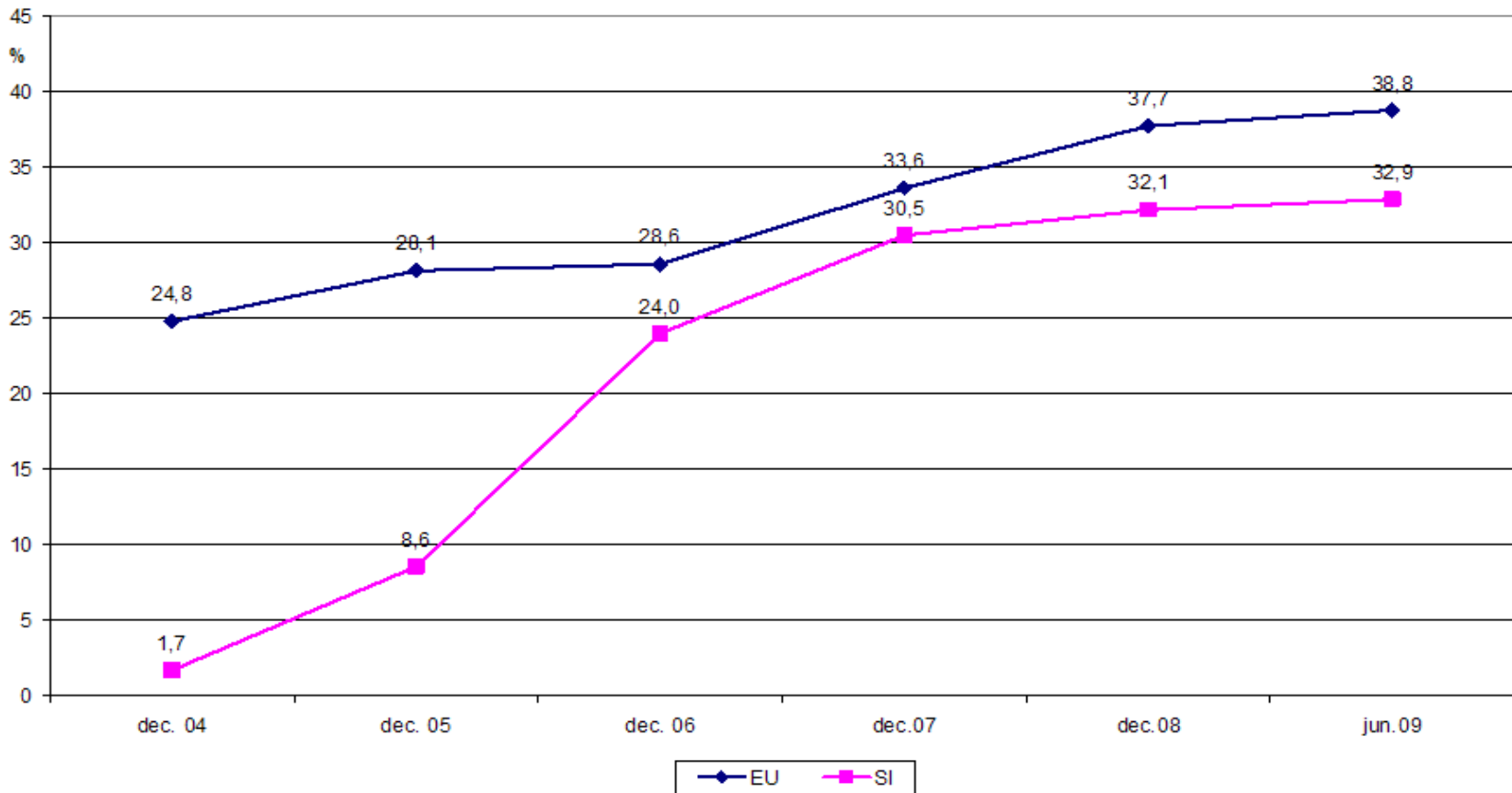
Market share of DSL increment by operator

Source: TS



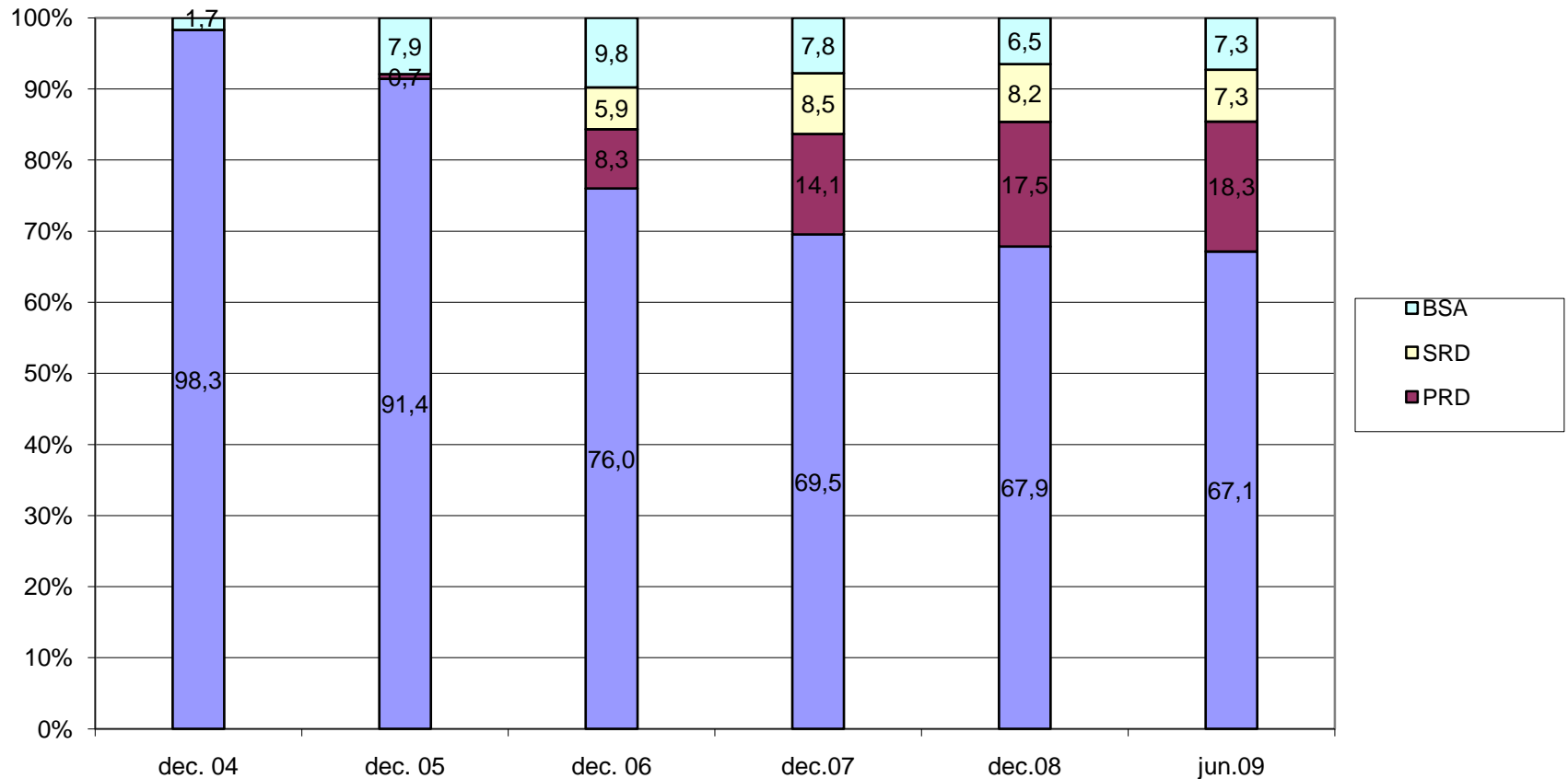
Comparison between new entrants' market share in EU and SI (full LLU, shared LLU and BSA)

Source: EU



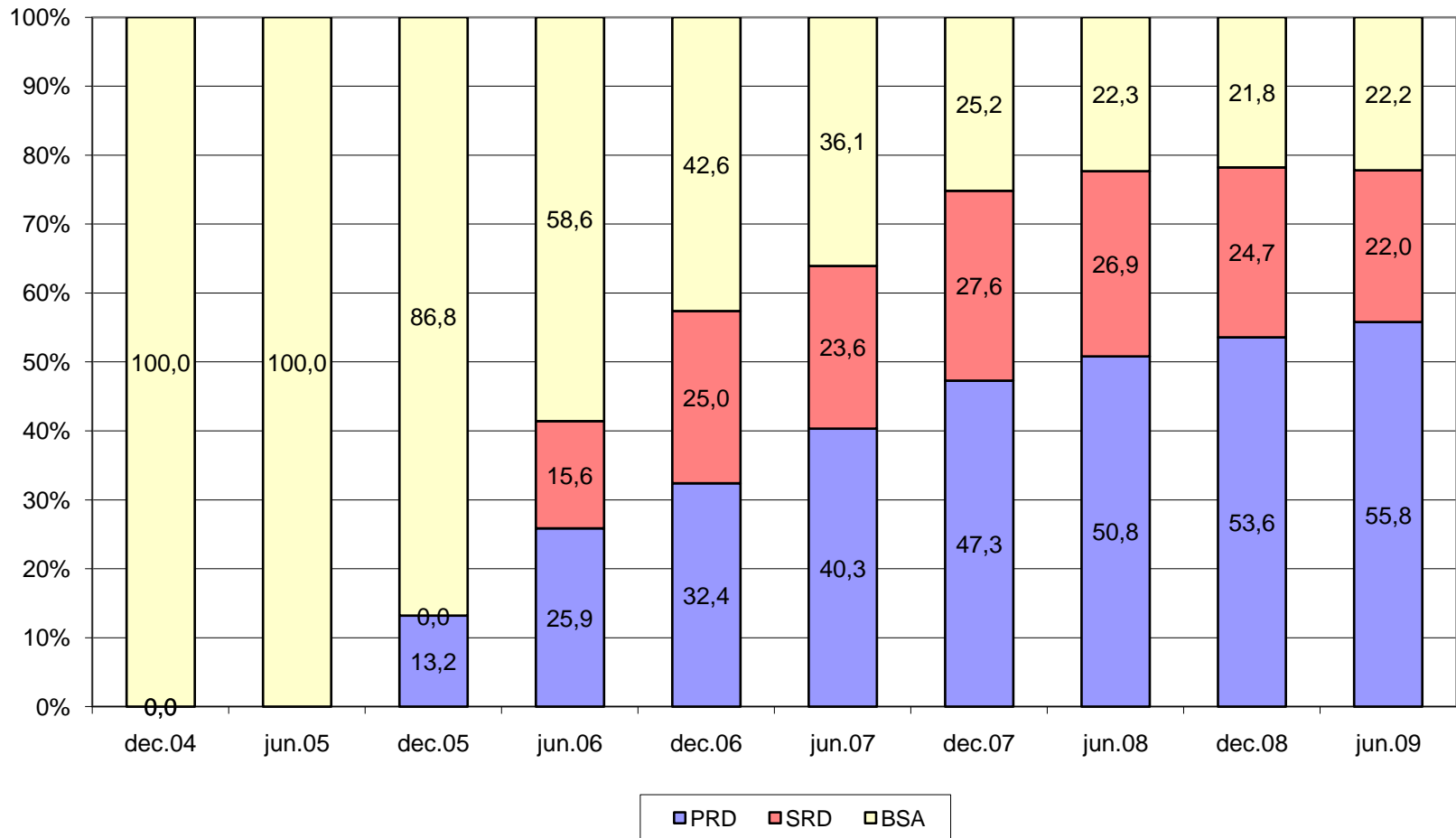
DSL markets shares by operators and technologies (Telekom Slovenia, New entrants: full LLU (PRD), shared LLU (SRD), BSA)

Source: EU



New entrants' DSL lines by type of access

Source: TS



Current obligations on markets 11 and 12

Market 11 (new market 4)

- Transparency
 - Non-discrimination
 - Access to the network (access with own optical cable)
 - Price control (cost prices based on LRIC)
- Prices: full LLU 8,20 € - shared LLU 3,27 €

Market 12 (new market 5)

- Transparency
- Non-discrimination (VoIP, IPTV, VoD, “naked DSL”)
- Obligations on market 12 are defined very general: problems with “naked DSL”, VPN, CPE, multigain systems EMX)
- Access to the network (national, regional)
- Price control based on model “retail minus x” (x from 43% to 66%)

Proposed obligations on market 4

(third round of market analyses, June 2009)

- **Access to the network capacity**
 - access to local loop and sub loop, optical loop (with exception of new building), ducts, dark fibres, wavelength
 - Collocation space, connection with remote collocation, access with own optical cable, collocation in street cabinet for all interested operators,
- **Transparency**
 - Reference offer must include prices, terms, sanctions, quality parameters (SLA, KPI), all conditions for access to ducts, optical loops, dark fibres, in-house wiring, available wavelengths
- **Non-discrimination**
 - Single information system, detailed topology with all connections, MDF roll-out 5 years in advance, loop cancellation 2 years in advance, new services 6 months in advance
- **Price control and cost accounting**
- **Cost accounting separation**

Proposed obligations on market 5

(third round of market analyses, June 2009)

- **Access to the network capacity**
 - Access on the level of BRAS with aggregation network or BRAS with the core IP/MPLS network, access to “naked”, access to the optical loop in the case of migration from copper to optical loop
- **Transparency**
 - Reference offer must include prices, terms, sanctions, quality parameters (SLA, KPI), complete new offer must be published up to the first day of next month after SMP publication
- **Non-discrimination**
 - Single information system, access to all services which are offered on retail (VoIP, IPTV, VoD, VPN MPLS), all information about topology, upgrade, detailed data regarding all BB connections, public publication of all data regarding the BSA access quality separately for operators and self-supply
- **Price control and cost accounting**
- **Cost accounting separation**

TS comments and remarks on proposed market analyses

- **Influence of current obligations** to competition and market development are not analyzed
- The achieved competition on market 4 must be taken into consideration on market 5
- **Harsher remedies** is against the principle of proportionality. New obligations lead to overregulation
- **Geographical segmentation**, with proper approach must be taken into consideration (inappropriate approach based on communities)
- The lack of **realistic estimation** of fulfilling some remedies in practice (capacity of street cabinet, terms, capacity of network ...)
- Low prices
- The influence of proposed obligations on **new investment** will be negative, especially on FTTN deployment

Regulation of BB access in Slovenia

Issues and open questions:

- Because of very strong infrastructure competition in urban areas, we have bigger regional differences
- **Undefined migration to FTTC**. How shall we define alternative products?
- **Harsher remedies in the new market analyses on market 4 and 5** (optical fiber, ducts) can provoke stop of investments
- **Low retail prices of optical connections**
- **High market share of alternative operators in regard to new DSL connections** (in SLO 85%, in EU 45%)
- **Poor usage of optical networks and copper networks**, especially in rural areas (28% in Slovenia, up to 50% in developed countries of EU).
- **Impact of the new EC Recommendation of NGA in EU**
- Regulation should be focused on areas where no infrastructure competition exists (**competition of services**)

Thank you for your attention