



¿ Net Neutrality or Network Fairness ? Towards a new Internet model

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The Internet has become the main gateway to a universe of services ...

Internet Adoption

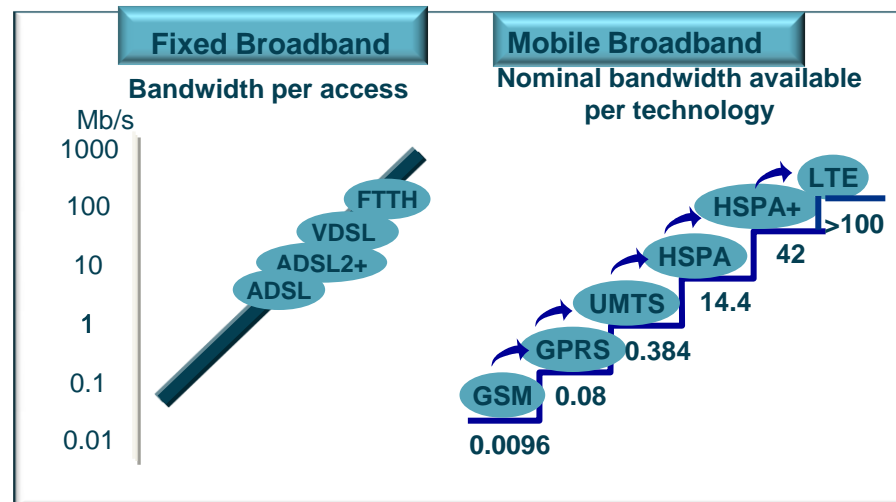
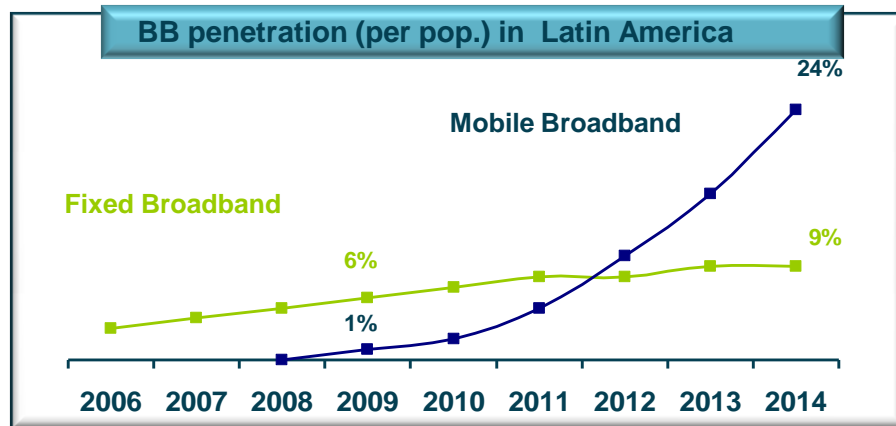
Growth of Internet users from 2006 to 2010 in Latin America \approx 240%. (*)

Broadband diffusion

More end-users and more bandwidth per user

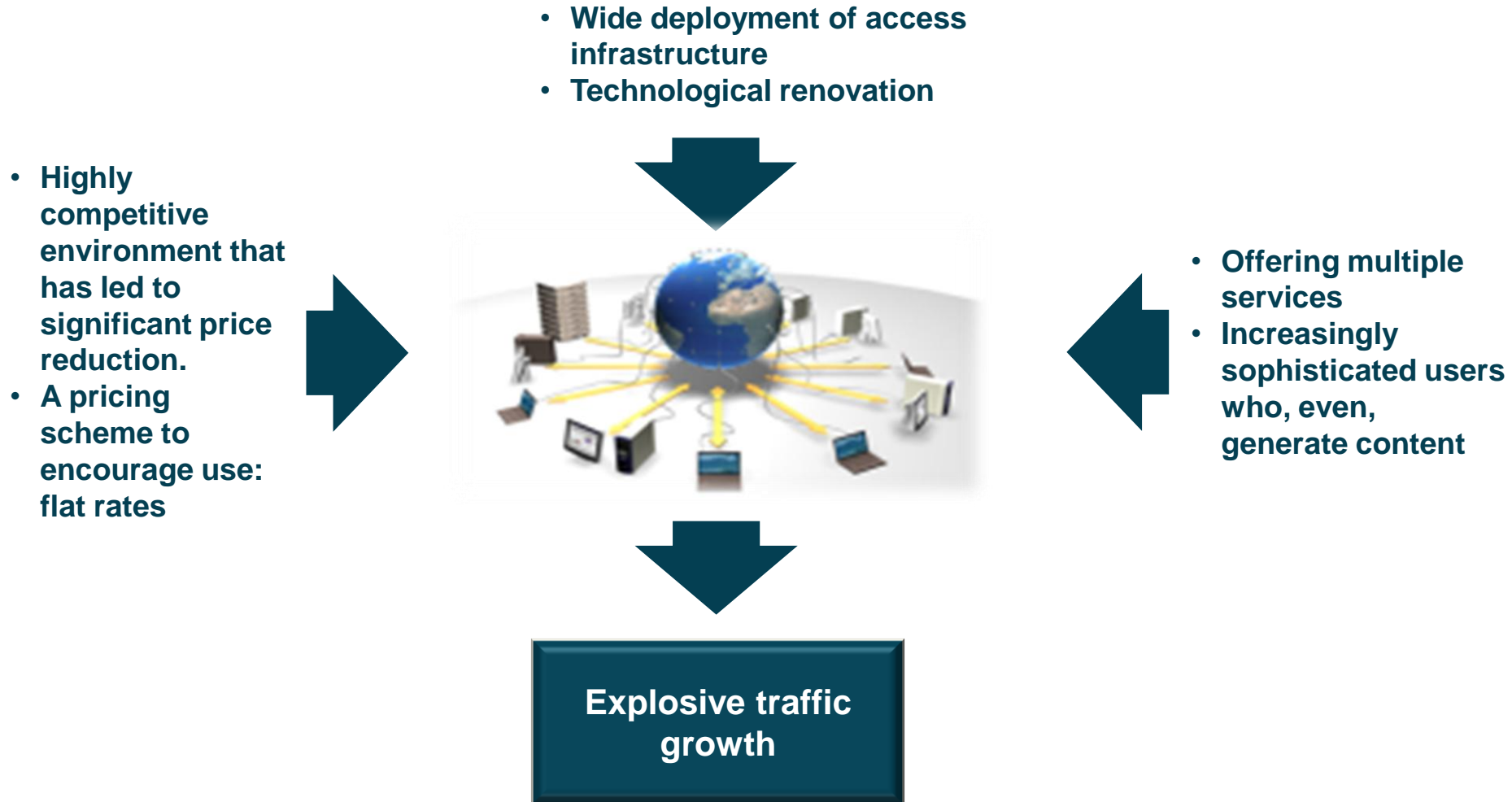
More applications and services

- M2M
- Cloud computing
- E-Health
- ...



(*) Source: Pyramid Research

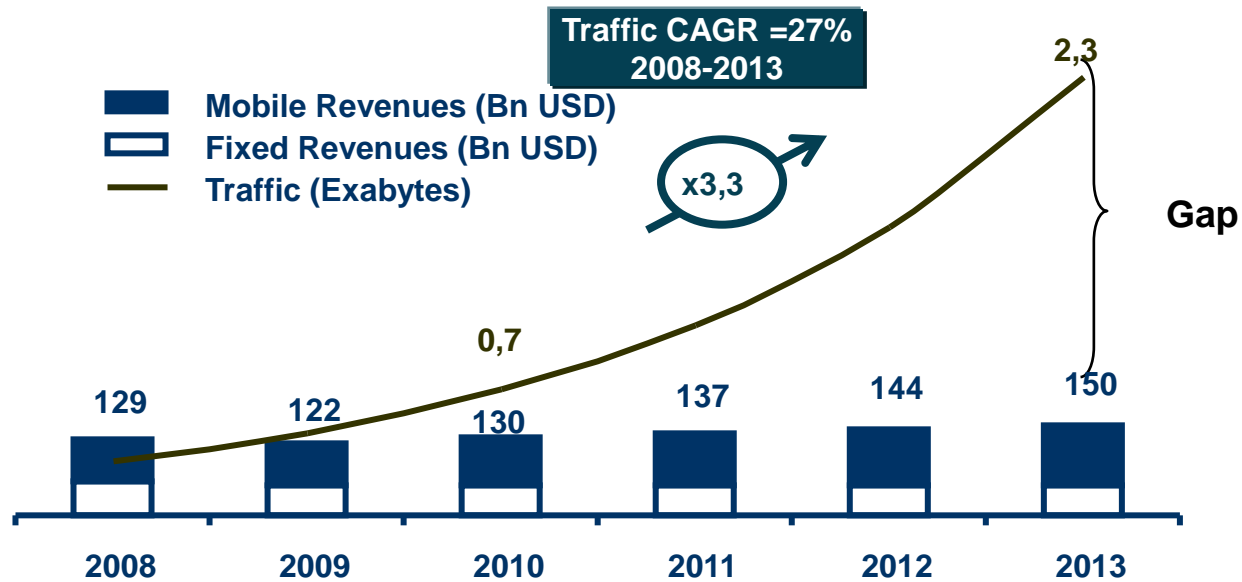
... thanks to a successful business model



However, this traffic growth is challenging the network capacity...

Large investments to expand capacity and extend network accesses are not followed by a growth of telcos revenues

Revenues vs. traffic in Latin America 2008-2013



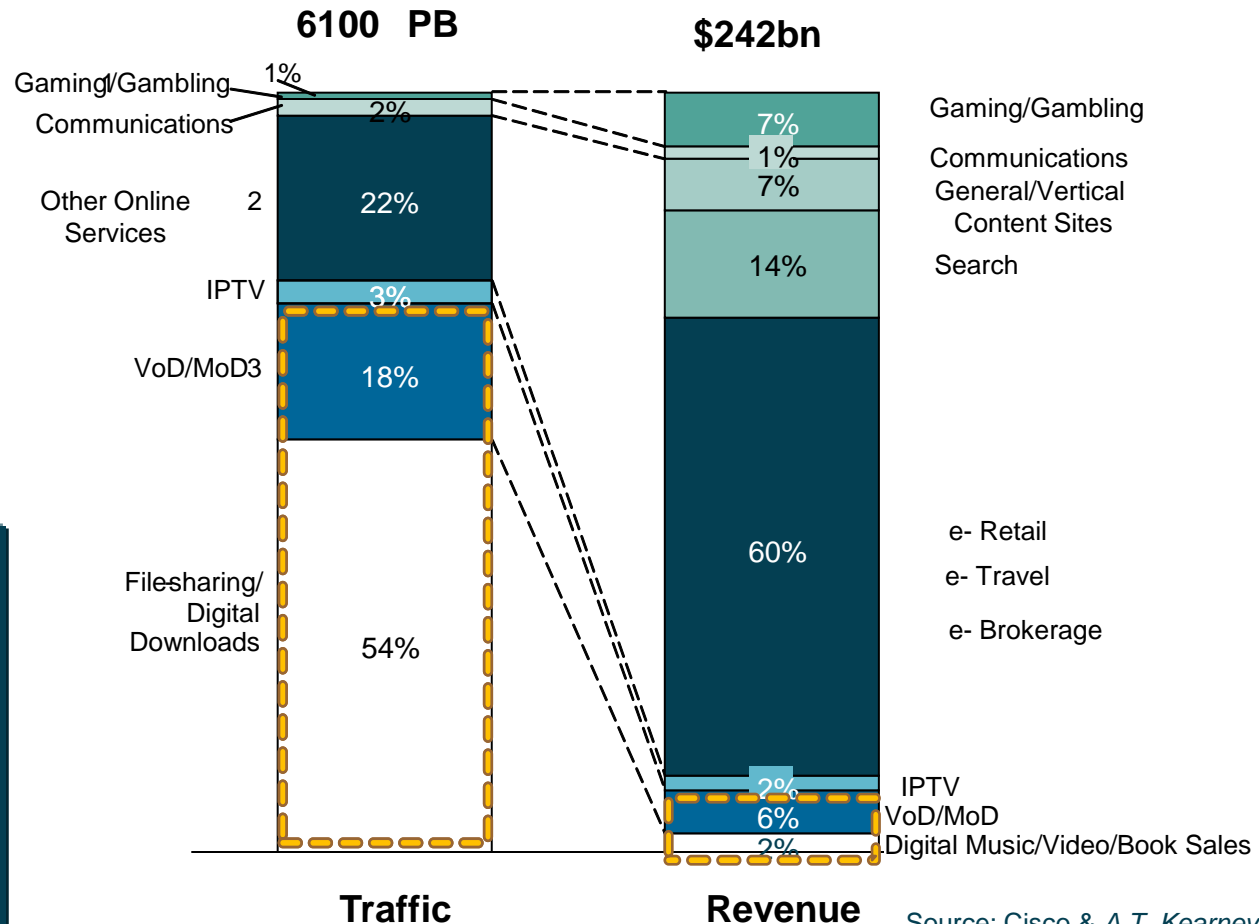
Source: CISCO (traffic) & Pyramid (revenues)

... and the actual Internet model produces asymmetries between different users

P2P and video generate 72% of traffic, but only 8% of revenues



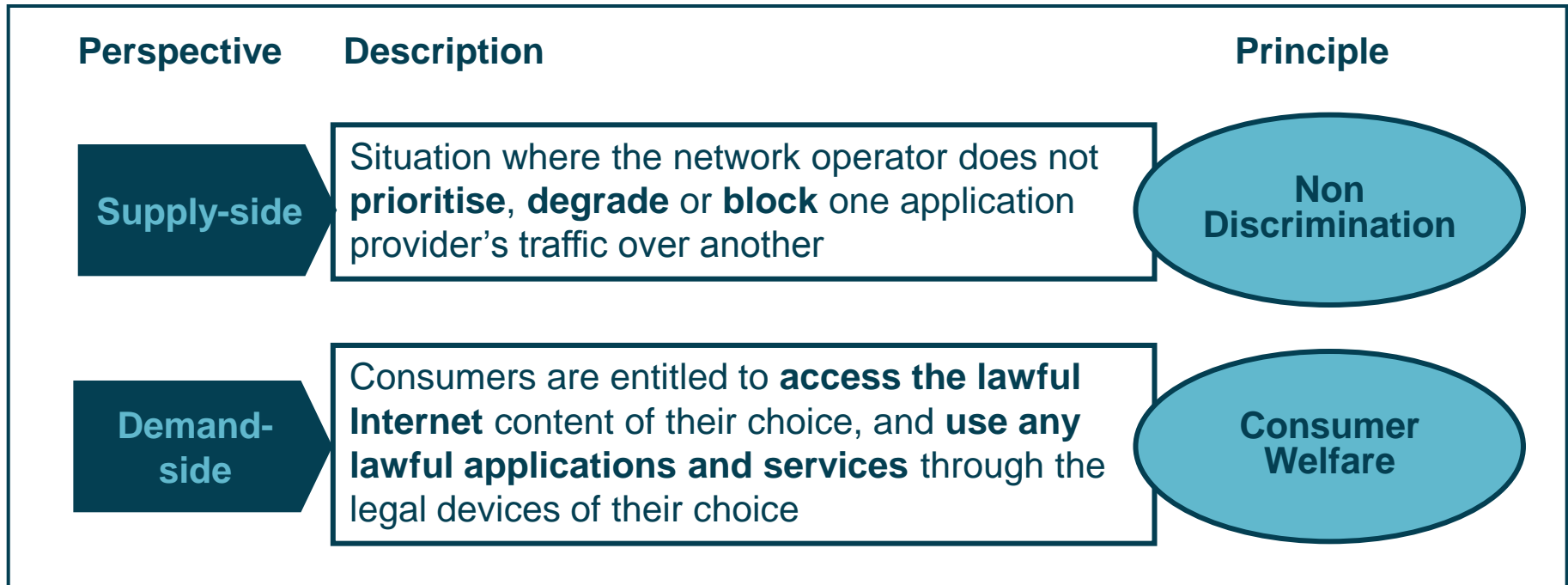
An undifferentiated flat rate can produce asymmetries between users: those who use less traffic are subsidizing those who make more intensive use



Source: Cisco & A.T. Kearney
2008 Data in Bn US\$

This situation produces the debate on Net Neutrality

Net neutrality is used in a number of ways with different meanings



The concept of network neutrality claimed a non-discriminatory treatment for legal contents, applications and platforms over the network. However, it is not enough to guarantee the QoS offered to users

Only a fair network management can ensure the commitment to each customer

A fair network management should ensure an equitable allocation of resources according to demand and minimum quality level required by different services. Such management should make equitable and non-discriminatory treatment for contents and applications, ensuring quality of service contracted by the client

**“NETWORK
FAIRNESS”
CONCEPT
INCLUDES ALL
THESE ISSUES**

Net Neutrality

non-discriminatory treatment for legal contents, services and applications

Network Fairness

- Guaranteed QoS
- Network Integrity & Security
- Transparency for the users

Network fairness = efficiency + Guaranteed QoS + equitable treatment

Transparency

Non-discrimination

1

Efficient network management

An efficient network management refers to managing different traffic flows in networks where there are different services and different user behaviors. This requires prioritizing different traffic flows to avoid network congestion which impairs the customer experience in the use of certain services sensitive to QoS.

2

Differentiated offer of QoS and price

Customers should be able to choose the commercial offer that best fits their usage profile and needs for QoS

3

Equitable treatment for users

It is necessary to make a fair allocation of resources between different user profiles (depending on demand and QoS requirements of their services) to offer customers the required services. Otherwise, only a small part of users consumes most of the available capacity and negatively affect the rest. Therefore, some users would be subsidizing a small group of intensive users

The Law reform in Chile considers both, Network management & protection of user rights

In Chile, Congress passed amendments to the Telecommunications Act to include network neutrality principles (Law 20,453 of 26/08/2010)

- **It prohibits to arbitrarily restrict the right of anyone to use, send, receive or provide any content, application or legal service over Internet.**
- **The Internet service providers can take necessary actions for traffic and network management, only if this does not lead to anticompetitive purposes.**
- ***The regulations (scheduled for late November) will define:***
 - **The actions to be considered as restrictive practices**
 - **The Service Level Agreements committed with the customers which must be available on the web operator**

In Brazil, in May 2010, a consultation on Civil Rules Framework for Internet was launched that included certain principles to protect Internet users rights

Conclusions

The expansion of Internet accesses and the development of new services have led to an explosive traffic growth that challenges the network capacity. Furthermore, different user profiles with different communication needs and different requirements are competing in the network.

Meeting specific communication needs of different customers requires a reasonable network management to ensure the committed QoS. Management should ensure non-discriminatory treatment to the underlying content and applications

Attempting to regulate Internet would hinder the development of a complex system with evolving and dynamic characteristics in order to solve undefined or hypothetical problems. In case of potential anti-competitive practices, competition law has been proved to be sufficient to solve them, through ex-post actions

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