

Meeting of the international Telecommunications Users Group and European Commissioner Neelie Kroes, 2-3pm, Tuesday 22 June 2010

Digital Agenda Commissioner's Briefing Paper

Introduction

Europe lacks a single digital ICT market, which is essential for stimulating the growth of European small and medium sized enterprises. More harmonization among EU Member States is critical to overcome the disadvantages of today's fragmented market. Public services at national and EU level could also be improved for citizens while reducing state spending, with a more integrated strategy of trans-sector "joined up" ICT implementation.

Business users support the Digital Agenda and the Granada Declaration. INTUG is keen to help the development of the Commission initiative to remove e-Commerce barriers to the Internal Market. Businesses need a well-functioning ICT environment, not only to be able to **create a single ICT strategy** for their own EU operations, but also to be able to offer services on an international scale, with fewer barriers than exist today.

Business users' needs differ substantively from those of mass market consumers, and thus require **separate market analysis** to determine if effective competition is present. These markets are, however, complementary and not in conflict. The unique aspects of business user needs include multi-site and international access, additional functionality, greater reliance on total quality, and support for extended supply chain interoperability.

Business users welcome the stability that comes from long-term contracts. They need their chosen service providers to be able to secure resilient SLAs, including for services which are dependent on supply from the incumbent of non-discriminatory access.

Achievement of the goals of the European Digital Agenda, as reinforced by the Granada Ministerial Declaration, would be assisted greatly by the proactive involvement of **user representation in consultations** by the Commission, NRAs and the Parliament.

INTUG would also welcome the opportunity of working with BEREC and the Commission to develop dialogues between NRAs and users in as many Member States as possible. These dialogues could be focused on the highest priorities identified by the Commission.

In summary, INTUG requests:

- ***National Regulators, BEREC and the Commission to think Single Market***
- ***Business markets to be identified separately for relevant market analysis***
- ***Proactive involvement of user representation in consultations and strategy***

The remainder of this brief gives more detail in three key areas

- ***Services for Business Users - a Lost Opportunity***
- ***International Mobile Services - a Dysfunctional Market***
- ***Illustrative Barriers - International Freephone and VoIP***

1 Services for Business Users - a Lost Opportunity

Despite well-publicised and urgent business requirements, business users continue to struggle to obtain the seamless services they require. They remain very concerned at the continued fragmentation of the EU electronic communications services market and the absence of effective competition in the access market for business users. This impedes efficient ICT investment in cross-border trade and innovative on-line business processes. **The NGA Recommendation will be crucial** in addressing these market failures.

Businesses need seamless markets for electronic communications services in wireless and fixed networks, but effective competition doesn't exist in either at international level.

In fixed networks, inconsistency in regulation, fibre roll-outs and service offerings cause great difficulties for business users. Sub-national geographic segmentation of regulation based only on consumer market analysis is destroying, rather than facilitating, competition for business users. Member States differ significantly in their planning and in the financial resources being committed to the implementation of NGA fibre networks.

CIOs say the fragmented situation is damaging the EU economy. As just one example, the Belgian incumbent recommends VDSL, which other operators are unable to offer.

In summary, INTUG requests:

- ***Broadband access provision with a clear upgrade path to much higher speeds***
- ***Universality, open access and carrier neutrality, with consistent fibre regulation***
- ***NGA Recommendation which ensures rapid establishment of a "single market"***

2 International Mobile Services - a Dysfunctional Market

Wireless communications offer major prospects of significant growth in cross border trade and services, greater efficiency and productivity, more job creation and improved inclusion in society for all citizens. These economic benefits should not, however, be directed only towards suppliers within the mobile telecommunications industry. There is ten times more to gain by releasing the power of wireless communications for greater use by businesses in their communications, both between each other, and with their end consumers.

Mobile devices could support many on-line public services and operate as e-cash, but this must be possible predictably and consistently, e.g. for tax treatment, everywhere.

Despite this potential, **the mobile market continues to resist all regulatory efforts to create international competition for business users**. The market is planned, regulated and implemented at a national level, and hence there is a huge lost opportunity for the EU.

The market has inconsistent spectrum and handset interfaces, different regulatory and licensing arrangements, and wildly varying service offerings and tariffs. There is a lack of MVNOs when business users would prefer a single contract for mobile throughout the EU. **The removal of the old Market 15 means that no mechanism exists to enable this.** Licensing procedures should be consistent and 4G spectrum should be more harmonised than previous generations. BEREC and RSPG have a key role to play in achieving this.

Fixed operators without their own mobile service need **regulatory obligations on mobile operators to provide MVNO offers**. Because business users prefer to integrate fixed and mobile services in one contract, fixed operators are effectively prevented from addressing the business market. Mobile operators, however, are allowed to provide combined national fixed/mobile offers, and hence cross-border competition is uneven.

To all this must be added the **market failures associated with roaming charges and termination rates**, which remain a major barrier to trade, despite the latest regulations, extending the scope and duration of earlier controls.

In summary, INTUG requests:

- **Coherent, harmonised spectrum policy across all EU Member States**
- **Competitive EU mobile market with mandatory obligation to offer MVNOs**
- **Continued downward pressure on roaming charges and termination rates**

3 Illustrative Barriers - International Freephone and VoIP

Some issues inhibit economic efficiency and growth.

- **International 00800 freephone services** were intended to provide a single company number, e.g. for service or marketing use, throughout the EU. Most companies wishing to use these numbers have decided the difficulties and barriers involved are simply too great for viable implementation, and are forced to use national 0800 numbers instead. There are different regimes in each country, and in some countries 00800 numbers are not reachable from mobile phones, or are charged for, thus destroying the whole aim of the number. Simply trying to register an 00800 number in different countries can give rise to unpredictable consequences.
- Business and network operators are moving to **VoIP**. They use SIP trunking to link their networks, replacing legacy leased lines, PSTN and ISDN, which will be phased out. But network operators and equipment providers implement SIP differently, with too many

inconsistent “industry standards-based solutions”.

ANNEX

Attendees

Mr David Harrington, Head of Regulatory Affairs, CMA (UK Users Group)
Ms Danielle Jacobs, VP Europe, INTUG/Chief Executive, BELTUG (Belgian Users Group)
Mr Jon Neville, General Manager, EVUA (Global Enterprise VPN Users Association)
Mr Leonard Pera, President International Commission, AUTELSI (Spanish Users Group)
Ms Rosemary Sinclair, Chairman, INTUG/Chief Executive ATUG (Australian Users Group)
Mr Nick White, Executive Vice President, INTUG/Board Member, CMA (UK User Group)
Mr Freddy Van den Wijngaert, CIO Agfa, Belgium
Mr Erik Verhulst, Global Manager Infrastructure & Operations, Nyrstar, Belgium

About INTUG

The International Telecommunications Users Group (INTUG) represents the interests of business users of electronic communications globally. These include financial institutions, car manufacturers, pharmaceutical companies, fast moving consumer goods enterprises, retail and distribution companies and public institutions. They also include small and medium enterprises, who are increasingly dependent on telecommunications services.

The INTUG community includes user associations in many large Member States, including Belgium, Denmark, France, Germany, Spain, the Netherlands, Sweden and the UK, and the multinational user group EVUA. Each of these represents public and private business customers of telecoms operators, both directly and indirectly through service providers. INTUG is an association established in the Netherlands, governed by an elected Board.

INTUG was established in 1974, with close links to user groups throughout the world, in countries as diverse as Algeria, Australia, New Zealand, Hong Kong, India and Mexico. INTUG has permanent observer status at the ITU, participant status in APECTel and CITELE, and is an expert group within the OECD/CISP.

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