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€300 billion the investment needed to

Which are the objectives to be achieved for ERG concerning broadband and next generation networks during 2008?

The main ERG objective to be achieved during 2008 is the adoption of a Common Position between all member NRAS on some Regulatory Principles applicable to IP Interconnection and NGN core network recent developments. This activity is based on the ERG report on IP interconnection (see ERG (07) 09) published in March 2007, which already tackles IP interconnection and its implications in the framework of multi-service NGNs (Next Generation Networks). It is worth mentioning also the substantial work carried out by ERG, during 2007 to reach a Common Position and an Opinion for the European Commission on NGA.

Which is the proper strategy for the member states of EU concerning the growth of broadband and next generation networks?

One of the main objectives for member States is to create competitive markets for electronic communications services within and across member States, as well as incentivising efficient infrastructure investment, promoting innovation and thereby maximizing benefits for consumers. Furthermore the balance between service and infrastructure competition (in the light of the concept of the ladder of investment) taking into account the existence of other infrastructure (e.g. cable) needs to be considered in the light of the dynamics caused by NGA roll-out.

However the way and the strategy to reach these agreed general objectives

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still appear to be different at national level according to the different network legacy, the different degree of ex-ante regulation (e.g. equality of access inputs with various level of retail and wholesale price control) and of public intervention. Thus one of the main ERG challenges for 2008 - 2009 is to lead the way for a consistent strategy and to harmonize national policies in order to create a common European regulatory environment for all market players.

You have marked that there is no time for complacency and that the big challenge of building next generation networks is ahead of us. What do you mean and how many investments should be made during 2008?

At first, it should be recognized the big effort carried out by ERG in the NGN and NGA context in order to analyse market needs and trends and to look for harmonized regulatory approaches. However, although a lot of work has been done, I conform that in the field of NGN there is no time for complacency.

Some studies on the business case of rolling out next generation fibre networks across Europe show that only incumbent operators, with their

extensive infrastructure and customer bases, can profitably roll out high speed fibre to the home (FTTH) lines to large parts of Europe. This raises the possibility that incumbents could once again increase their market share reversing the trend towards more competition in telecoms.

Some analyses show that it is significantly more cost-effective for incumbents to roll-out fibre networks than it is for the new entrants. The three key reasons are that incumbents already own ducts on a nationwide basis; they can make substantial efficiency savings compared with their current network structure; and they already have the base of subscribers that would pay for the investments simply by switching customers from their existing lines. In addition the new issue of access regulation in a NGA context is how to structure new network elements such that efficient access opportunities do emerge. If incumbents build closed architectures now it would become very costly for them to open them later.

As far as the financial aspect of rolling out NGNs is concerned, estimations assess at up to €300 billion the investment needed to upgrade existing

upgrade existing EU infrastructure to fibre



EU infrastructure to fibre. Thus, the EU regulatory model appears, so far, resulted in under investment.

All issues of reflections above mentioned clarifies why there is, for ERG, no time for complacency and how much work remains yet to be done.

What is exactly the Next Generation Networks and how will the facts change in electronic communications?

The introduction of Next Generation Networks (NGN) leading to a multi-service network for audio (including voice), video

(including TV) and data as well as new plans and investment in next generation access (NGA) sets the communications sector on the verge of a new era. These developments give rise to innovation opportunities at both the service and infrastructure level. Additionally, due to the increased economies of scope of a multi-service network cost savings are to be expected.

The NGN architecture is structured according to a service layer and an IP-based transport layer, which provides IP-connectivity to end-user equipment. Investments and developments on a single

all-IP network to substitute multiple traditional core networks may be distinguished from developments in NGA.

In about half of the countries that contributed to the "Fact Finding Questionnaire of the Project Team on IP-Interconnection and NGN", NRAs stated that implementation of NGNs is, normally, beginning at the core (transport) level followed by changes in access networks. Differences between Member States (but also within each country) exist in particular with regard to the pace of migration to NGN and NGA, depending on the actual strategy chosen by the operator, according to the Fact Finding. The aim is the same, the possibility to provide a wide array of services including those requiring high bandwidth (voice, high-speed data, TV and video) over one or very few platforms.

What is the progress regarding IPTV in European Union and which actions does the EU promote for its growth?

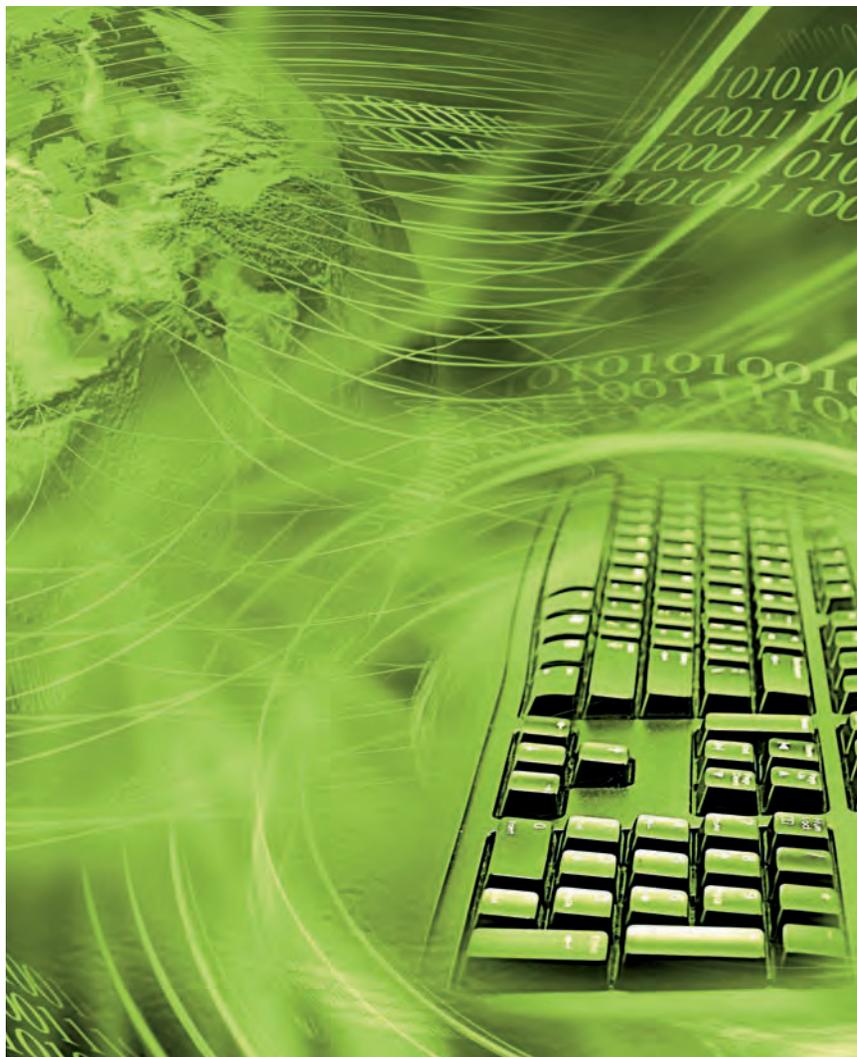
Convergence has been a topic of discussion within the telecommunications and computing industries for many years. Now this transformation is being driven by the evolution of enabling technologies that include IPTV and the IP Multimedia Subsystem (IMS).

Telecommunications is thus undergoing a fundamental change from traditional separate provision of voice, data, video services, to the provision of a mix that blends traditional services and adds new multimedia features.

With the IPTV market rapidly growing towards EU predicted, by different analysts, 25 million users by 2010, 46.9

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million in 2011, the need to capitalize on new revenue streams beyond data and voice has already been proven. Operators across Europe and throughout the world are evaluating business models for IPTV and Quadruple Play. Particularly interactive services and P2P content are expected to demonstrate great potential for new revenue streams.

Standards and architecture specifications start to be in place in 2008. Interesting

developments are taking place in Europe, particularly, as an example, in France, Italy and the Netherlands. While it appears to be no doubt that IPTV will eventually become successful.

ERG sees it as an incremental service that can be added onto Next Generation Networks.

However, to make the roll-out of IPTV successful a lot of regulatory aspects

need close investigation in order to create the right competitive environment, such as the use of open standards, the use of right management tools, access to contents, provision of bitstream services

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that allow multicast functionalities and Class Of Service management.

ERG intends to provide its contribution to the harmonization of the above mentioned regulatory issues also within the work being carried out on NGN/NGA. 

Mr. Roberto Viola is the Secretary General of AGCOM and Vice Chair of the European Regulators Group (ERG).