Industry Experience with the Norwegian Soft Law Approach

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Regulation of the Internet
– from 'not' to 'hot'?

Supporters of net neutrality call for hard law safeguarding the socalled "Internet freedoms":

- Preserve the Internet as open and non-discriminatory platform for communication, innovation and distribution of content, services and applications

- Radical proponents of network neutrality would prefer to see smart high capacity networks as simple 'bit pipes'

Regulation of the Internet – from 'not' to 'hot'?

Internet access providers need flexibility to run own networks and use spectrum resources effectively:

- Unlike a switched telephony network, the Internet is a *shared* resource, that means...
  - Capacity is finite
  - Risk of traffic congestion
- Increasing costs: Huge traffic growth requires still more network investments
- Flattening revenues: Broadband / data prices are under pressure
- Network management tools are necessary to reduce investment costs and run networks effectively

A fundamental difference between the US and European approach to Net Neutrality: _Choice_!

- Norwegian – like European - consumers can vote with their feet!

- They do _not_ like ISPs to engage in anti-competitive or discriminatory behavior like (blocking, filtering, censorship etc.)

- …but they _do_ appreciate:
  - quality services delivered over robust networks with as little congestion as possible

  - a wide choice of products and prices

  - secure services free of spam, virus, malware etc.
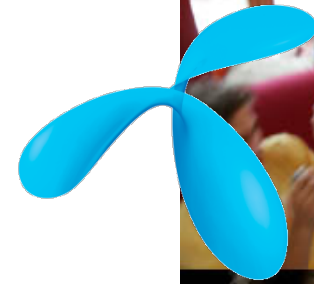
Telenor's experience with the Norwegian Guidelines

- The net neutrality guidelines express on paper what was - and still is - common Internet 'etiquette' in Norway

- As a customer driven company, Telenor would have behaved just the same, even without the NPT guidelines
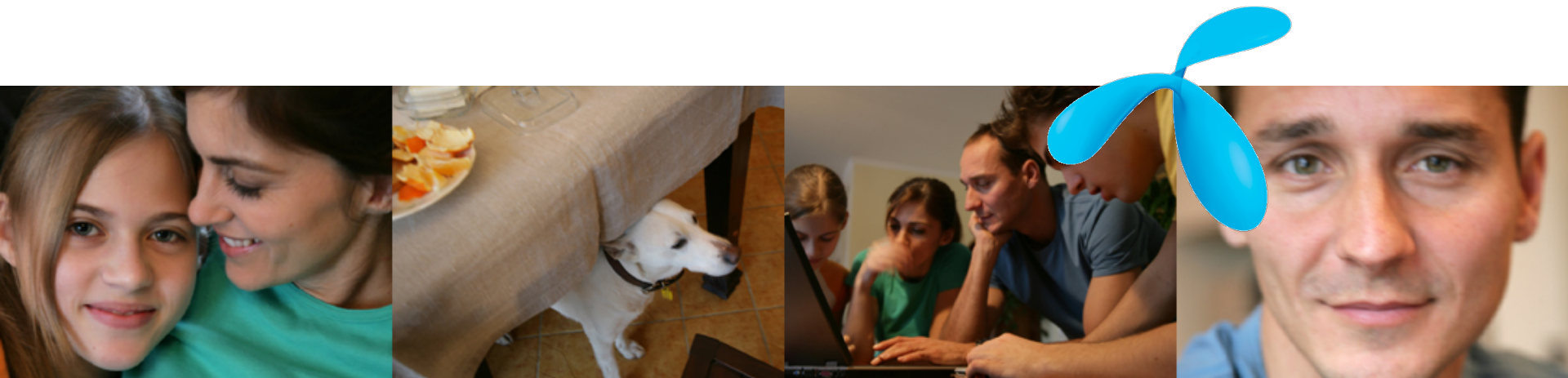
# Telenor's experience with the Norwegian Guidelines

- However, the guidelines have been a positive contribution in other respects:

  - **Promotes dialogue rather than conflict**: Common ground and vocabulary for discussing net neutrality issues

  - **The consumer is in focus, and the main stakeholders must behave accordingly**: Consumers have *rights* (starting point was 'ISP have *obligations*' – which is a totally different approach!)

  - **A balanced and practical approach to net neutrality**: Firm main rules, but pragmatic and sensible exemptions

  - **Flexibility, rather than predictability, is needed**: Internet business models are far from stable yet

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How to handle the explosive growth in data traffic?

- Robust and smart networks through capacity upgrades – and network management

- Differentiation through different types of data pricing
  - Pay-as-you-go
  - Flat rate data packages for different needs
  - Two sided pricing models

- Traffic priotisation
  - Services delivered according to their quality requirement

- Caching and Content Distribution Networks
  - Effective content distribution

- QoS content delivery

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End-to-end service quality depends on more than the access providers
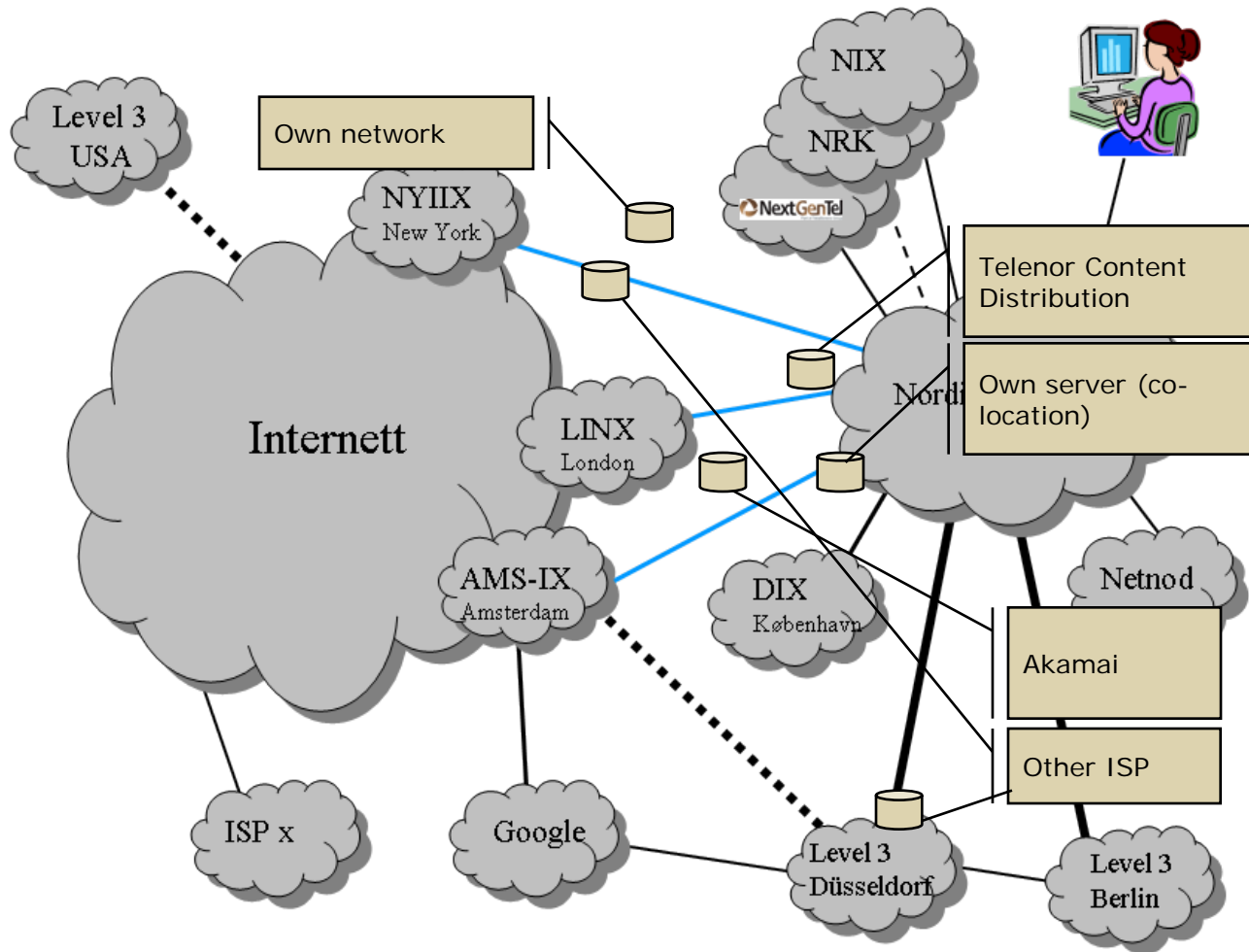
- Providers of content, services and applications face several Internet distribution alternatives:

  - Own server (co-location)

  - Other ISP

  - Telenor Content Distribution

  - Content aggregators, like Akamai or similar

  - Aggressive Internet protocols "grabbing" available bandwidth

Openness and Innovation

- Who provides value to the customer?

  - Smart networks, smart phones or smart applications and services? All!

- Openness should apply to all parts of the Internet value chain

  - How neutral are adaptive protocols?

  - How neutral is App Store?

  - How neutral are Googles search engines?

- Don't pick winners through sector specific regulation

- General competion law, combined with the New Telecoms Package focusing on consumer transparency, are robust, long-lasting tools to secure openness

- The same openess standard should apply to all parts of the Internet value chain

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Telenor's position on net neutrality

- Telenor supports an open and innovative Internet. It is a crucial part of the value proposition for broadband access

- The current EU regulatory framework has already the appropriate regulatory remedies to handle net neutrality issues – no need to introduce new regulatory remedies

- If introduced, net neutrality measures must not unduly limit network providers' flexibility to manage networks and traffic efficiently, or distort investment incentives

- Telenor's experience with Norwegian net neutrality guidelines suggests that well balanced 'soft law' may work better than 'hard law':

  - aims at consumer protection (minimum rights, transparency) and targets negative discrimination (censorship, blocking, filtering)

  - we can still do traffic management to prevent congestion and prioritise e.g. real time service such as voice over data, when demand exceeds available capacity

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