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A Brief Introduction to Network Neutrality

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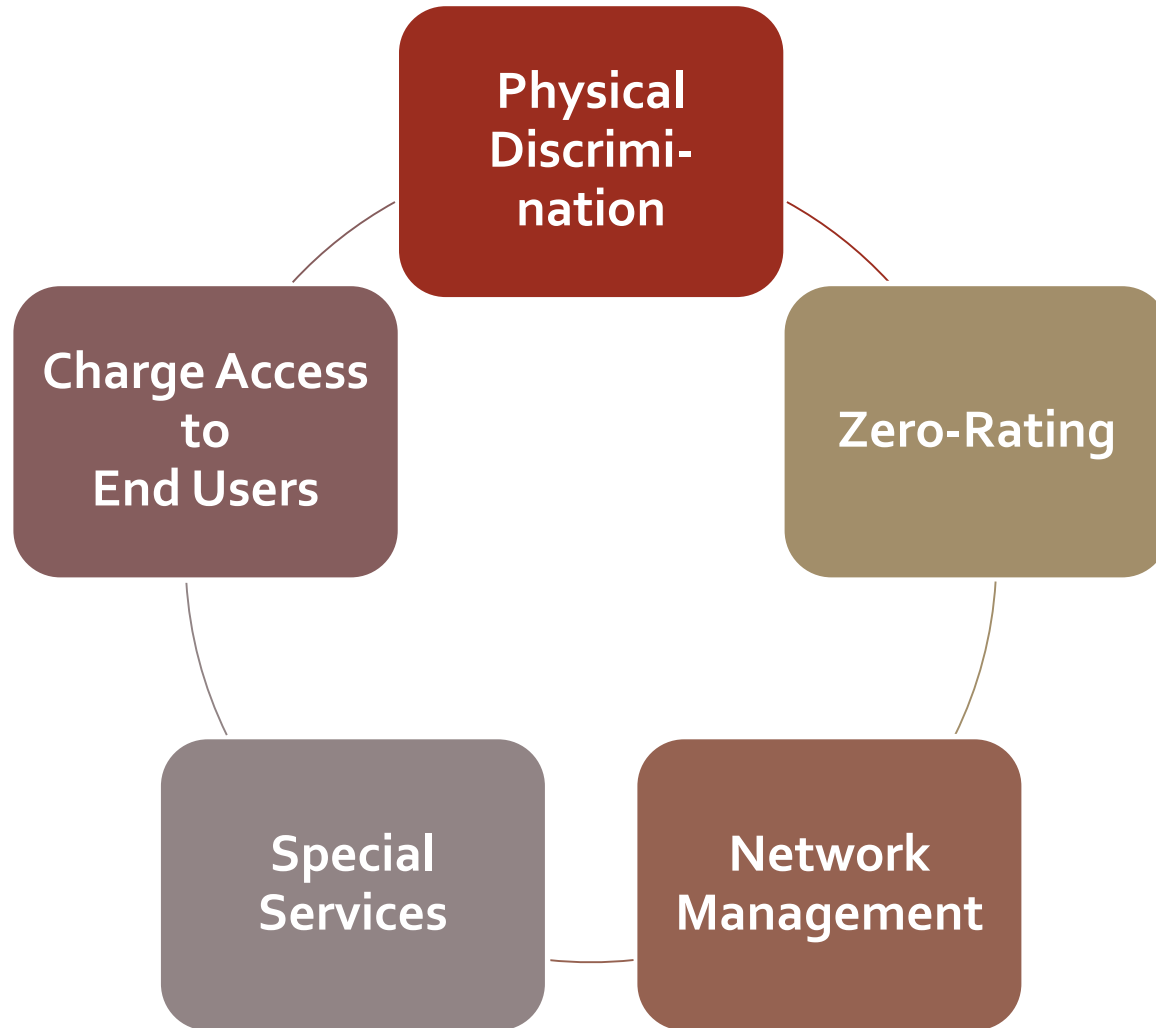


Network Neutrality

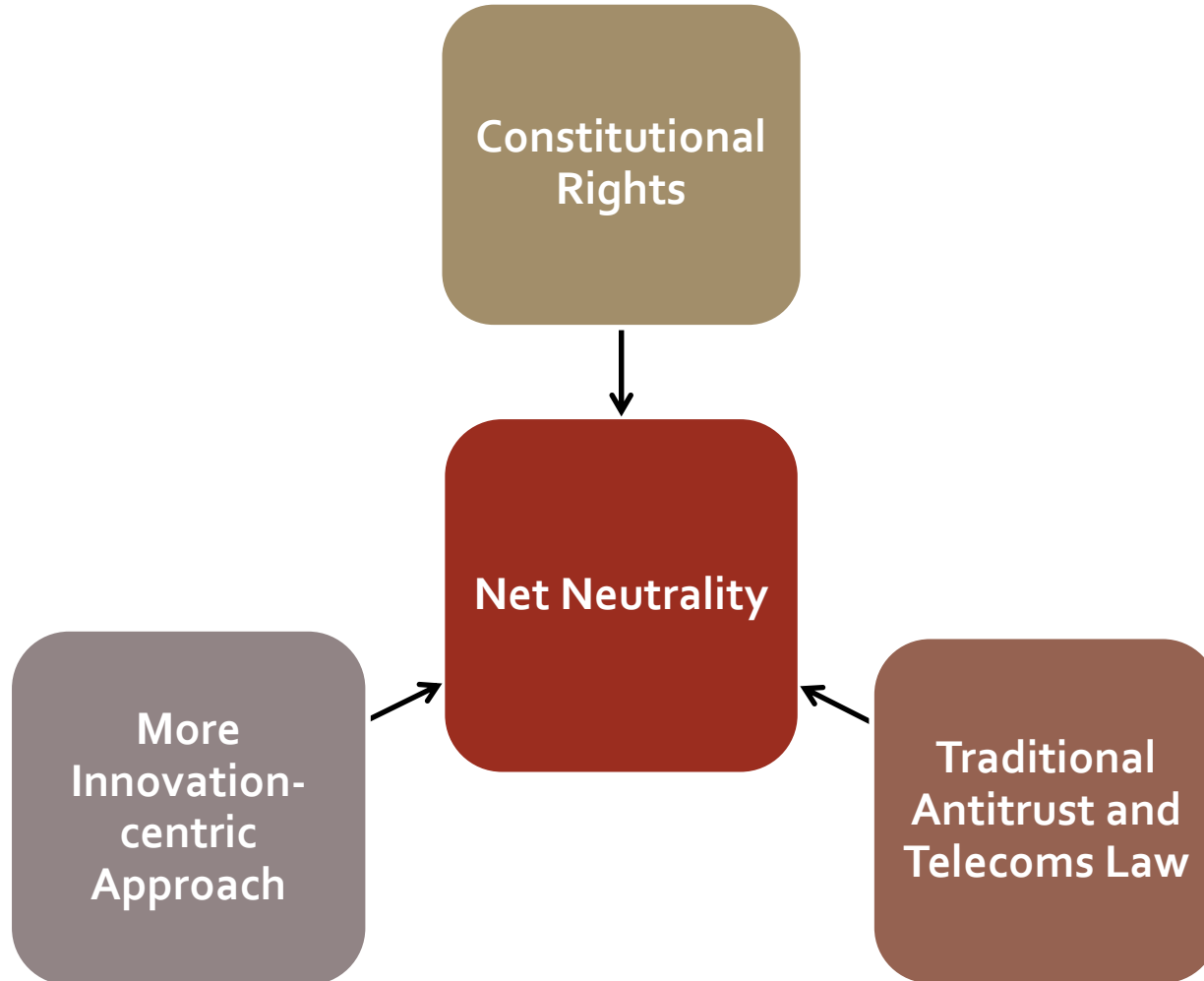
At its simplest, network neutrality means that all Internet traffic should be treated equally.

In particular, Internet access providers should remain neutral with respect to Internet content and applications.

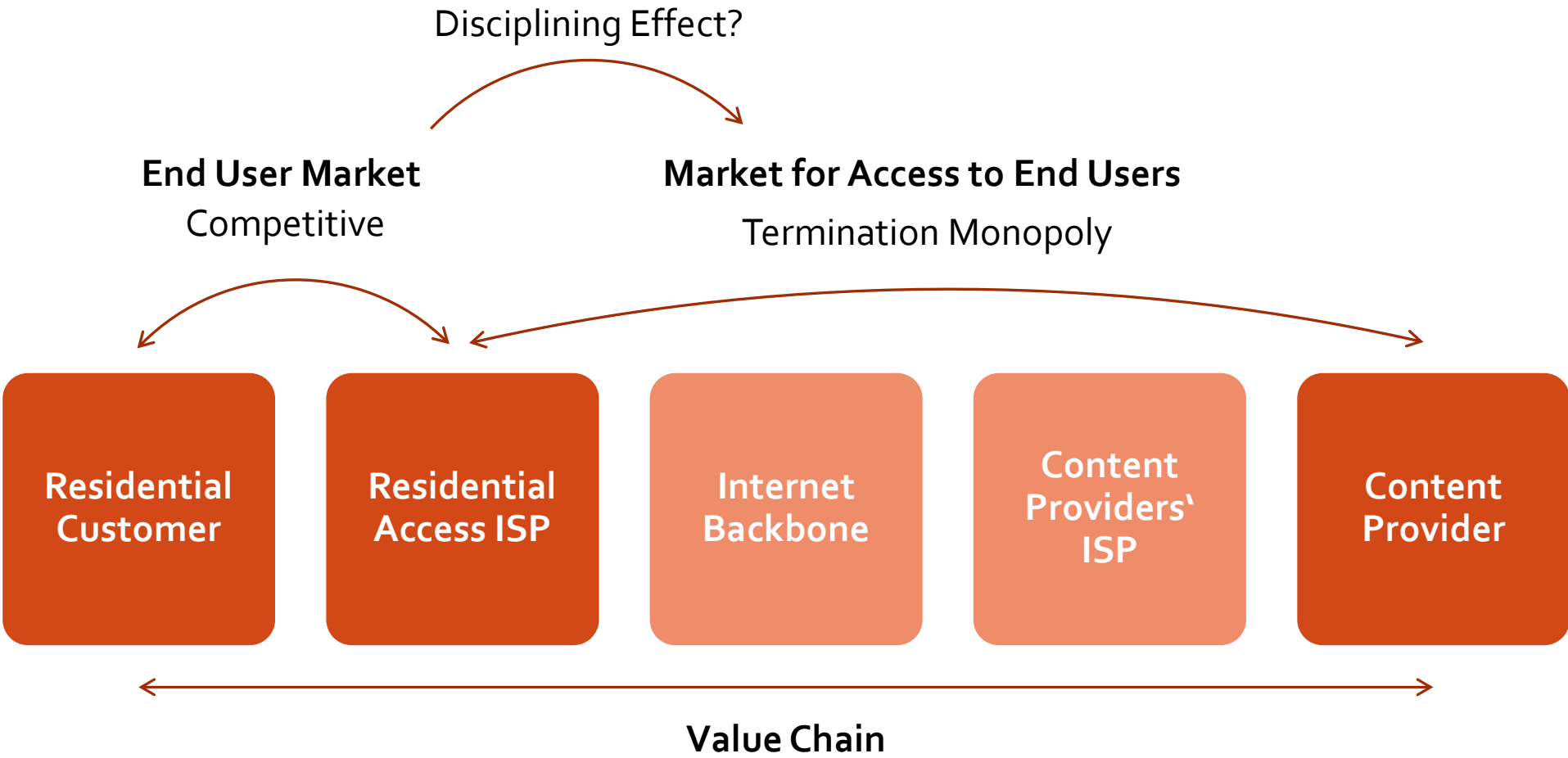
Violations of Network Neutrality



Net Neutrality: Three Sets of Arguments



Antitrust: Market Definition



Will Antitrust Law do the Job?

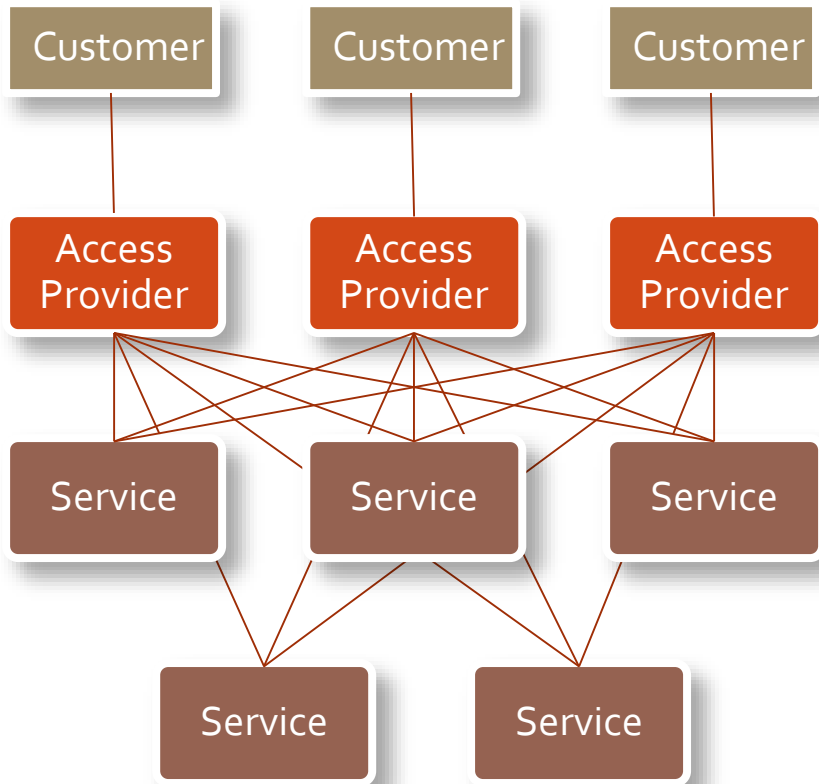
Antitrust proceedings will not suit the needs of SME content and application providers as they are too complex and too expensive.

Antitrust law will not grant a right to free access to end users.

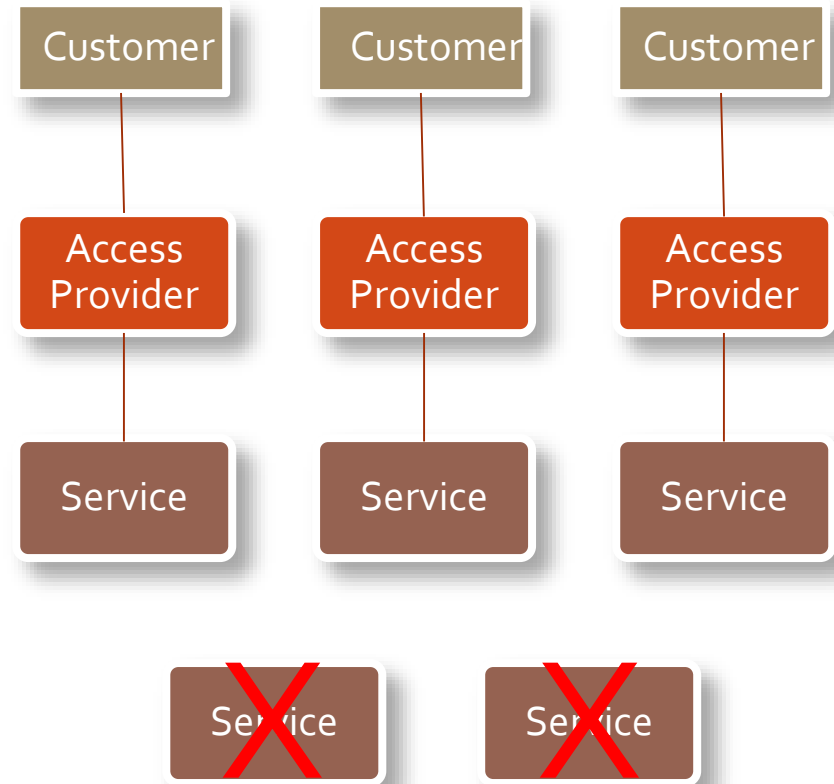
Traditional antitrust doctrine does not care enough about dynamic markets.

Monopolization of Application Markets

Today:



Future?



Consumer's and Content Provider's Nightmare

| | | | |
|--|---|--|---|
|  <p>TELCO ADSL Your email. Your world wide web. Your imagination.</p> | <p>\$29.95 Includes 500 MB of free transfers to non-peering websites at full speed. Limited to 128 Kops thereafter.</p> |  <p>Includes free Hulu subscription. Enjoy exclusive content from your favourite networks.</p> | <p>+\$10 hollywood \$15 after September</p> |
|  | <p>+\$5 pathfinder Includes a massive extra 1000 MB a month to non-peering and non-elected websites. Limited to 256 Kops thereafter.</p> |  <p>All social networks. All your friends. Includes all your dating sites.</p> | <p>+\$0 the social Just \$5 after three months</p> |
|  <p>Includes the top 200 services from over 30 countries.</p> | <p>+\$5 international</p> |  <p>Listen to your favourite music. Includes three months of emusic.</p> | <p>+\$10 the beat</p> |
|  <p>News Freak? Get your fix. Includes free online access to your local news site.</p> | <p>+\$5 news</p> |  <p>Save money. Shop online. All your favourite things, secure and fast. Includes Internet Banking from over 20 financial institutions.</p> | <p>+\$5 marketplace Access to services not pictured here may incur additional costs.</p> |
|  <p>Gamer? We hear you. Unwind, relax and play hard.</p> | <p>+\$5 playground</p> | <p>Recharge Your full-speed quota wasn't enough? A massive 2000 MB for access to your company's VPN at full speed. For accessing your friends' non-peering websites at full speed. For getting your emails faster and the included limit didn't cut it. Or if you're a web designer and need some extra buffer. Whether it be the world wide web, VPN or email, we have you covered.</p> | <p>+\$5 recharge</p> |

A Possible Regulatory Approach

Non-Discrimination

- No discrimination between Internet services, content, applications, devices
- Neither within the telco's networks nor at their borders (neutral peering)
- Neither in a technical nor in a commercial sense (no zero-rating)

Network Management

- To counter short-term congestion only
- Effective application-agnostic measures shall be preferred to application-specific measures

Special services

- Special services must not impair the quality of the normal Internet service, be it in general or for a specific customer
- Access to special services shall be offered on a non-discriminatory basis to third party service providers.

Transparency about net neutrality violations

- To be provided for the regulator in a detailed way and for end customers in a simplified, generally understandable form.
- Exceptions for small Internet providers.