



# Competition and regulation in a converged broadband world

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# Overview

Some key points about convergence



Implications for market definition



Implications for SMP designation



Implications for regulatory policy



## *Some key points about convergence*

- Demand for bandwidth is growing strongly, driven by attractive services to which broadband networks give access
  - Video content
  - Mobile payments/other business-enablers
- Bundling
  - Services and connectivity
  - Different services
- Different broadband ecosystems
  - DSL/cable/fibre
  - Growing role of mobile, not just in developing economies



## *Implications for market definition*

- Focus on marginal customers and chains of substitution
- Services are key – technology as such does not matter
- Services to which a particular network gives access are not just determined by technology, but also by commercial strategies
  - Exclusive vertical arrangements
  - Bundling
- Wholesale market definition becomes more complicated
  - Wholesale market boundaries may be different from retail markets
  - Wholesale products are often an artefact of regulatory intervention
  - Consider implications for investment incentives!



## *Implications for SMP designation*

- Competition effects are complex – move away from formulaic criteria and towards a fuller assessment of market power
- Growing demand requires investment
  - Parsimonious use of wholesale obligations to preserve investment incentives
  - Acknowledge that competition can be fierce where excess capacity exists
- Vertical arrangements and bundling may matter
  - Source of market power might be outside of the markets that are traditionally regulated
  - Complication arises because bundling can have strong efficiency benefits and discourage competition even where it does



## *Implications for regulatory policy*

- Promoting investment is important – perhaps more so than in the past...
  - On a greater scale
  - In the face of more uncertain demand, and co-ordination issues
- Services not traditionally covered by regulation may matter
  - Expanding the remit of regulators
  - Closer co-operation between NRAs and NCAs
- Regulatory obligations need to become more competition-policy like
- One size does not fit all