Coexistence of traditional and IP interconnection: implications for traditional interconnection regulatory frameworks

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Mobile markets are growing:
- in Vietnam number of mobile subscribers in 2Q 2009 grew 86 proc. comparing to 2Q 2008;
- in Indonesia – 46 proc.;
- in India – 52 proc.

Changes in the market of network equipment:
- Costs of network equipment decreased;
- Innovative solutions allow to reduce the power consumption and volume of equipment needed.
What does the migration towards IP-based networks mean?

1. Migration from service-oriented networks towards multi-service networks:
   - “one network – one service” -> “one network – many services”:

2. More networks are able to deliver the similar value to the consumer:
   - more competitive environment between multi-service networks;

3. IP-based networks are not the same (i.e. different network architectures exist), but they can do the same;

4. It also means more interconnection between different networks and coexistence of different interconnection approaches.
Interconnection regulatory environment

Telecom

International level

Active cooperation among regulatory community

National level

Ex-ante regulation

Internet

Debate around International Internet Connectivity regulation

Do regulators have enough authority to solve interconnection disputes between ISPs?

Should we continue, expand or withdraw interconnection regulation?
Should we consider ‘hands off’ approach?

- Internet interconnection:
  - interconnection exchange model;
  - direction of traffic may be not important;
  - hard business rules: not all ISPs are equal;
  - no costs sharing mechanisms, lack of transparency.

- International telco interconnection:
  - multilateral agreements;
  - already adopted to deliver all types of IP traffic;
  - implemented through the Internet or via dedicated interconnection platforms;
  - lack of transparency.

Not really … But we should make the most of the positive experience and ensure regulatory goals are achieved!
What could we do?

- More symmetric interconnection regulation: in order to ensure interconnection where it is feasible and needed;
- Extended transparency obligation: because it lowers bargaining costs and works as a market self regulation tool;
- Reliable and Robust interconnection: because the consequences of a disruption or interruption in interconnection functions could be serious;
- QoS: because it could enable new forms of discrimination between incumbent’s services and those provided by interconnecting competitors;
- Open forum for the discussions: to discuss migration issues and to have a place to raise any other relevant question.
As our ultimate goals are to ensure that:

- Networks deliver the maximum benefit to the consumers;
- New operators enter the market without unnecessary burden;
- Existing operators maintain and expand their interconnectivity.