

Economic Impact of OTT services

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Internet

- ▶ Internet is a worldwide service available to the public, and is accessible via a multitude of telecom Networks : Switched fixed Networks, Mobile Networks or satellite Networks.
- ▶ The internet Data is exchanged through telecom networks regardless of the boundaries between networks thanks to a set of standard protocols for data exchange

Internet & Innovation

- ▶ In the beginning of Internet, Telecom Operators and Regulators were less attentive regarding Net Neutrality to avoid interfering with innovation and progress.
- ▶ But the revenue growth of the Internet giants and especially their exceptional market capitalization, pushed Telecom Operators to protest and to claim sharing of revenue to sustain the important investment in Networks' infrastructure.

What's the problem ?

- ▶ before a few years ago there was separation between voice and data.
- ▶ We used the operators networks to call for a price including all taxes paid to them and the same networks to surf the internet on payment of a package TTC .
- ▶ The voice was generally billed per minute or per second and the internet was generally billed as a package . And operators made money and were paying taxes to the states.

What's the problem?

- ▶ After progress was made . The internet giants have started to offer free voice over internet and SMS and sends video clips with voice (WhatsApp , viber , fidgetime ,) .
- ▶ In return the internet giants have started to make a lot of monies through advertising and without contributing tax in the countries where they offer their service.

What's the problem?

- ▶ The internet giants generate two major problems :
- ▶ The first don't pay the taxes for countries. the second:
- ▶ the revenue telecom operators decreased because of the traditional services provided free by the giants and the non participation in the value chain giant.

What's the problem?

Example:

- ▶ The WhatsApp app acquired by Facebook in 2014 to 22 Billion US \$ to doing the voice over IP, in April 2015.
- ▶ Subscribers to this application to call each other directly.
- ▶ It is 900 million users and in 2016 will reach one billion subscribers.
- ▶ Note that WhatsApp is not good for Viber and Skype respectively claiming 500 million and 300 million users.

What's the problem?

- ▶ Apple integrated the D.J and replaces AT & T . The US giant Apple entered the Dow Jones. The Dow , created in 1896 , it represents 30 of the largest US companies.
- ▶ Apple, which weighed more than \$ 730 billion was replaced as of 19 March 2015 the group of AT & T Telecom , entered in the Dow Jones in 1916.
- ▶ Apple joins Microsoft, IBM , Intel and Cisco. The output of AT & T leaves no one telecom operator in the Dow, Verizon.

What's the problem?

Apple is the king of the purse.

Here are the rankings of some major listed market valuations in the United States :

Apple - 1 , 2- Google, 3 - Exxon , 4 - Microsoft .

Apple is worth as much as Microsoft and AT & T together.

What's the problem?

- ▶ To stay, Verizon seeks survival;
- ▶ To stay in the Dow Jones US telecom operator Verizon bought in may 2105 AOL, supplier known for his mastery of the content on the Internet, for \$ 4.4 billion ;
- ▶ This acquisition combines the networks where Verizon has invested , content and advertising expertise of AOL ;
- ▶ With key motivation for the development of video on mobile internet and advertising gain;

the tax problem

- ▶ The Director General of the French Federation of Telecoms said: there is a situation uncomfortable competition between the "giants of the Web " and actors in France.
- ▶ The giants of the internet don't pay the tax for the government

Solution to the fiscal problem

- ▶ The National Digital Council in France proposes : the giants of internet must pay the tax .
- ▶ As part of the creation of a virtual establishment

Solution to the fiscal problem

Set up a virtual setting for each of the "giants of the Web", so they have a representation as an institution stable and that from there we can tax them

Solution to the fiscal problem

- ▶ A concept of virtual permanent establishment to re tax the income of all stakeholders tax established outside France .
- ▶ Meanwhile , without legislative amendment to tax the main foreign players in the French territory on the actual amount of their activity.

Solutions to the problem operators and internet giants

- ▶ The non- net neutrality.
- ▶ Go the way of technology. Example Verizon .

Non neutrality net as a solution

- ▶ Ensure availability bandwidth
- ▶ Ensuring network investment

Non neutrality net as a solution

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- Ensure availability bandwidth Telecom operators to ensure quality minimum service in terms of throughput.
- they must launch internet access offers " premium " that would ensure a minimum flow to subscribers .
- including during periods of network congestion . But to ensure such flows in times of Congestion, it would necessarily restrict access of those who did not accept this offer.

- ▶ Ensuring network investment Telecom operators and internet service providers , wish to share revenue with content providers such as Google cashing significant revenues .
- ▶ For operators to recoup their investments in infrastructure. For internet access providers want to monetize better access to Internet services

Concrete examples of questioning of no Net Neutrality

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- Discrimination against sites In 2007, a French operator blocks access to the site of Dailymotion videos in trade negotiations .
- In 2005, the CEO of AT & T, denounces the use of the network free by Google and Yahoo.

Concrete examples of questioning of Net Neutrality

- Discrimination against content In France, operators offer internet packages blocking of Voice over IP (Skype)
- Discrimination against clients Bouygues Telecom has created an offer guaranteeing access "Priority" on the rest of its customers in the event of Network congestion

Go the way of technology. Example Verizon .

- ▶ To go in the direction of the technology Verizon has deployed deals where communications are free and billing data to the volume.

Others solutions

- ▶ The operator Etissalat the United Arab Emirates does not permit calls via WhatsApp . In 2014, Morocco Telecom was accused by subscribers to block occasionally calls via Viber or degrade QoS .

News MEANS TO NEGOTIATE

- ▶ adblock complicates the relationship between mobile operators and giant web.
- ▶ Shine Technology enables mobile operators to block all advertisements broadcast on smartphones of their clients.
- ▶ A means for operators to negotiate with Facebook, Google and others.

Conclusion

- ▶ The file remains open globally:
- ▶ Certainly we find the final solution to the tax issue.
- ▶ Certainly we find the final solution as the giants of the Internet and conflicts telecom

Thank you for your attention

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