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OTTs and Networks: What to Know

Panel Intervention Session 2: OTT Services in Africa: Innovation, Competition, and Market Impact

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Why this conversation? Why now?

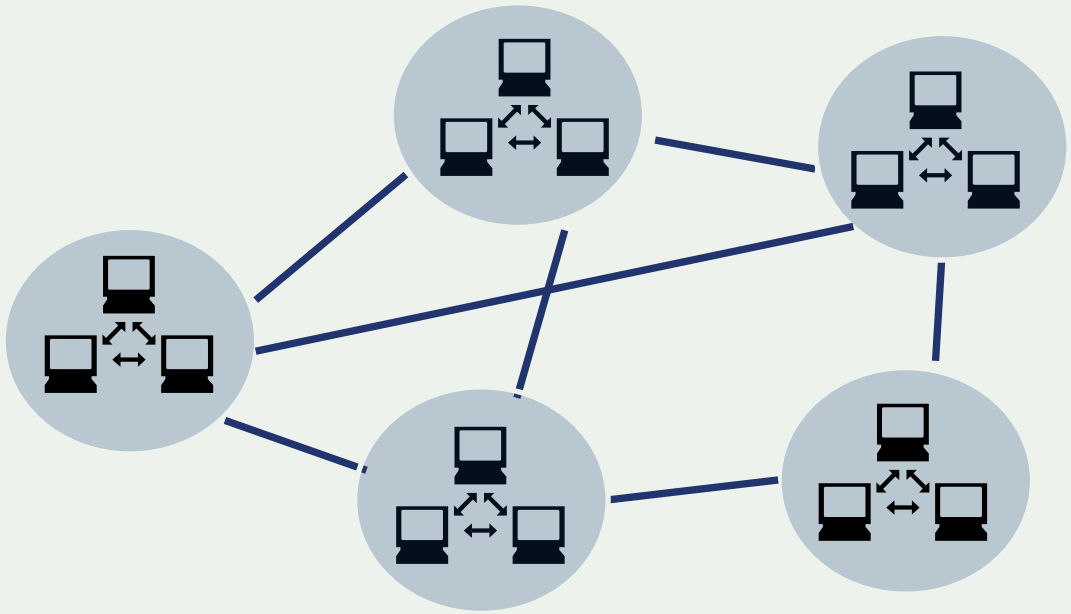
- Global debate. European Union, South Korea, India, Brazil, and discussions in the ITU.
- Same question: How should OTT services and telecommunications networks relate to each other economically, and in policy?
- Specifically: Should OTTs be required to contribute to the costs of telecommunications networks?
- This global debate isn't accidental. It reflects a particular story about OTTs and networks. A story whose premises deserve scrutiny.

My message in today's presentation:

The debate is built on a story that doesn't hold. Neither do the policies it recommends.

How to think about the Internet

1. The Internet is a Network of Networks



Important features:

- **Voluntary Interconnection**

No central operator. Each network chooses who to connect to and on what terms.

- **Local Responsibility**

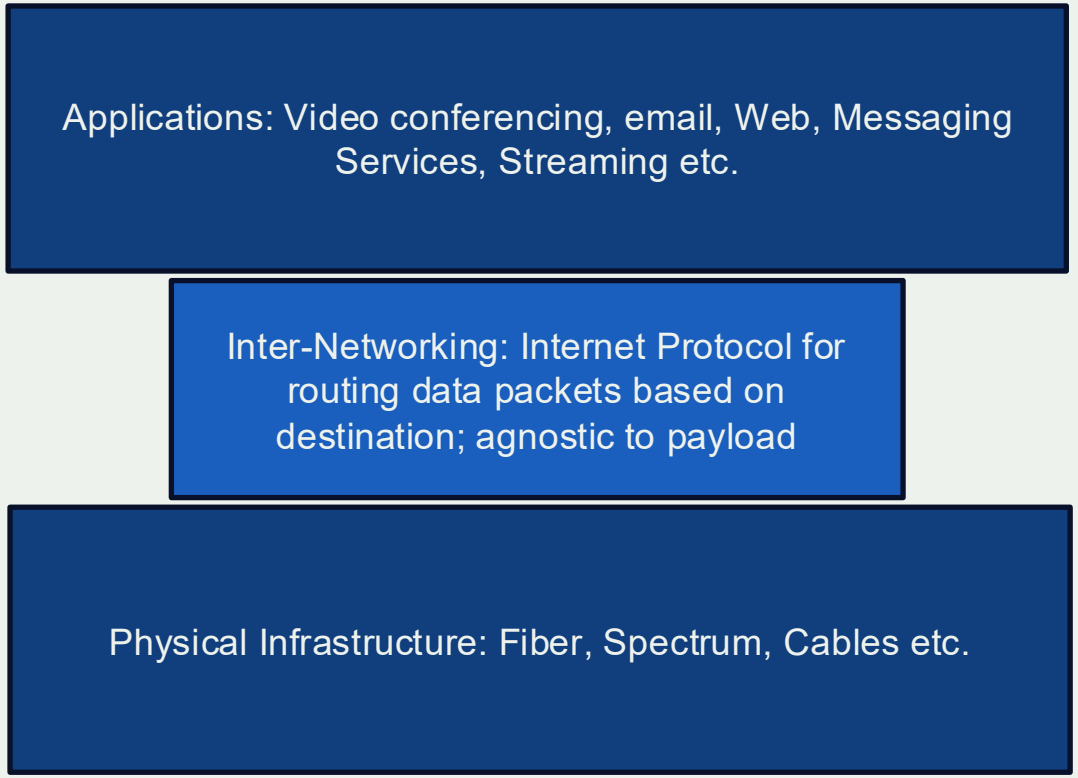
Traffic management, investment, and costs are local responsibilities.

- **Global Reachability**

Connect to one network; reach all networks.

How to think about the Internet

2. The Internet is a Layered Architecture



Important features:

- **Simplicity**
  Same service for all applications
- **Connectivity and Purpose separate**
  Purpose up to the network's end-points, not the network = innovation
- **Technology Neutral**
  Physical infrastructure can evolve without loss of interoperability

How to think about the Internet

The Internet is not “a thing” someone owns and operates, but a particular approach for interconnecting independent networks.

The Internet is a “way of Networking”.

Three things that the current debate around OTTs gets wrong:

1. The dominant framing gets the facts wrong
2. The remedies conflict with the “Internet way of Networking”
3. Where these policies have been tested, it caused harm

1

The dominant framing gets the facts wrong

2018 – 2021

+160%

Internet traffic

+3%

ISP network-related costs

Source: Analysys Mason (2022)

Users request traffic. OTTs respond.

Framing OTTs as “causing” traffic inverts how the Internet actually works.

Both sides already pay.

Users pay ISPs for access. OTTs pay separately for transit, peering, CDNs, and their own infrastructure. There is no free riding.

Cost is driven by peak capacity, not volume.

Once a link is provisioned, the marginal cost of a bit is essentially zero — traffic-volume fees have no economic basis.

2

The remedies conflict with how the Internet works

Mandatory cost contributions, "Service Quality Agreements," "enhanced transit" — different names, same logic.

01

Reachability becomes a commercial consideration

Delivery to end users would depend on commercial deals rather than routing. Global reach stops being the default = fragmentation.

02

Voluntary interconnection gets distorted

Mandated payments discourage settlement-free peering, push traffic onto costlier transit, and reduce resilience.

03

It's paid prioritization

Reachability or tiered "high-speed" vs. "basic" delivery is paid prioritization. Excluding net neutrality from scope doesn't make the conflict disappear.

These are policies are not just "tweaks". They change the Internet's operating model.

3

Where this has been tried, it has caused harm

South Korea: a decade of network usage fees

- **Fewer IXPs**
  than comparable countries
- **Lower infrastructure investment**
  and fewer submarine cables
- **Meta relocated servers to Hong Kong**
  degrading service quality for Korean users
- **Twitch exited Korea entirely (2024)**
  citing prohibitive network fee costs

WHO ACTUALLY PAID?

The heaviest burden fell on domestic content providers that couldn't relocate.

Global platforms moved. Local innovators absorbed the cost or shut down.

Sources: ISOC Internet Impact Brief (2022); Analysys Mason (2025)

What actually works

Voluntary, collaborative infrastructure — a proven playbook.

Mechanisms that already deliver

Internet Exchange Points (IXPs)

Keep local traffic local. Cheaper, faster, more resilient.

Content Delivery Networks (CDNs)

Cache content close to users, cutting transit costs.

Direct peering arrangements

Voluntary, market-driven, mutually beneficial.

Local caching infrastructure

Co-investment between content and access networks.

NIGERIA & KENYA · IXP DEVELOPMENT

Locally accessible traffic

30% → 70%

Real cost savings, better quality for users, and stronger local Internet industries — through cooperation, not coercion.

Source: ISOC (2022)

Governments have an important role to support IXPs, enable infrastructure sharing, lower barriers to local interconnection.

The real question is *not* whether OTTs should contribute to network costs. They already do.

The real question is whether reachability should be a technical or a commercial decision.

Everything, including the Internet's very existence, follows from that choice.

Thank you.

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