



How to Provide Seamless Services in Fragmented NGA Networks

The Open Access Concept of VATM

The VATM is the largest competitive carriers association in the German Telecommunications Market

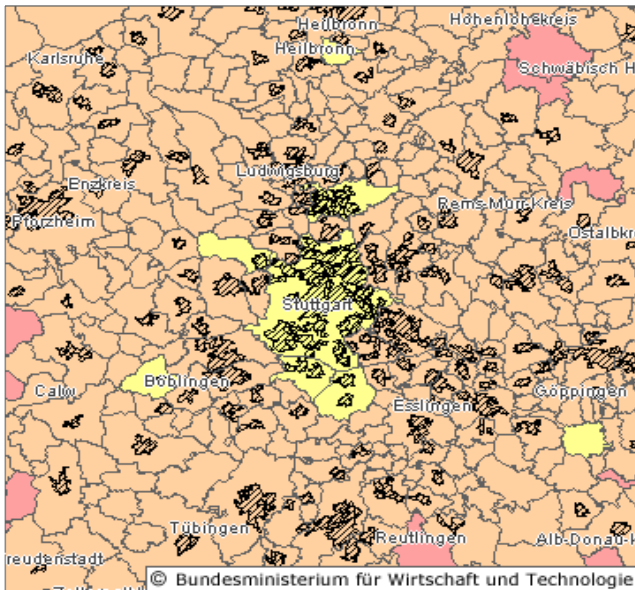
Who we are and what we do

1. Founded in 1997 with the goal to provide fair competitive conditions in the formerly monopolistic telecommunications market
2. Most important voice representing the interests of the entire business sector with more than 100 companies as members that represent all of the different business models in the telecommunications market:
 - Operators connecting the end users with own infrastructure
 - Operators of connecting networks
 - Providers of mobile services
 - Internet Service Providers
 - Providers of Value Added Services
3. Represented where the decisions are made: Berlin – Cologne/Bonn – Brussels – Washington DC
4. Guidelines and aims :
 - Competition is the best market form
 - Network economies (still) need efficient regulation
 - Reliable planning and investment conditions

Status of broadband usage and supply in Germany

Broadband infrastructure und services

Broadband atlas: (example) Baden-Württemberg



- 4 core technologies
- 2 - 3 core technologies
- 1 core technology

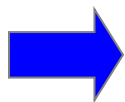
Core technologies: DSL, fiber, satellite, power line, TV- cable, UMTS, WLAN / WiMAX

- Broadband access to the Internet is available to 95 % of all households in Germany
- 26.5 million households (65%) use broadband; but <0,2 million households are connected with fiber lines.
- Most common: ADSL2+ technology with bandwidth of 6 to 16 Mbps.
- Higher speeds are yet ordered by only roughly 10 % of new subscribers. However, increasing demand for future uses, such as high-resolution TV, Video on Demand or Cloud Computing.
- The German Government has promised as part of its broadband strategy to make available connections >50 Mbps to 75% of all German households by 2014.

Fiber infrastructure will be built by region and by many different players

Perspectives for the fiber expansion

- Term for the expansion: approximately 15 years
- Investments of € 40 to 50 million will be necessary for the creation of a broadband network covering the entire territory in Germany.
- Market development and economic rational lead to the assumption of a regional fragmented construction of fiber networks.
- Synergies between the telecommunications business and the energy sector and also among different enterprises and the municipal sector should be encouraged.
- However, large residential providers need to deliver services to users nationwide and business demands a national coverage.

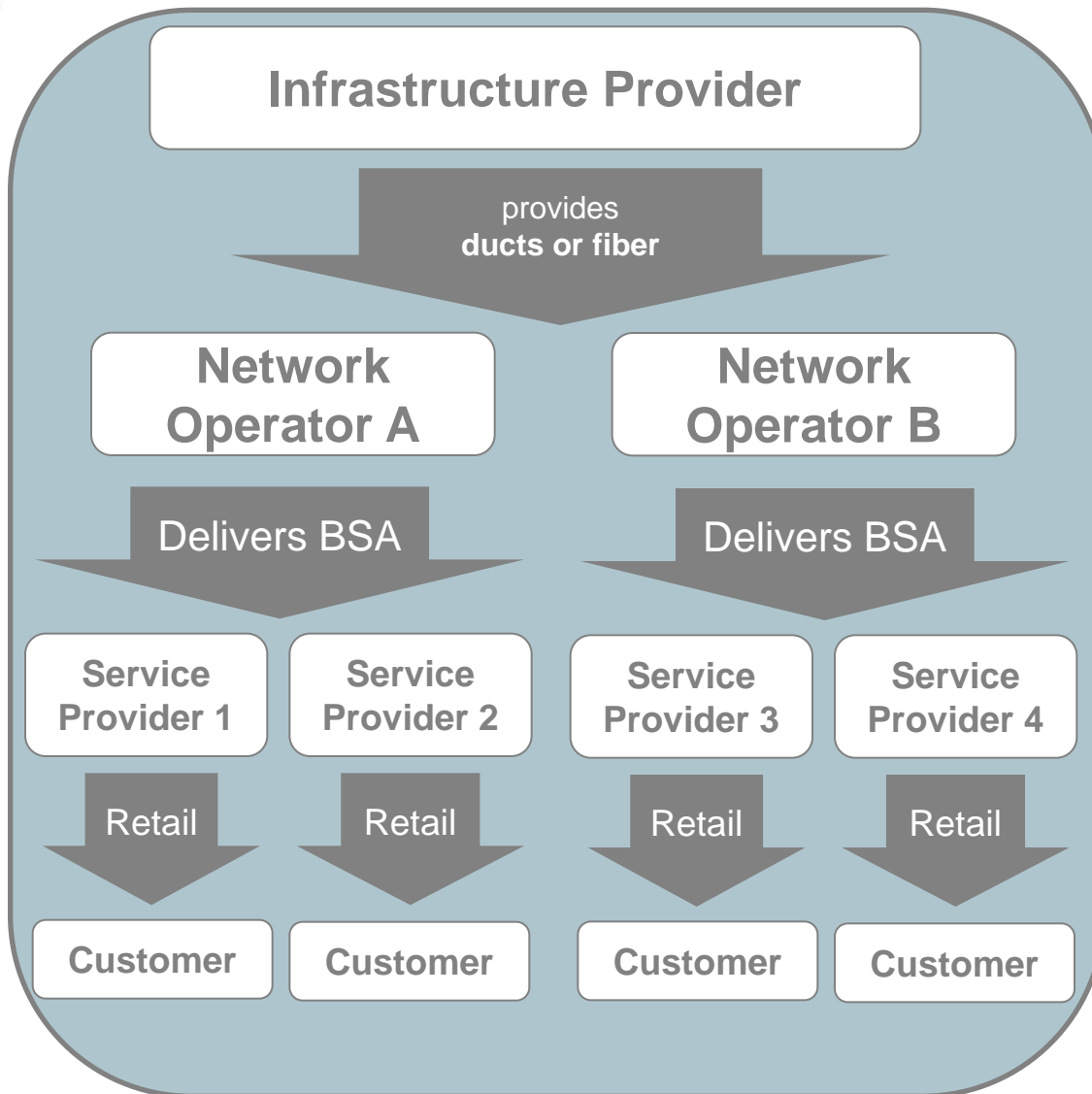


Spotlight: How to provide seamless services in such a fragmented environment?

The Open Access Concept of the VATM (I)

- VATM recognized the development early and launched a discussion process with its diverse members.
- It is the first association that has developed an Open Access Concept with its members, reflecting the interests of consumers, providers and investors.
- Extraordinary importance of a high utilization ratio for the economic success of fiber infrastructure investments.
- Investors are interested in selling wholesale.
- Nationwide acting carriers and service providers would be enabled to create and market seamless services.
- Standardization of technical interfaces and processes.
- One solution: some kind of „virtual unbundling“ at the first active network component

The Open Access Concept of the VATM (II)



- ▶ The essential Open Access Model consists of
 - ▶ Infrastructure Providers,
 - ▶ Network Operators, and
 - ▶ Service Providers.
- ▶ Competition exists on 2 levels:
 - ▶ Between Network Operators
 - ▶ Between Service Providers

The Open Access Concept of the VATM (III)

Regulatory Environment

- Do we need a new regulatory framework for the fiber infrastructure expansion?
- VATM believes: no significant change is needed.
- Regulator should still analyze the relevant markets.
- In justified cases: declaration of SMP for certain players
- Dispensation of price regulation for such player as long as it offers open access at reasonable price levels and does not discriminate against third parties.

The Open Access Concept of the VATM (IV)

The concept of the VATM

- ▶ creates planning certainty
- ▶ will maximize investment potential
- ▶ private and business customers are profiting from a competitive market structure
- ▶ enables a Return on Investment for existing business models and new players with infrastructure
- ▶ prevents restraints of competition
- ▶ avoids regulatory intervention
- ▶ secures jobs
- ▶ considers the interests of all market participants



**Thank you for
your attention!**