

# Good and Bad Regulation from a Global Operator's Perspective

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# Agenda

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- What is a global operator?
- How are global operators different?
- What does “bad” look like?
- What does “good” look like?
- Regulation of consumer market vs business market
- Why is all this important?

## What is a global operator?

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- Global operators exist to meet the needs of customers who operate across national boundaries
- Typically, global operators provide solutions as well as connectivity
- Their customers frequently wish to outsource their IT infrastructure to global operators
- They operate in a highly competitive market place
- They provide service to technologically advanced, well-informed customers
- They are key enablers of the process of globalisation
- They operate global networks, not local networks.

## BT as an example

A world map in shades of blue, serving as a background for the text. The map shows the outlines of continents and countries.

**71 countries** now,  
**160** by end **2007**

Adding **1 new city** every  
**10 days** until **March 2007**

**160,000** customer sites  
already connected

Connecting **6,000** customer  
sites per month by end **2006**

## How are global operators different?

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- They do not offer residential services
  - This impacts economies of scale
  - Rarely economic to invest in unbundled loops
- They have a geographically dispersed customer base
- They serve multi-site customers at a wide range of locations, eg
  - Corporate headquarters
  - Regional headquarters
  - International office
  - Retail Outlet
- They require high Quality of Service standards where they are providing systems critical to their customers' own operations

## Regulatory environment – what does “bad” look like?

- Key products not mandated:
  - Bitstream service
  - Interconnecting leased lines, including Ethernet service
  - MVNO
- No mechanism to deter price squeeze behaviour
- No mechanism to detect and deter unfair bundling and discounting
- Lack of equivalence between altnets and incumbents
- No focus on Quality of provision and repair standards
- No visibility of properly audited accounting separation methodologies
- Consultation on key changes (eg NGN) not mandated
- Time lag in implementing change.

## Regulatory environment – what does “good” look like?

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- Rapid completion of market reviews
- NRA with sufficient staff of the right quality
- Full set of remedies to counter identified problems
- Understanding of regulatory economics
- Effective, rapid system for complaints and appeals
- Clear articulation of regulatory strategy
- Independence of regulator from day-to-day political oversight
- Constant striving for best practice
- Close working relationship other NRAs and ERG.

# Regulation of consumer market vs business market

## Consumer

- Broadband focus
- Local loop unbundling
- Voice focus
- Carrier Pre-selection
- Wholesale Line Rental

## Business

- Access focus
- Partial private circuits
- Ethernet access
- Bitstream services
- Service level agreements

- Each market requires a different *ladder of investment*
- This is of critical importance when the NRA is considering withdrawal of rungs in the ladder

## Why is all this important?

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- **EU Lisbon Strategy** – to become the most competitive knowledge driven economy
- **Productivity** - Europe is lagging behind its global competitors
- **Competitive Supply** to businesses is a key enabler
- **Effective competition** drives innovation
- **ICT Solutions** are a key enabler of business competitiveness

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**Thank you**

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