

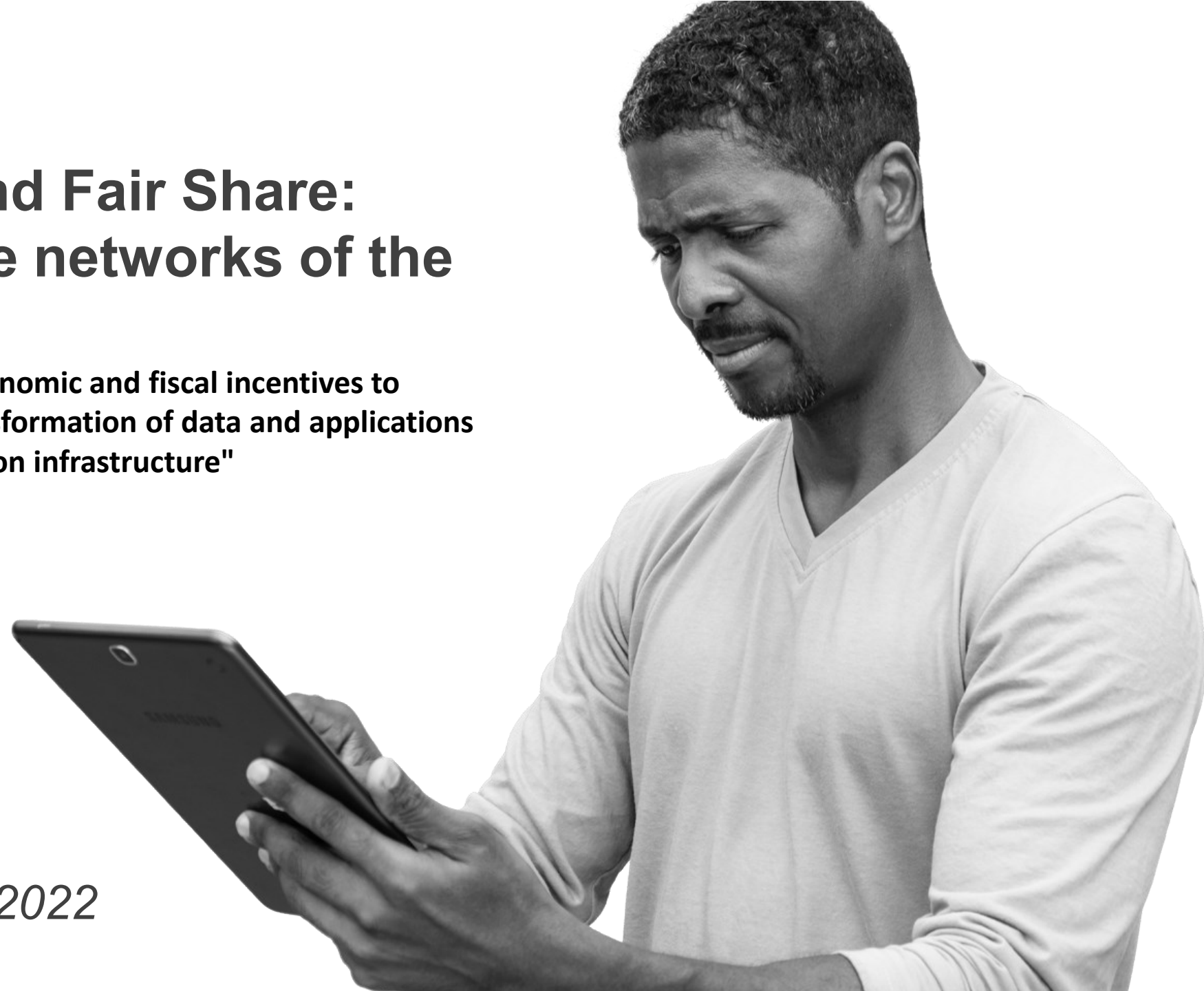
# Big Tech and Fair Share: Funding the networks of the future

**ITU Workshop on "Economic and fiscal incentives to  
accelerate digital transformation of data and applications  
over telecommunication infrastructure"**

*David Geary*

*Digicel*

*3<sup>rd</sup> November 2022*



# Priorities for Emerging Economies

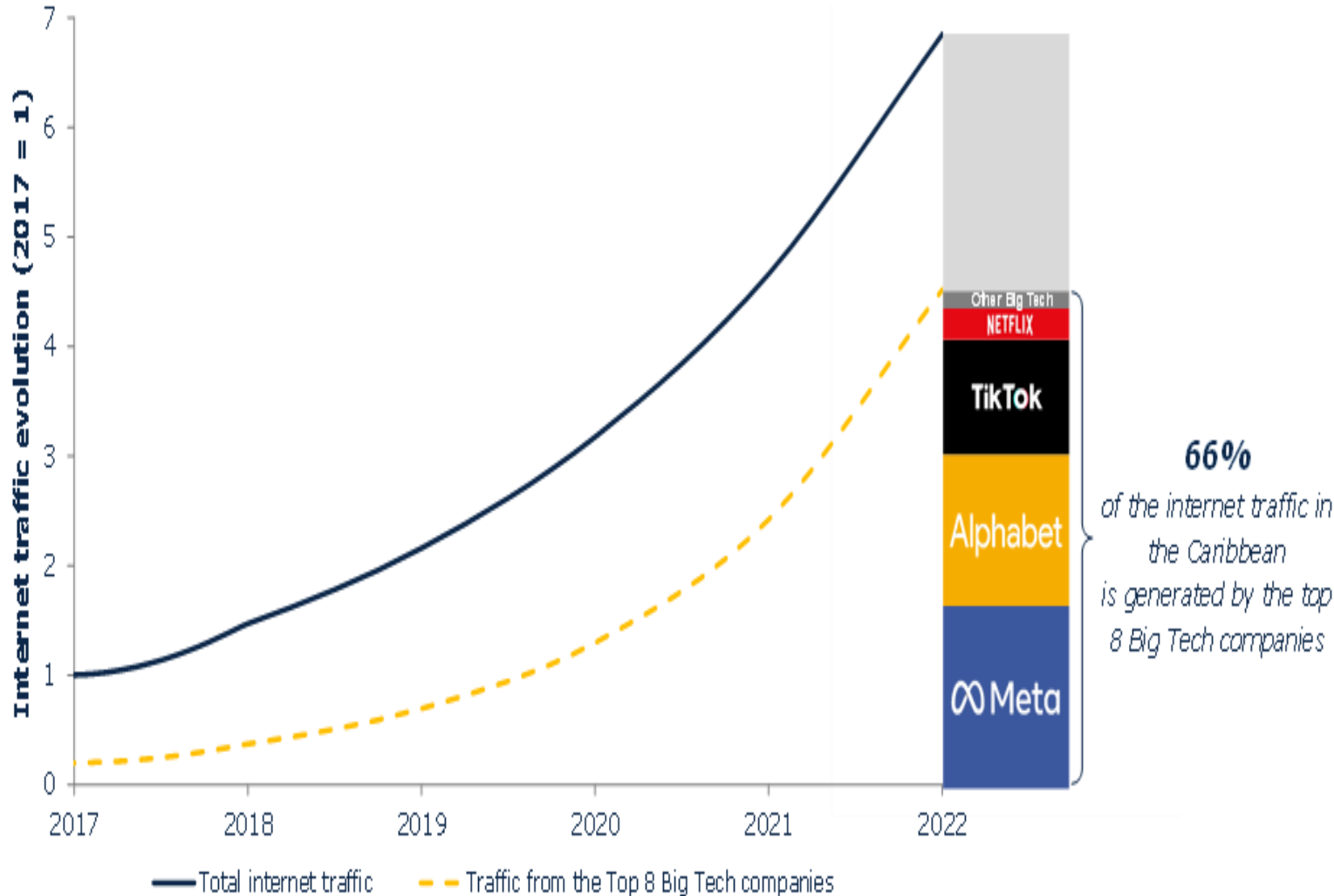
- Connecting the unconnected
- Full participation in the Digital Economy
- 5G & Gigabit networks

**Key Question: Will 2020 – 2030 be:**

- the Digital Decade or
- the lost Digital Decade?

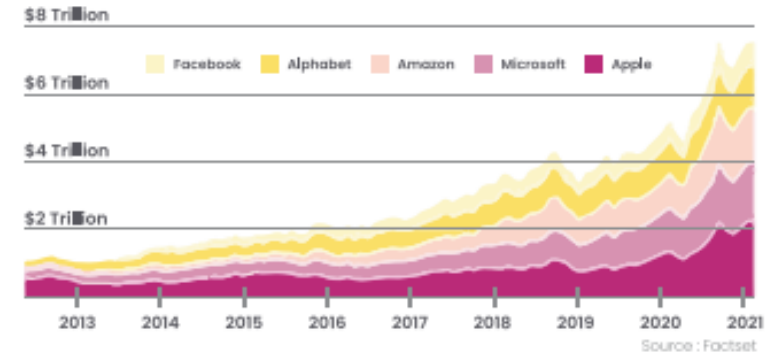


# Tipping Point – Big Tech now dominate networks



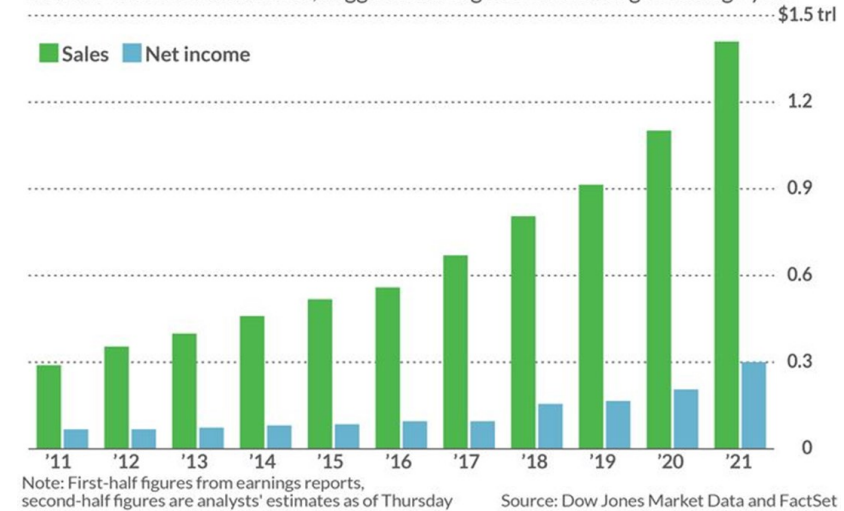
Source: Axon Partners

## 5 Largest Tech Stocks | Market Value United States | 2020

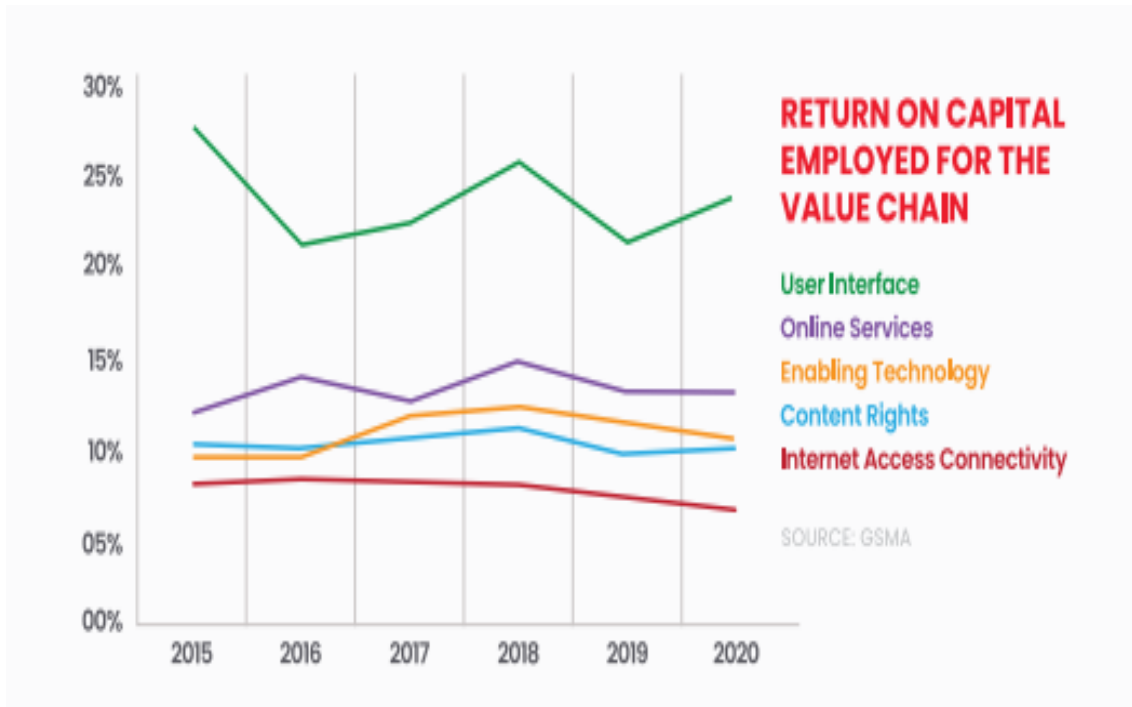
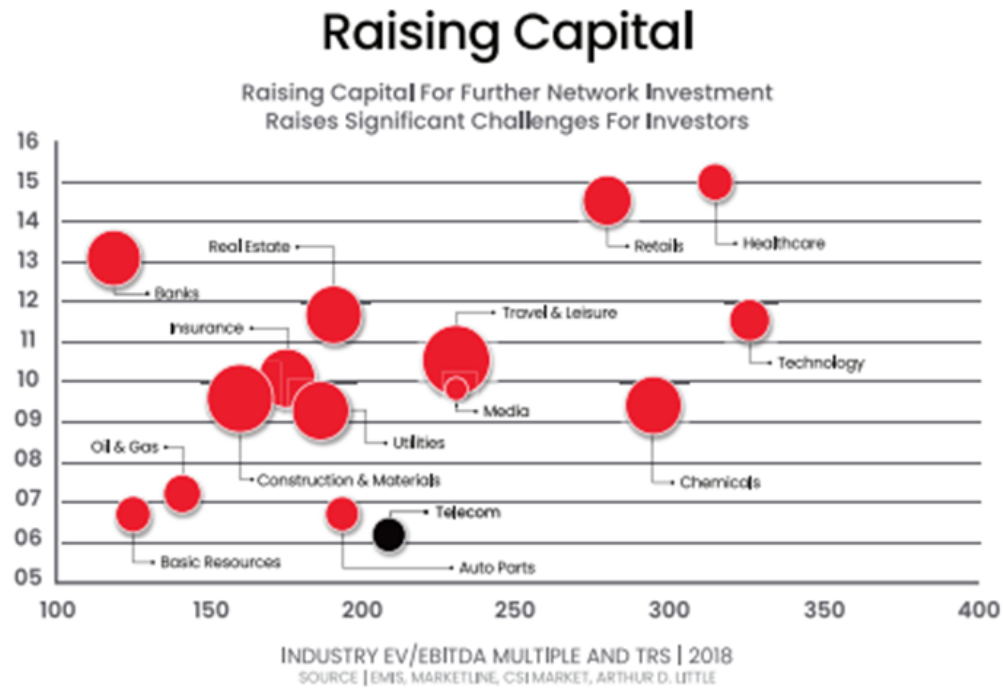


## Biggest year ever?

Expectations for the second half of the year, which could still increase as analysts react to this week's numbers, suggest that Big Tech is heading for a huge year



# Investment squeeze for networks



**TABLE 1 ESTIMATED TOTAL COSTS ATTRIBUTABLE TO OTT TRAFFIC FOR FIXED AND MOBILE**

	FIXED	MOBILE
Weighted average cost per subscriber	€40 - €47	€43 - €46
Annualised OTT costs across Europe	€8 billion - €10 billion	€28 billion - €30 billion

Source: Frontier Economics

➤ **Affordability – prices cannot keep rising to fund OTT profits**

# ITU/Unesco Broadband Commission

- All companies who derive benefit from the use of broadband infrastructure should contribute towards the cost of its deployment.
- Australia News Media Bargaining Code a potential regulatory model.
- USF reform – a ‘Pay or Play’ approach may incentivize investments.
- DSTs – a % should be retained for broadband infrastructure.
- Optimize the regulatory environment.



# Global Debate



## Asian Infrastructure Investment Bank:

‘the telecommunications industry – which is the main funder of 5G, fibre expansion, and other digital infrastructure developments – cannot independently raise the financial resources needed for network expansion over the next decade’

## Florence School of Regulation:

‘if online platforms are allowed to side-line traditional network operators, it may mean that vital investment in building and maintaining the infrastructures on which these markets are founded becomes unsustainable in the long-term.’

## European Union:

### **Europe’s 5G strategy in the Digital Decade:**

Aims to ensure that all European households are covered by a Gigabit network by 2030, with all populated areas covered by 5G

### **Draft Declaration on Digital Rights and Principles for the Digital Decade:**

All market actors, including platforms, must assume their social responsibility in contributing to the cost of public goods, services and infrastructures

### **Digital Decade Policy Programme:**

All market players should make a fair and proportionate contribution

# Red Herrings

- OTT R&D = We want to keep our money!
- Sub-sea cables and data centers = investing in own business.
- It's a tax = it's a payment for services.
- Cloud computing could be affected = this is about video.
- It's not free riding if someone else pays! = Yes it is.
- Telcos need OTTs = increase prices to consumers.
- Net Neutrality = consumer services not affected.
- Look at peering arrangements they worked fine 10 years ago = this is not about peering this is about networks in 2022.

➤ **Red Herrings distract from the key issues:**

**Domination of Networks & Asymmetric Bargaining Power**



EVEN  
THE  
MIGHTIEST  
TREE  
IS  
NO  
MATCH  
FOR  
MY  
HERRING!



**SCHWARZFAHREN  
UNFAIR**

**BEZAHLEN  
MÜSSEN  
ANDERE**



# Australia Code



- Addresses asymmetric power imbalance by introducing an obligation to engage.
- A mandatory code of conduct which governs commercial relationships between Australian news businesses and digital platforms who enjoy a significant bargaining power imbalance.
- Obliges these digital platforms to negotiate commercial agreements (for the use of locally produced content) with the possibility of an arbitrator deciding terms if the parties cannot agree.
- Big Tech lobbied against the Code. But following the introduction of the Code, Big Tech very quickly reached voluntary commercial agreements with local companies.