

10 January 2001

The Secretary General  
International Telecommunication Union  
Place des Nations  
CH-1211 Geneva 20  
Switzerland

Dear Secretary General Utsumi:

I would like to take this opportunity to congratulate you on a report on IP Telephony that will serve as a constructive and useful basis for discussions at the upcoming World Telecommunications Policy Forum in March 2001. Your description of IP Telephony, analysis and assessment will serve the ITU Membership well as it convenes to discuss the implications and benefits of IP Telephony.

We are very supportive of your efforts to identify the issues and the needs of all Member States and Sector Members in migrating to IP based networks and services. As mentioned in our previous letter, ipsaris is currently building an extensive (ie approximately 7,000 km) fibre optic network throughout the United Kingdom and Europe. We will be offering extensive broadband coverage to users within Europe with plans to expand to other continents in the foreseeable future.

As a network operator that is - and will continue to be - a new entrant in many markets throughout the World, we have read the Report with great interest and offer the following comments and thoughts on different portions of the Report.

- **Market Conditions for spurring growth of IP Networks and Services (4.32)**

We concur with your assessment that IP Telephony is part of a broader process of deploying IP-based networks worldwide. It is also the case that, for countries seeking partners to build such networks, it is worthwhile to identify favourable market conditions for the building and installation of IP-based networks. It is our view, however, that an important component of these market conditions is a simplified regulatory structure that is not cumbersome or overly restrictive for network operators. Furthermore, any regulatory structure should ensure that new market entrants are treated fairly, even permissively, vis-à-vis the incumbent PTOs or dominant network operators.

- **Technological Neutrality and Functional Equivalence (4.25-4.28)**

Applying the concepts of “technological neutrality “ or “functional equivalence” to determine the amount and type of regulation can be difficult and may even be inappropriate. For example, there could be adverse consequences to regulating IP Telephony as traditional PSTN telephony, such as the placement of unnecessary or undeserved

restrictions on small ISPs. Furthermore, it could lead to all IP services, not just IP Telephony, being unnecessarily regulated and worse, limit their ability to provide cost-effective services.

We would agree, though, with the assertion in 4.27 that policymakers and regulators should be mindful of technology. Emerging technologies or new market entrants would benefit from asymmetrical regulation that would allow them to grow and develop outside of more traditional regulatory regimes. As suggested, if or when market failures arise, competition policy could be employed to remedy a situation without the need for sector-specific or technology-specific regulation or definitions that may quickly become outdated or counter-productive. ipsaris believes that competition-based regulatory regimes allow regulating governments to protect their national interests and those of their populations whilst also enabling them to benefit from the global economic opportunities which such technologies offer.

- **Cross Border Issues (4.42)**

Regarding the suggestion to make an assessment of the extent to which some forms of IP Telephony should be subject to international agreement and procedures (4.42), it is important to recognise that although technical standards or numbering conventions may require international agreement, commercial arrangements between operators are best handled by the parties outside of international agreements. Business confidentiality can be essential to promoting and preserving competition, and so, by extension, to promoting the development of multiple, affordable services in a given market.

ipsaris thanks you for this opportunity to comment on your revised Report. We look forward to participating in the WTPF itself, and wish you well in the final preparations leading up to the Forum. If there is anything that I or ipsaris can do to ensure a successful meeting, please do not hesitate to contact me.

Yours sincerely,

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