

TeliaSonera's position on Openness

Introduction

The concept of openness has many dimensions as well as interpretations. It is also defined differently by various actors in the telecom and Internet environment.

For end users it can mean free access to telecom, content and application services, for new entrant telecom providers it may mean a possibility to get access to network infrastructure to use for providing services to end users. Content and application providers argue that it means that network operators shall not discriminate between content services produced by the network operator itself (whether fixed or mobile) and other content services provided by third party content providers. It is also relevant to consider openness in the context of transparency towards customers, i.e. providing clear and unbiased information on the services provided.

Openness for the good of the end user

TeliaSonera takes the customer perspective in relation to openness as a starting point. We want our fixed and mobile customers to be able to use as many services as possible regardless of the device; PC, mobile phone, TV or other. This is the case both for our fixed and mobile connections.

All applications should be possible to use on all types of terminals, when technically feasible. We believe that both our customers and the telecom industry benefit from open standards. Openness makes it possible for service and content providers to develop and offer an increased number of services. More services attract more users and hence openness increases total usage making the telecom industry grow and to continue providing value-for money services.

No discriminatory behaviour

TeliaSonera believes that the Internet should remain open and accessible to all and as an Internet service provider we will offer our customers, including content and application providers, a reasonable bandwidth capacity to be used without discrimination for any application or service.

TeliaSonera does not and will not engage in any form of discriminatory blocking or filtering, we will allow all content and application services to operate across our networks. We will at the same time continue to actively participate in combating child sexual abuse images, spam, viruses and denial of service attacks to protect our customers and networks.

Network management

We perform network management for technical reasons and for the benefit of our customers. Network management includes the prioritization of traffic over our networks. Without adequate network management we will not be able to maintain, nor increase stability in our networks, including efforts to ensure customers a good connection when congestion occurs, blocking spam emails and delivering the highest quality for our managed services, such as the IPTV service. All IPTV traffic (unicast and multicast) are distributed in a separate virtual LAN to ensure quality of service in the access network. TV streams are sensitive both for network jitter and packet drops.

Mobile networks are very sensitive to bandwidth-hungry applications because they are limited by the available spectrum. A finite bandwidth capacity has to be shared by all the users in a particular cell, and therefore a heavy user can strongly affect the experience of the other users. In order to maximize the availability of services for all active users in a given cell, it is essential to preserve the network operators' ability to manage traffic. Mobile services which are time critical in the meaning that they need to be delivered in one sequence, such as voice, have priority over data in case the network gets full. This does not mean that the data link is completely disconnected but rather that the speed is reduced. For mobile data traffic there are also some parameters set to divide the capacity for different kinds of data traffic. However, no discrimination is done between specific content or applications. Depending on the traffic development these parameters may change over time.

In fixed broadband networks which involve shared capacity in the access network, heavy use of peer-to-peer applications can have similar, but less pronounced effects, as bandwidth is higher and the number of users potentially sharing the capacity is lower.

It can be noted that TeliaSonera has its own content services, such as a music subscription service. TeliaSonera's customers can of course also use other music services such as Spotify, Nokia's music service in Ovi if they have a Nokia phone etc. We may choose to actively market and promote our own music service but we do not block or give lower priority in the network to other music services.

Open is not "for free"

As a telecom operator TeliaSonera provides access to its telecom network and to the Internet. The customer pays an access fee (subscription fee) and add-on service fees for different services such as voice, SMS, data, and applications such as music etc. Linked to the subscription is often a handset, a PC or a modem, which the customer may receive at a very low price in exchange for signing up for a minimum subscription period. This is in reality a financing model for the PC, the mobile telephone, or the modem.

Earlier this year some European mobile operators took a decision to block the use of Skype or other VoiP-applications in their mobile networks. Although we recognize the right for operators to take such a position, TeliaSonera has taken the stance not to block applications for VoiP over mobile, or other applications for that matter. At present the data volumes related to mobile Voip usage are included in most of our mobile broadband offerings. However as usage increases the differentiation will continue and it is likely that mobile VoiP will not be automatically included in all our offerings, but provided as an option. It may also be provided as a separate package or even bundled with ordinary (circuit switched) voice. Our services and packages will vary over time, although one leading principle is that no service or third party application shall be given a "free ride" but shall all bear a fair share of our costs. While we welcome openness for our customers, we will continue to charge for the usage of our networks and services.

Price must match product

The ability to differentiate services and products to customers is a very efficient way to allocate network based resources. We are convinced that the differentiation will continue and expand both in the business and consumer segment and with new technology, such as LTE, possibilities open up to prioritise traffic or services on a per customer level. Some customers will demand a guaranteed quality of service while others may settle with "best effort". Customers will have a vast variety of offerings to choose from.

As volumes of mobile data have exploded in quantity, we have imposed fair usage levels in our mobile broadband offerings due to capacity constraints. In order to establish a connection between price and usage we offer mobile data subscriptions for low, medium and high usage. When customers reach the volume limit set for their specific subscription, they can buy an additional volume to continue the service.

Transparency is vital

Openness is also about being open and transparent towards customers regarding the characteristics and capabilities of the products and services. This goes both for fixed and mobile and one recent initiative taken for mobile broadband is the agreement between mobile operators in Sweden when it comes to market relevant speed, moving from theoretical maximum speed to practical maximum speed.

No need for regulation

Contrary to what has been voiced lately, there is no problem as to the openness of the telecom operators or the Internet in Europe. We are not aware of any significant examples on unwanted discriminatory behaviour, but have rather seen speculations on what potentially **may** happen if telecom operators were to start blocking content or Internet sites etc.

Such speculations shall not form a basis for regulatory intervention. Europe must take a carefully considered approach to these issues and around mandating service levels or business models. We are convinced that this will be solved by the market players to the benefit of consumers. TeliaSonera will continue in all its markets, to initiate or take part in discussions on these issues and would be happy to offer further guidance to any interested parties.