

**Safeguarding competition and  
consumer choice in the roll out of  
fibre (NGA)**

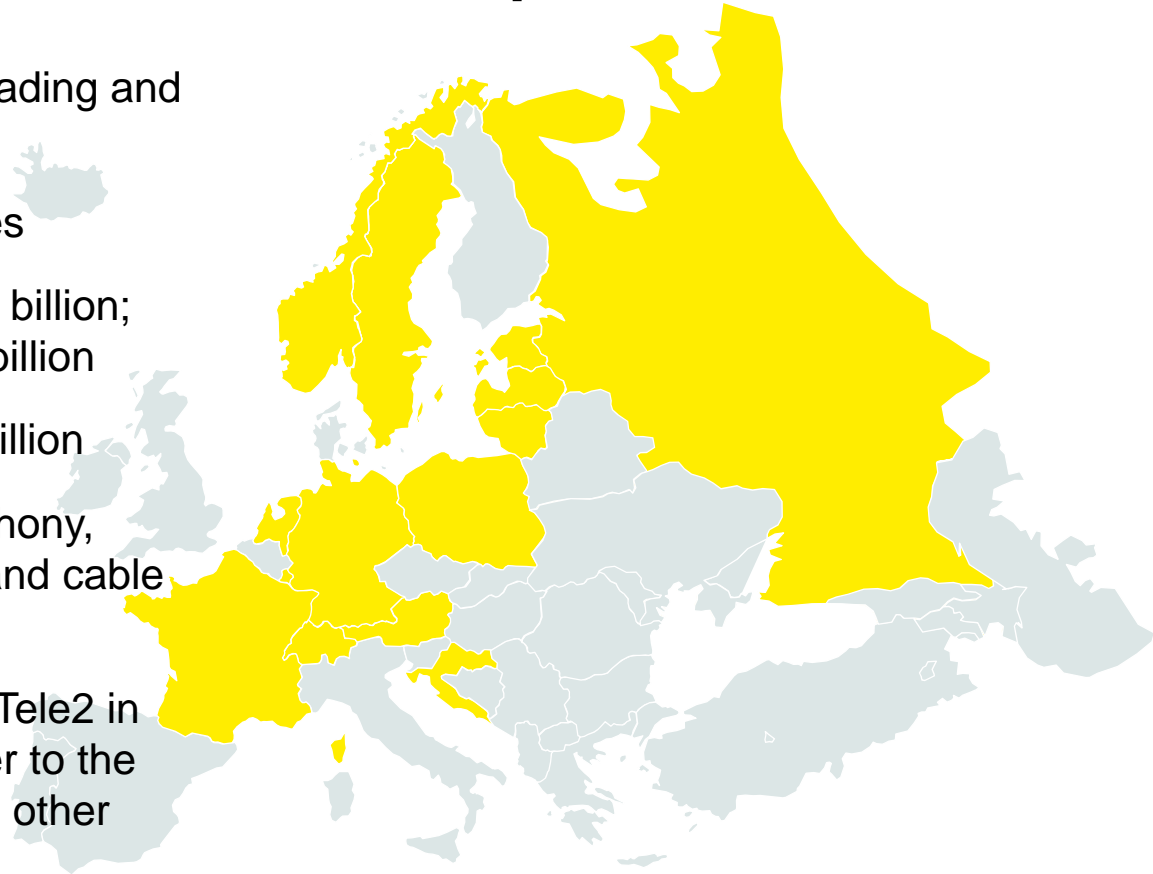
**Mikael Grape**

**Tele2 AB**

**TELE2**

## Europe's leading alternativ telecom operator

- Tele2's mission: to provide price leading and easy-to-use telecoms services
- 25 million customers in 15 countries
- Operating revenue 2007 SEK 43.4 billion; operating profit (EBITDA) SEK 6.6 billion
- Investment 2005-2007 SEK 12,4 billion
- Tele2 offers fixed and mobile telephony, broadband, data network services and cable TV
- Ever since Jan Stenbeck founded Tele2 in 1993, it has been a tough challenger to the former government monopolies and other established providers
- Listed on OMX Nordic Exchange since 1996



**TELE2**

# A Company in Change

## Geographic Expansion of Tele2 1997-2005

- Present in 25 countries
- Mobile in 9 countries
- MVNO in 6 countries
- Broadband in 18 countries
- Fixed in 23 countries

## Realignment of Tele2 2007

- Present in 15 countries
- Mobile in 10 countries
- MVNO in 2 countries
- Broadband in 9 countries
- Fixed in 9 countries

## The New Tele2 2008-

- Smaller geographic footprint
- Focused operations - mobile and broadband services
- Operational scale on own infrastructure
- Internal focus on ROCE

**TELE2**

# Content

- **History of investments**
- **Regulatory framework**
- **Current situation**
- **NGA and fibre roll out around Europe**
- **Safeguarding competition and investments**
- **Regulatory tools**

**TELE2**

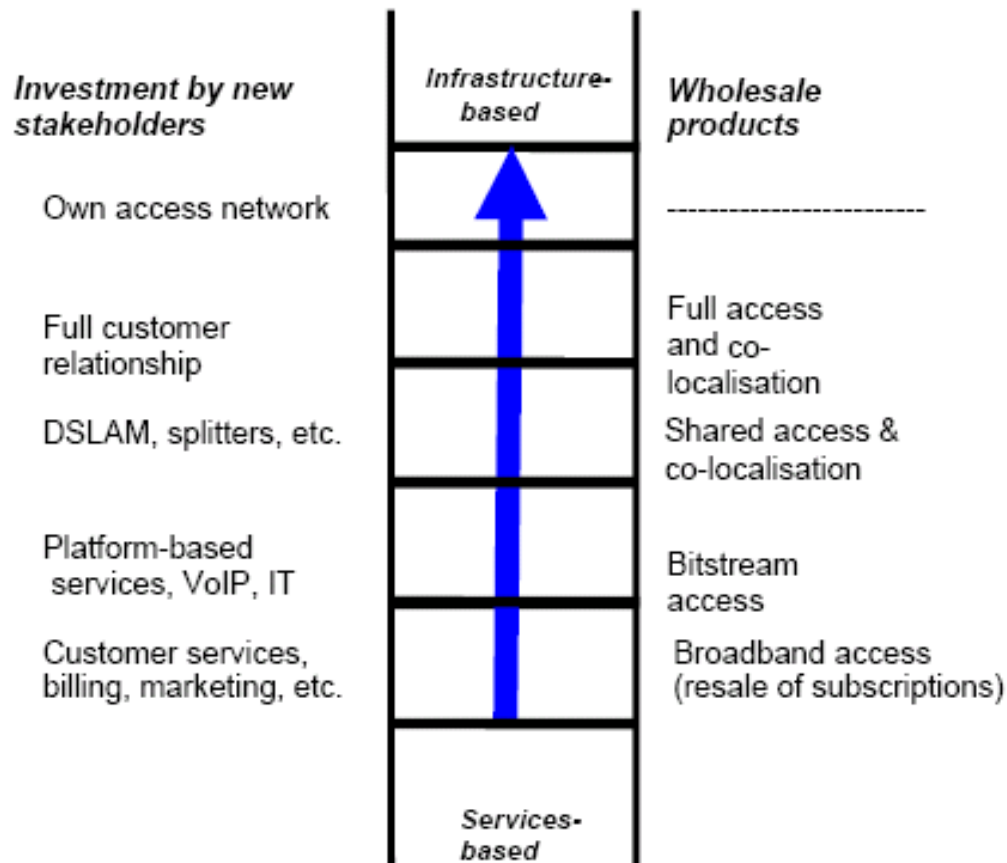
# History of investments

- Markets liberalised in Europe between 1993-1998
- Introduction of dial-up Internet 1994
- ADSL etc 1999
- ULL mandated through regulation 2001
- Bitstream access mandated 2003 in NRF
- Slow ULL uptake in many countries in Europe
- In most countries in Europe investments are ongoing since around 2001

**TELE2**

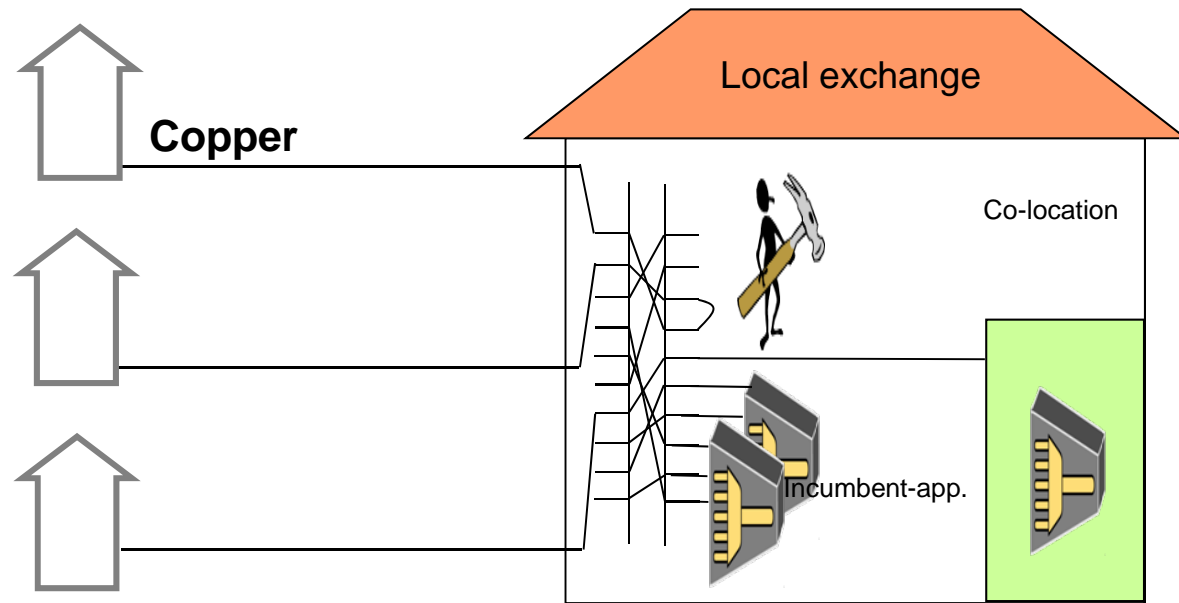
# Regulatory framework from 2003 - SMP

## The ladder of investment



**TELE2**

# Current situation - top of the ladder

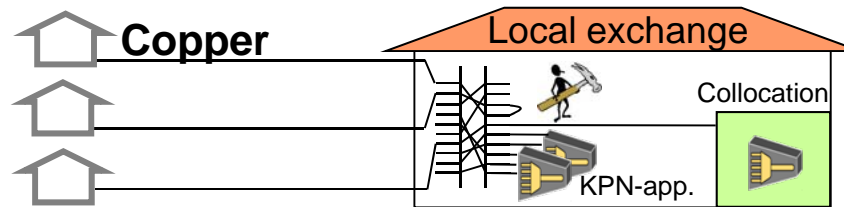


**TELE2**

# NGA and fibre roll out around Europe

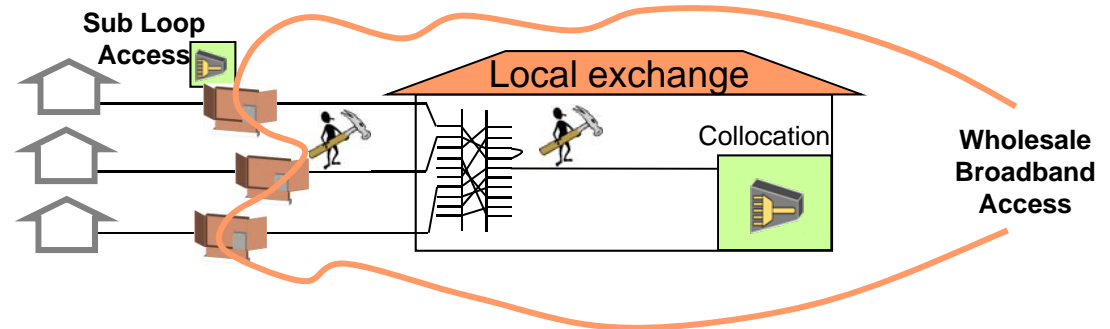
## Current situation:

- MDF Access
- Co-location



## Interim situation:

- MDF Access
- Co-location
- Overlay VDSL
- SLU
- WBA



## Final situation:

- VDSL
- SLU
- WBA
- No local exchanges



**TELE2**

# Stimulating investments

- **Clear, transparent and foreseeable** rules and regulations at both EU and national level
- **Ex ante rules** creating a level playing field, paving the way for ex post monitoring
- **Why is Europe suffering from low investments?**
  - **Lack of certainty** regarding NGA – safeguarding made and future investments
  - **Hidden barriers** raised by incumbents to access
  - **Slow and inefficient** NRAs – independent experts
  - **Non harmonised** decisions by NRAs
- **How can the investments be increased?**
  - **Clear and transparent rules that protect made investments from becoming sunk costs**
  - **Mandating access and imposing rules for infrastructure sharing at cost**

# Safeguarding competition and investments

- A lot has been invested by both incumbent and Altnets – certainty has to be provided for already made and future investments
- Don't force NGA and fibre on end-users who are not willing to pay the price
- Let the customers choose what they want
- What has been built with taxpayers money in a monopoly should not be re-monopolised
  - New investors – starting from scoured earth – not the target

# Regulatory tools

- EU review must address the issue of NGA
- Mandate access to information on NGA by incumbents
- Mandating fibre access – on reasonable terms
- Obligation for incumbents to build fibre network that is accessible for Altnets
- **Functional separation** is a realistic and positive remedy to foster competition and consumer welfare
- Through functional separation investments can be shared by more operators – no room for infra comp on fibre