

## Competition and De-regulation in Telecommunications – the View of Multi-national Users

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### Reuters as a major global user of telecoms

- Reuters annual spend on telecoms exceeds \$500million
- Over 663,200 financial market professionals at 70,000 client locations in 210 cities use Reuters information services
- Reuters telecoms network has POPs in over 90 countries
- Reuters was a founder member of INTUG
- The growth of Reuters information services has been held back over the past 25 years by regulatory issues, lack of suitable services, and high prices
- Reuters lobbies Carriers, Governments, Regulators, the WTO, and the EU to open up telecoms markets

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### Issues facing multi-national business users

- Pricing, availability, and global trends in the supply of telecoms services
- The benefits of competition and de-regulation
- The growing problem of the “Digital Divide”
- Telecoms regulatory issues

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## Pricing and Availability

- Reducing leased line and broadband access costs will trigger additional sales of telecoms services and encourage the growth of e-commerce and inward investment
- The provision of short distance leased lines or broadband services on a cost oriented basis is critical to the availability and affordability of the Internet and the development of e-commerce
- The availability and rapid delivery of services is also vital – eg high speed lines, ADSL, GSM, VSAT, frame relay, ATM, Internet access (ISP) and videoconferencing

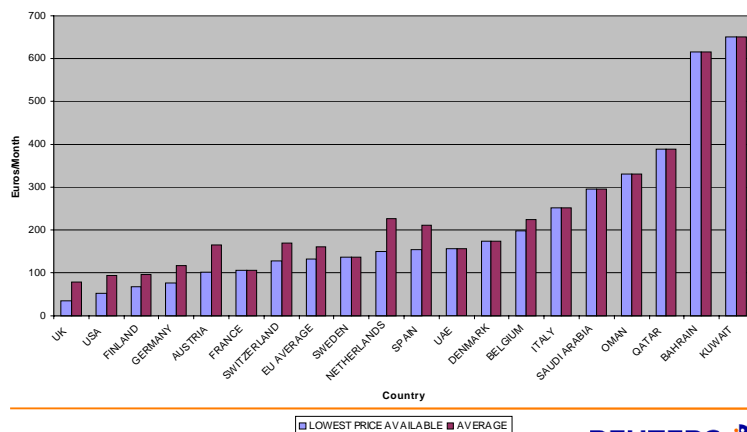


## Some charts...

- The following charts are based on prices currently paid by Reuters and its subsidiaries, ie are net of any discounts
- US prices for 2Mbit/s are T1 prices times 1.33
- Prices are based on major business centre locations only
- Local circuit prices are for an average distance of 5km.

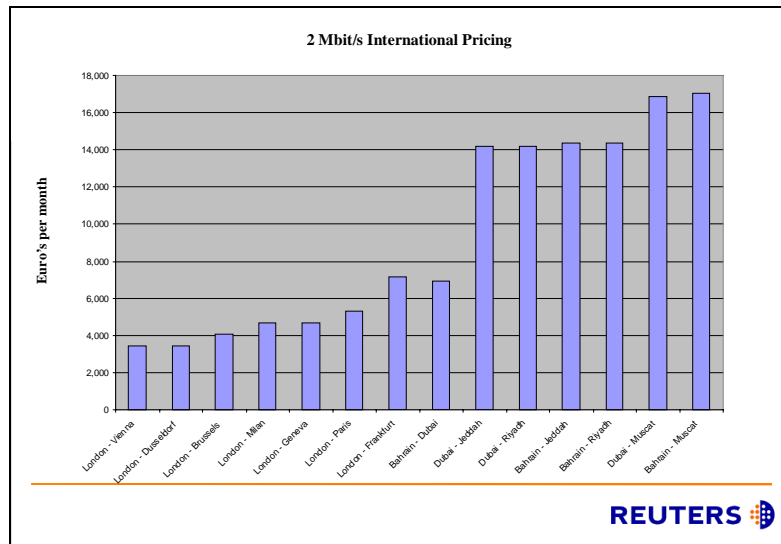
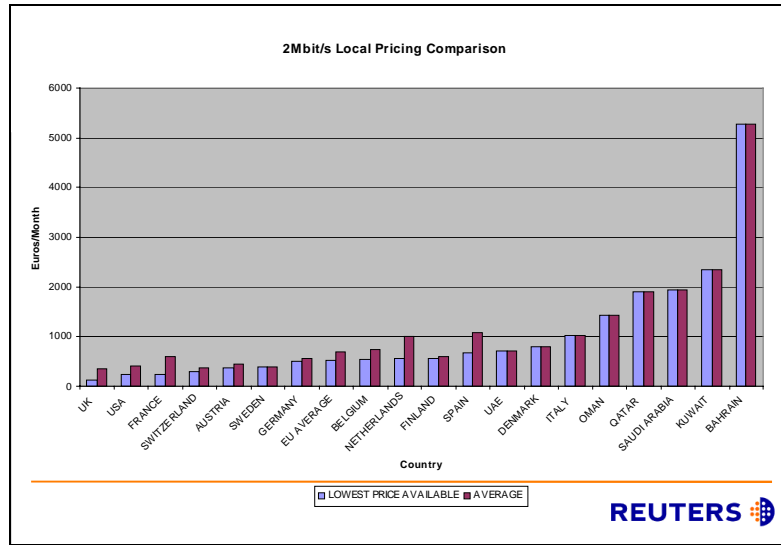


64kbit/s Local Pricing Comparison



■ LOWEST PRICE AVAILABLE ■ AVERAGE





## Pricing and Availability

- In Europe prices continue to fall, in particular cross border circuits between major business centres
- Prices continue to fall in the US. Notably over the last 12 months national circuit prices have fallen faster than in Europe
- Market deregulation progresses and prices are falling globally, most notably in China (50% in 2001)
- The availability of new technologies varies widely from country to country

## The benefits of competition in the supply of telecoms services

- Competition results in lower prices, better services, and better availability of new technology
- Growth in e-business is a driver for economic growth and employment
- Corporates will respond to a reduction in operating costs, stimulating the e-commerce economy
- The attraction of inward investment into telecoms infrastructure

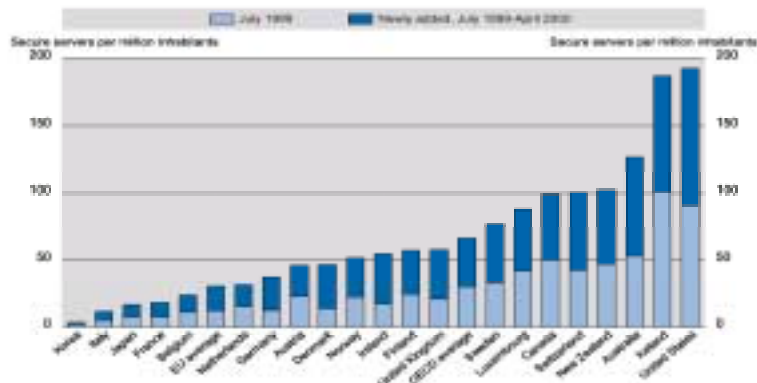
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## The growing 'Digital Divide'

- A globally competitive telecoms environment is a prerequisite for e-commerce competitiveness
- Europe and the US have lower tariffs than the rest of the world. This provides them with a competitive advantage in attracting Corporate businesses and results in growth in the e-economy
- OECD reports confirm that the Digital Divide is growing. Urgent action is needed by Governments and Regulators to redress the problem

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E-commerce activity - by secure server numbers - OECD "The new economy: Beyond the hype"



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## Telecoms regulatory issues

- Multi-carrier operations restricted to particular “zones”
- A requirement for majority national ownership of network operating companies
- Licences, for international or inter “zone” connections particularly to open networks or the Internet
- High licence fees for the use of VSAT receive only terminals
- High costs or onerous conditions for new carriers who wish to “open the road” or gain access to buildings

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## Regulatory environments to stimulate the e-economy

- A regulatory framework that actively supports the introduction of second or subsequent carriers by removing barriers and providing incentives to trade
- Support for the development of alternative infrastructure or the establishment of a wholesale market for communication services between carriers
- Regulation limited to the control of scarce resources – i.e. radio spectrum

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*Thank you for listening*

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