

ETNO Interview

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Christoph Steck, Director of Public Policy & Internet at Telefónica
on
the Telefónica Digital Manifesto

Telefónica has recently launched “A Digital Manifesto”, an extended document in which the company describes its perspective on the digital future.

1. Why did Telefónica decide to launch a Digital Manifesto now?

We are right at the beginning of a Digital Revolution: new technologies, always-on broadband connectivity and apps are present in everyone's life and re-shaping our work and private lives. This is a fact and it is having a clear impact on how markets work and how they evolve. However, this rapid growth has created global unbalances in the current market. After a careful analysis, one can clearly see that many current rules regulating our market were designed for the 20th century and are not valid anymore in the emerging Digital Economy.

Therefore, things need to improve. More specifically, public policies around the Digital World need to be readapted and it has to be done now, if we do not want these unbalances to become structural. This is the right time to react before it is too late. We need to wake up and ensure that the potential benefits of the Digital World are reaching **everyone on earth** and that the Digital Economy is based on **fair rules and competition**. Currently, public concerns are growing around issues such as privacy and security. These concerns will hamper the positive impact of the Digital Economy and the Internet on our everyday lives.

This is why we have defined a Digital Manifesto of policy recommendations. We aim to improve the Internet experience of our

consumers and generate an overall climate of comfort for all stakeholders involved in the Digital market.

2. What is the objective of the Digital Manifesto?

The main objective of the Digital Manifesto is to raise some questions and open the debate on essential aspects so as to ensure that the Digital Economy will benefit all of us, independently of where we are.

The Digital Manifesto should be understood as a broad view on what we believe the challenges of the Digital Economy and the Internet are for policymaker and regulators. We have defined 10 policy recommendations based on our customers' views on how to achieve an open and safe Internet. We believe that tackling these issues will ensure that the Digital Economy and its potential benefits will become a reality for all in the coming years.

This is why we have focused the Digital Manifesto around 4 big issues: the need for an Open Agenda ensuring an open digital experience for all (for example open apps stores, open operating systems, open standards and platforms...), the creation of a safer digital environment for users - taking into account what worries them (privacy, security, etc...), the promotion of a multi-stakeholder approach for the Governance of Internet, and the re-adaptation of public policies to the new digital markets.

This is not a static vision. On the contrary, with the Digital Manifesto, we wish to follow the evolution of the Public Policy debates around these issues. This is why we have created a specific website where everyone can keep updated and follow these issues. I invite everyone to have a look at it and send us comments (www.digitalmanifesto.telefonica.com).

3. Is Europe on the right track to grab the potential of the Digital Economy?

We all know that the EU is lagging behind other geographical areas. This is specifically true for innovation and entrepreneurship. This has been recently recognized in several reports, such as the one issued by Strand Consult entitled "The EU broadband challenge" in which they consider that the EU should simplify and reduce the regulation of broadband providers, remove barriers to consolidation, and embrace a market-led, technology neutral approach to broadband. This will be essential to recover our role in this new market. The Digital Manifesto also underlines this idea, highlighting the fact that - if it acts now - the EU has the possibility to improve its position in this new World.

4. Are you attacking US companies with this Digital Manifesto to better protect EU companies like yours?

Not at all. Let's remind ourselves that the World has changed and now, our competitive environment is the whole World, not only a single region or country. This is why Telefónica is calling for a review of the current regulatory framework. Telefónica considers that the current framework is no-longer adapted to the times to come. We need rules that are better adapted to the new market realities and applicable, on a level playing field basis, to all the stakeholders acting in this market.

We are asking policy makers and regulators for simple criteria to be implemented: Same services, same rules, independently of where these services are provided. We consider, for example, that in the EU, telcos are overregulated while Internet Service Providers offering the same services are not obliged to fulfill the same commitments. This situation is unfair in competitive terms and creates distortions in the digital market. In this sense, a level-playing field is a fundamental lever to boost the Digital Economy. This is, by the way, not a debate which is specific to the telecommunications market, as you can see by the recent public protests of media companies, as well as taxi drivers and hotels. Digitalization, connectivity and the Internet are re-shaping all industry sectors, but the policies and regulations are still the same as 20 or 30 years ago. This will

need to change if we want competitive markets where all can compete fairly, based on the same rules. All policies should be revised keeping in mind this increased competition. My guess is that we will find much regulation which is outdated.

5. You are requesting a level playing field for all players through the Internet Value Chain. How do you aim to achieve this? Do you suggest increasing regulation of OTTs or reducing regulation of telecoms? Is the Digital Manifesto a call for more regulation?

The Digital Economy has become a very competitive, dynamic and fast changing market. It is really a converged market, where players from different sectors are competing for the same customers and providing the same kind of services. As such, it is clear that all of us should have the same possibilities and obligations, so that no player enjoys a competitive advantage: the way to get this is by achieving a **level playing field**.

In such a dynamic and fast changing market, policies and regulation are not matching the speed of change, and can thus stifle innovation and the creation of new business models. A more effective and smarter approach is urgently needed.

There is, in most cases, no need for more regulation. Instead, Policymakers should carry out a thorough and forward-looking analysis, defining the desired policy outcomes and then drafting appropriate regulation and removing any outdated rules. The amount and use of ex ante regulation should be decreased, and rather be oriented towards reaching desired policy outcomes by intervening ex-post in cases of anti-competitive behavior of market participants. Policymakers should rely more on outcome-based policy-making and case-by-case competition decisions, while fully adopting the **same services, same rule principle**: same services need to be governed by the same rules, independent of underlying technologies.

So, in a nutshell, we are asking for a future-proof and dynamic approach, with less regulation and greater support from competition authorities taking ad-hoc measures to tackle anticompetitive actions once they emerge: Better competition law, having an overview of the digital market and intervening fast when anti-competitive behavior emerges is better than ex-ante regulation and trying to predict all possible market behaviors and potential new business models.

6. What are the main challenges for policymakers right now?

Policymakers should take into account the changes and adopt a more pragmatic perspective when they set up public policies applicable to the Digital Economy.

It is clear that policymakers need to respond to the geographic diversity created by the Internet: general principles need to be found for their application at a global level as our World has no frontiers anymore.

The reality of the market shows that we are moving towards converged markets: we are all competing with our collaborators, from the communications companies to the service providers, manufacturers... Here also the frontiers have disappeared! And regulation must recognize this increasing level of competition and adapt to the new market reality, applying a level playing field to ensure a fairer and safer degree of competition.

Policymakers also need to face the speed with which this market is changing. Therefore, they should adopt smart regulations that can deal with the innovative and fast changing environment of digital markets, based more on ex-post regulation than ex-ante measures that could stifle innovation and growth in the future.

7. The debate on Internet Governance is one of the hot issues of this year. What is your view on this matter?

If we want to avoid the risk of various parts of the world taking different approaches on how to deal with the Internet, we need to ensure the evolution of the current model, but also build on its strong foundations. This means that we need to continue with a collaborative multi-stakeholder approach, but also improve transparency, diversity and accountability, making sure that all relevant stakeholder can cooperate and be heard. Now is the moment to find common ground to restore user confidence in the Internet after the revelations around mass surveillance and increasing concerns around the use of personal data shared online. This is the real challenge that we face: building an improved Internet Governance which is sustainable and evolves dynamically with the rapid growth of the Internet itself. The globalization of IANA and ICANN are very important milestones on this journey, but might not be sufficient alone. What we need are better coordinated and funded multi-stakeholder processes which can help build trust and confidence for Internet users worldwide and ensure that Public Policy issues on the social layer of the Internet and on its content and services are dealt with in the same open, inclusive and transparent way as the technical layer of the Internet, for example for standards. The multilateral versus multi-stakeholder debate is missing the point. We need all relevant stakeholders and of course also governments to deal with the huge challenges we see. The involvement will naturally depend on the specific issue in question and the relevant role and capacity of the stakeholder group and of governments.

Thank you for your time.

By ETNO Digital – Brussels, 7 April 2014

Telefónica's Digital Manifesto can be found [here](#).