

IGF Hyderabad  
Access Main Session  
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Supply Side  
Opening Statement  
Peter Hellmonds

Thank you, Anriette.

It's wonderful being here, despite the terrible things that happened last week in Mumbai. It's wonderful being here because India is a wonderful country with charming people, and this IGF, the third of its kind, finds me among friends and family.

But let us talk about Access from the supply perspective. You know, my company is, we are a major supplier of telecommunications equipment to many of the big telecom operators around the world. In fact, we supply to customers in around 150 countries. So, we do have a bit of an understanding about the issues surrounding our customers and their customers.

And I think we do agree on a couple of essential findings that have come out of the multistakeholder process during the WSIS and the IGF.

First, for there to be increased access, one needs sufficient supply and effective demand, and a functioning market that is competitive. Because competitive markets have shown to provide for more choice to consumers, both as individual households and as businesses and also for governments. Competition drives down prices, increases choice, and expands access. And affordability is one of the main factors driving demand, so from a supply perspective, thinking about an expanding market, we need to realize that we need to drive down costs, provide for affordable access solutions, something which we call lowering the total cost of ownership.

Second, we realize that simply building the networks alone is not sufficient, as there are other factors affecting demand, such as awareness, incentives, motivation, and capabilities. And this is an issue not only for the end users of the services, but also for operators and regulators, and other players along the supply value chain. Even in the developed world it was not just a simple “build it and they will come”, but required a great amount of investment into awareness raising, and into capacity building, and into developing the applications that would provide for incentives and motivation to drive up adoption rates.

So, when we look at building networks for those at the bottom of the income pyramid, which is where many of the next billions of users are going to come from, we need to target not just lower total cost of ownership, but we will need to think also about these other soft factors.

Third, we are also aligned by the understanding that next to increased coverage of the networks and capacity building, the availability of applications adapted to the needs of users in rural areas is key to improving developmental outcomes, be they in agriculture, in health care and education or in the efficiency of the delivery of market information or the provision of governmental services to businesses and to end users alike.

And it is apparent that some in the traditional development community are still thinking of ICTs as a luxury, and as a competition for scarce resources. But I honestly believe they are mistaken, that ICTs are complementary, not substitutions for other development-related interventions. To achieve the benefits of ICTs in development, we need a positive alliance, and an integration of ICTs into the developmental agendas, and a harmonization of policies in individual countries, between different ministries, so that ICT development can become the effective supporting and enabling tool to enhance developmental outcomes.

So, when you take these three factors together, we realize that there are competitive areas and there are collaborative areas, and this need not be in-

terpreted as a contradiction. Even in developed markets we see pre-competitive collaboration when it comes to awareness raising, and to efforts for increasing the size of the market, because every competitive market participant will benefit of a larger market. So, it is no surprise that ICT initiatives find broad participation and support, and collaboration amongst the competitive market participants. And it is not only awareness raising towards the end consumers, but also towards the regulators and legislators, where suppliers collaborate, for example in industry associations or ICT initiatives, in developing the arguments and recommendations for changes in the policy and regulatory environment.

The message in this respect is that we have long ago left the traditional business of the fixed line monopoly infrastructure where long-term investment and rollout plans were the norm, with long waiting times for connectivity. Instead, the past two decades have given ample evidence that we are in an area of rapid growth, innovation, and transformation. Those countries that have realized that the best chances of catching up, or of leading the world's league tables, have regulation that does not micro-manage the industry, but provides the right incentives for innovation, and for adoption of new technologies.

The challenge lies in finding the right balance between freedom for the market powers, providing stimulus where the market is not yet sufficiently developed, and light-weight market regulation for the public good. Business will need this kind of environment to innovate, not just with technologies, but also with business models that are targeted to address the needs and circumstances of rural users.

In my company, we envision a world where by 2015 we will see 5 billion users connected to the Internet, with traffic increasing 100-fold, and we realize that the phenomenal growth for this goal will be primarily in the emerging markets of Asia, Africa and Latin America. While today, we may still see the majority of Internet use taking place in the fixed network environment, we must admit that the astronomical growth in mobile subscribers and mobile networks provides us with a much better basis for growing the Internet in emerging markets than

reliance on the fixed networks. And in many rural areas we may still see primarily voice and text messages as the means to communicate and access information. Therefore the ability to transform these low-bandwidth capabilities into higher values for the rural users through applications and services that translate rich-content media for use in these devices will be a crucial enabler.

That is not to say that mobile networks are the solution to everything. They are extremely well positioned to provide access for the last mile, and perhaps even on the aggregation level. But we do also need strong backbones to carry the traffic, and here fibre optic backbones are the ones that provide for the capacity. But also in this market, it is apparent that competition in the market drives supply and provides for higher capacity at lower prices.

And we have also seen working business models where a data network provider who has laid a backbone is leasing capacity to a number of operators, who could also have choice between different backbone providers.

To enable this kind of transformation, licenses and access to the radio spectrum needs to be allocated efficiently and equitable, to allow for the broadest adoption possible. But for the development of a backbone infrastructure, one could also think about models for sharing information about the next infrastructure projects such as roads or railroads or even electrical landlines, since fibre-optical backbones can run in parallel even to high-voltage lines, as they are not susceptible to interference as copper-based backbones would be. In Germany, we have now been successful in convincing the government to support the idea that information sharing of such projects, where construction work in one infrastructure can be utilized to lay fibre-optic cables, is being actively promoted.