

The Alliance of Telecommunications Terminal Equipment Manufacturers (VTKE) on the draft BEREC Guidelines on Common Approaches to the Identification of the Network Termination Point in different Network Topologies (BoR (19) 181)

The Alliance of Telecommunications Terminal Equipment Manufacturers (VTKE) expressly welcomes the fact that BEREC is concerned with defining the network termination point and has drafted and published the corresponding guidelines.

The guidelines will lead the way for free choice of terminal equipment – ideally throughout the European Union.

In line with the European Electronic Communications Code, the guidelines contribute to assisting national regulatory authorities in taking decisions on the definition of the network termination point in different network topologies. They serve as guidance for the NRAs when it comes to taking action and making decisions.

In addition, the Europe-wide guidelines lead to further harmonization of the regulatory requirements for free choice of terminal equipment in the individual member states of the European Union, which are currently heterogeneous.

The guidelines, which national regulatory authorities should "take utmost account of", also reduce potential uncertainties and ambiguities when it comes to the advantages and disadvantages of the different network termination point alternatives (point A, B or C, see Fig. 1). Furthermore, they facilitate the concrete implementation of the network termination point selected by the NRAs.

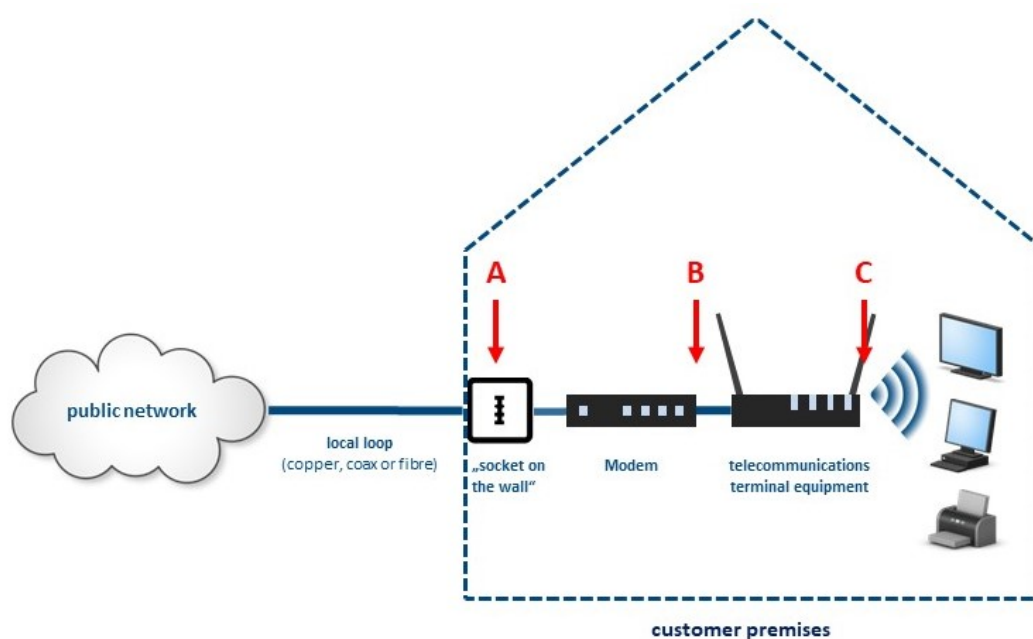


Fig. 1: Different locations of the NTP

Advantages of determining the correct NTP (point A)

In the best case scenario, the BEREC guidelines mean that end-users can decide for themselves which terminal device they want to connect to the "socket on the wall" and use.

Only if there is the correct (passive) NTP, in conjunction with disclosed specifications including layer 1

- There is an open market for terminal devices, competing for quality and performance features in order to attract customers. This is what leads to transparency and security.
- End-users can easily change providers and terminal equipment depending on their needs.
- This increases diversity when it comes to devices from different manufacturers, vendors and providers that are used on the networks of different network operators. This promotes interoperability overall.
- It is possible for manufacturers of terminal devices to offer fully integrated terminal devices with optimum energy consumption and performance features.
- It is possible for manufacturers of terminal devices to make optimum use of existing services and develop features.

The above-mentioned points have long been fully implemented in mobile communications. They are decisive for the unbelievable development and incredible innovations in this sector.

The success factors of mobile communications also apply to fixed-line networks. To our regret, this is not recognized by all market players. Fixed-line networks will continue to carry by far the largest share of the data volume of end-users, including in the future.

Disadvantages of determining the incorrect (active) NTP (point B and C)

The BEREC guidelines carry the risk of the manifestation of so-called "obligatory routers", which would have serious negative consequences.

In the case of incorrect (active) NTP and without disclosed specifications including layer 1

- The end-user always has to operate a device from the network operator on his premises.
- The CPE, whether it's a modem, router or IAD (Integrated Access Device)* is always proprietary, obligatory, not exchangeable and not controllable.
- The end-user's digital sovereignty is limited.
- The obligation to use certain terminal equipment creates a monoculture. This also has a negative effect on IT security and interoperability.
- The network operator can receive information from the home network - the end-user's private network - in an uncontrolled manner.
- It is not possible to change providers or relocate while retaining the terminal device and settings. Data and information on the terminal device is lost.
- The share of closed broadband connections ("golden bundles") increases. Manufacturers of network equipment link the sale of their network equipment with CPE. This goes against the spirit of diversity, interoperability and freedom of choice.

* An Integrated Access Device (IAD) combines the modem and additional functionalities in one single device. Typical examples are: modem and router, modem and VoIP, modem and router and wireless LAN. The combination of modem, router, wireless LAN and VoIP in one single device is particularly popular.

Central aspects of the Draft BEREC Guidelines on Common Approaches to the Approaches to the Identification of the Network Termination Point in Different Network Topologies

At this point, we would like to highlight four aspects, which in our view are fundamental.

NTP at point A is the rule

The guidelines indicate that point A should be the preferred NTP (please refer to e.g. Conclusions Impact on the TTE market (42), Objective Technological Necessity (47), Simplicity (85), Security (105), Data Protection (116), and Local Traffic (126)). Due to the importance of this observation, it would be welcomed if the statement "NTP at Point A is the rule" is already explicitly stated in the front part of the guidelines. This contributes significantly to the clarity of the document and the simplicity of its implementation.

Standalone modem has no further functionality

If the NTP is at point A or point C, the role of the modem is obvious. However, this is not so in the case of point B. At point B, the subscriber-side interface of the modem does form the NTP. From the draft we can see that, according to the understanding of BEREC, it is an independent device which has no functions beyond the modem functionality.

The current uncertainty offers potential for circumvention. We are aware of cases where individual network operators deliver IADs by using bridge mode or by looping out "Point B" instead of standalone modems. Independently of this, manufacturers cannot deliver IADs to end-users at point B, as the modem is the network termination at point B.

The consideration of the IAD as the largest market segment is missing

We consider it extremely necessary to also include the various device classes such as modems, routers, VoIP adapters or set-top boxes (e.g. guideline 65). The respective device class plays an important role when considering the NTP at point A, B, or C.

However, the IAD device classes were missing from these considerations. They are by far the most important device class and the most popular product among end-users in terms of quantities and sales. Both network operators and manufacturers offer IADs to end-users.

When it comes to the effects of the location of the NTP (A, B or C), reference is made to the device classes modem, router, VoIP adapter and set-top box. Depending on the location of the NTP, the device is assigned to the TTE or the public network.

However, the highly relevant impact on the most important and largest device class of the IADs is not taken into consideration. This inevitably leads to the wrong conclusions. These can be seen, for example, in the question of impact on the TTE market when the NTP is at point C. The correct result would be to eliminate the entire device class of IADs completely from the TTE market. They will be completely transferred to the network operators.

The same applies if the NTP is at point B with the obligatory standalone modem. This means neither the manufacturer nor the network operator can deliver an IAD to the end-user.

An unclear view of TTE market

The impact on the TTE market is not considered at decisive points in the analysis. Instead, another market, a so-called "CPE market", is taken into consideration. Such a "CPE market" neither plays a role in laws, nor does it help in the assessment of the TTE market.

Moreover, the impact of the NTP's location on the "CPE market" are ultimately transferred to the TTE market. This unfortunately significantly distorts, for example, the negative impact of the NTP at point B and C on the TTE market. In both cases the popular IAD device class is withdrawn from the TTE market.

Thus, in order not to draw any wrong conclusions, the guidelines concerning the TTE market should only consider the TTE market, analogous to the heading "Impact on the TTE market".

We consider it necessary to take the above-mentioned aspects into account in the further processing of the draft BEREC Guidelines on the definition of the network termination point. This is the only way to ensure that there will be a genuine free choice of terminal equipment in Europe in the future.