

# Business Connectivity Market Review Call for Inputs

## Response by Ericsson Ltd

Ericsson welcomes this opportunity to comment on the scope of the forthcoming Business Connectivity Market Review. We have chosen to limit our response such that we only cover a subset of the questions in the consultation document

### Responses:

*Question 18: What are your views on the role that passive remedies could play in this market for the promotion of downstream competition? In your view, what implications might adoption of passive remedies have on the provision of active remedies?*

Ericsson took part in the BDUK Industry consultation exercise last year and it was clear that one of key issues was that the cost of backhaul was a dominant factor in causing rural broadband business cases to fail.

This cost issue is also important in extending mobile broadband since extension to significantly higher capacity radio systems requires a large increase in the capacity of back haul. This corresponding increase in costs coincides with the reduction in end user price expectations for data based services and a subsequent need to drive transport costs down if the UK is to reap the benefits of faster broadband.

There was hope by many that the passive remedy of PIA would be more widely applicable than it actually was in practice. There is a need for a step change in availability of high speed connectivity as well as improved tariff structures.

We urge Ofcom to set out measures to ensure passive access is available other than to end customers. This should explicitly allow use for mobile back-haul as well as for fixed network backhaul. The objective should be to construct schemes which allow economic broadband growth without penalizing the incumbents.

*Question 19: Have business connectivity markets changed since the last review? If so, how? How might business connectivity markets develop during the next four years?*

Business connectivity markets have changed as demand for new interfaces and higher speed have grown. The most significant changes are the data volume growth and the move to superfast broadband, which is as yet a policy objective rather than an observable effect.

We expect that many new applications will use virtual connections over high speed services which in turn are conveyed over Ethernet. In essence we see that lower speed applications will use Ethernet rather than TI products. However it would be premature to suggest that all of the existing applications that use TI will be replaced and moved to AI counterparts.

*Question 20: Do you have any comments about arrangements for withdrawing regulations as TI services reach the end of their lives?*

It may be premature to consider such removal given the way in which the service life is being extended for existing network components.

*Question 21: Are there any other issues or views you would like to put forward that are not mentioned in this paper?*

Ofcom have amended powers under Article 12 of the revised framework directive to require infrastructure sharing. It may be useful to explain the way in which any remedies proposed under the BCMR and the Article 12 powers are related, if indeed they are. This would offer added certainty to industry in forming cases for investment