



Regulatory, Antitrust, Privacy and Wholesale Affairs
Regulatory and Antitrust Affairs
Via C.G. Viola, 48-00148 Roma
Tel. +39 06 83111
Fax +39 06 83113983



**Response to the BEREC Public Consultation on the
BEREC STRATEGY 2015-2017.**

- Non-Confidential version-

Company Description

Founded in 1997, WIND Telecomunicazioni offers integrated mobile, fixed-line and Internet services that markets under the “WIND” brand name and the “INFOSTRADA” brand name.

A young, innovative and fast-growing company, Wind has always been committed to bringing out the best in the features that most reflect its values: a top quality network, excellent customer service and transparent and affordable pricing.

In 2010 Wind reaches the threshold of 20 million subscribers in mobile telephony and is awarded Best Customer Satisfaction for Mobile Consumer customer between telecommunications companies in Italy.

Since 2011 Wind has been part of the VimpelCom Group, is one of the world’s leading integrated TLC operators, offering voice and data services using a series of mobile, traditional and broadband technology.

In 2011, Wind wins frequencies LTE/4G and launched "Wind Business Factor", an initiative designed to support the creation of start-up and growth of innovative enterprises.

In April 2012 Wind launches "Minuto Vero" for mobile phones: the minutes included in the Wind options and plans "All Inclusive" are all priced on a per second.

In August 2014, Wind confirmed its position as third leading mobile operator in Italy with 21.9 million customers, and the leading alternative operator in Italy for fixed line communications with **2.9 million customers**, of which **2.1 million** using broadband.

Contact person:

For any question related to this document, please contact

Diego Padovan at diego.padovan@wind.it



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Introduction

Wind welcomes the BEREC public consultation on the BEREC STRATEGY 2015-2017 and appreciate the possibility to give its point of view as leading Italian Alternative Operator since the market liberalization in Italy.

In this respect, Wind's document reflects the structure of the BEREC's document, with suggestions about those elements that are essential for a proper assessment of mid-term regulatory mainstreams as well as those elements in the current public consultation that may have impacts on the Market. Therefore, Wind invites BEREC to take into account both elements in order to evaluate their inclusion within the final document.

BEREC Strategic pillar 1 and 2 – Promoting Competition, Investment and the Internal market

The current market situation, in which telecommunication companies are competing, is characterized by a story of retail price decrease and increase in quality and innovation provided to end users mainly thanks to the paramount role of alternative operators across EU. This fact is more evident if compared with other sectors, in particular for other utilities which gained years after years by increase in prices (see Figure 1).

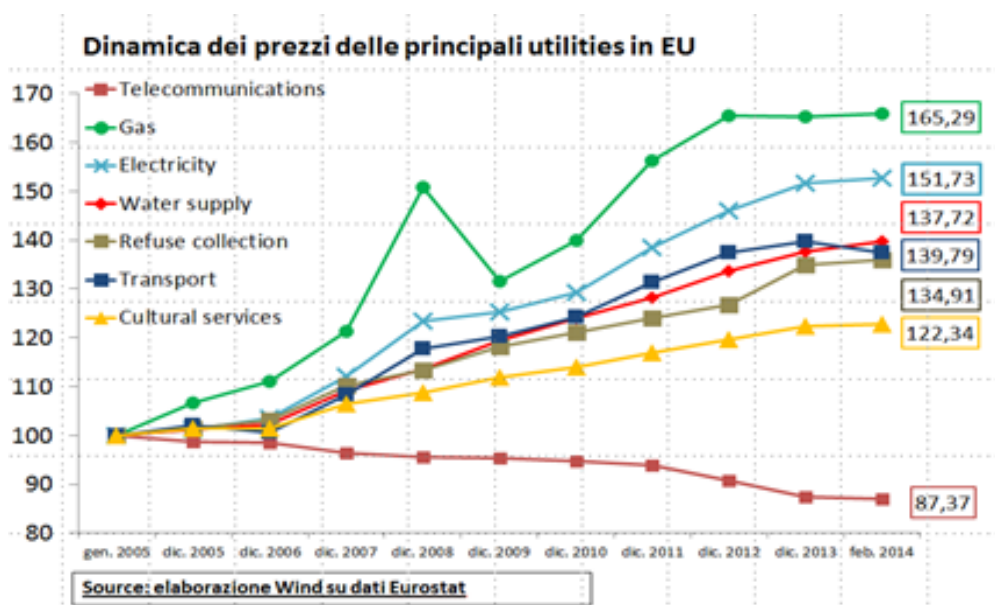


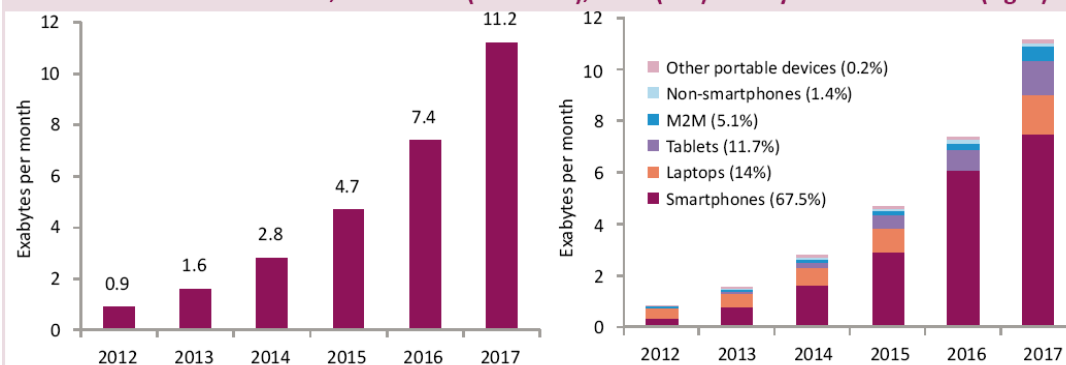
Figure 1. Retail Price trend for EU Utilities and telecommunication services, from 2005 to 2014. Source Wind estimation on Eurostat Data

To make some few example, on average, prices for the Energy sector grown more than 50%, at the same time Gas grown more than 65%, Water and Transport respectively grown more than 37% and 39%. Bearing in mind this consideration, the role of BEREC, as

the group of European National Regulators, remains of paramount importance especially considering how regulatory decision may impacts on investments, innovation and competition.

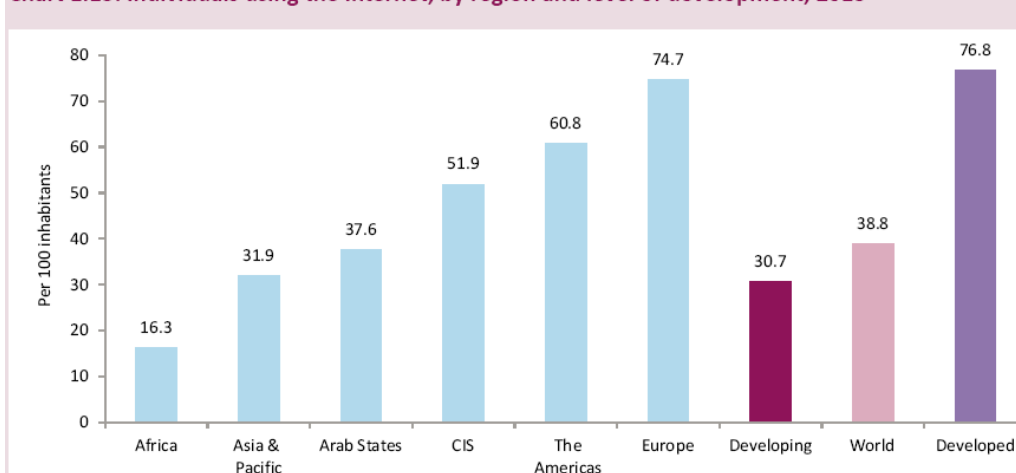
At the same time, the use of Internet via wireless networks and devices is still growing strongly, mainly driven by an ever-increasing use of applications and services in the markets provided by Over the Top Players (OTT). According to Cisco's Figures (2013a), global mobile data traffic grew by 70% in 2012, to a level which corresponds to almost 12 times the entire Internet traffic in 2000. Half of the traffic was video traffic. Cisco forecasts that "global mobile data traffic will increase 13-fold between 2012 and 2017.

Chart 1.4: Mobile data traffic, 2012-2017 (forecasts), total (left) and by end-user device (right)



Note: Figures in legend (right chart) refer to traffic share in 2017. Source: Cisco VNI Mobile Forecast, 2013a.

Chart 1.13: Individuals using the Internet, by region and level of development, 2013*



Note: * Estimate.

Source: ITU World Telecommunication/ICT Indicators database.

Figure 2. Source: Measuring the Information society, ITU, 2013

The strong growth in mobile data traffic puts enormous pressure on mobile networks, which requires investments by Telco Operators (as correctly highlight by ITU, see Figure 2) but at the same time the value is continuing to flow mainly on OTT side of the Market.

Chart 1.8: Annual investment (CAPEX) of telecommunication operators, world and by level of development, 2007-2011, total in USD (left)

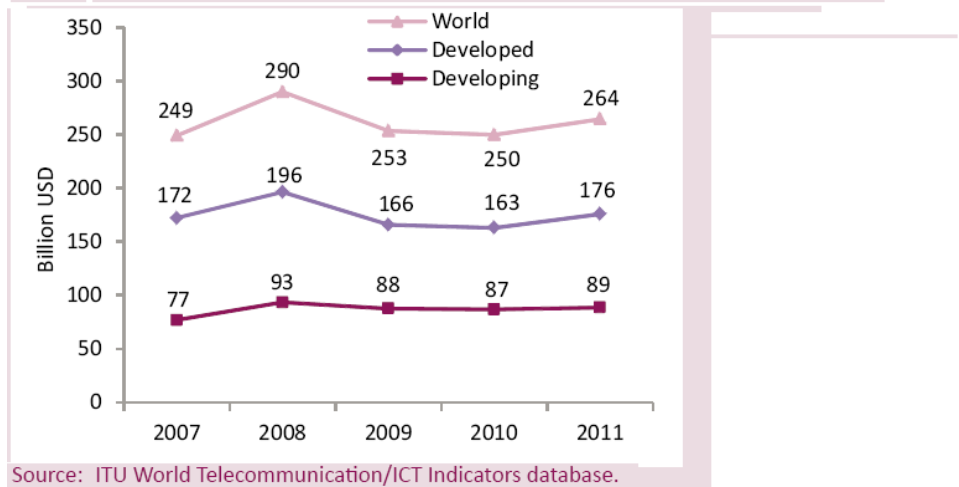


Figure 3. Source: Measuring the Information society, ITU, 2013

These figures reflect the shift of consumer interest towards the internet communication services [OMISSIS].

This scenario is also the consequence of a Regulatory Framework which looks only to traditional telecommunications networks and services, missing the evolution of the internet based services, [OMISSIS]. One of the fundamental consequence of this approach is the incorrect allocation of content/application costs within the overall ecosystem.

In this view, Wind welcomes BEREC approach on OTT services, encouraging its role in monitoring all market dynamics and impacts for telecommunication operators and advising the Commission on current regulatory imbalance to the detriment of Telco players. Such high-level advisory role should be promoted and enhanced especially considering the forthcoming review of the Regulatory Framework.

For what concern the “traditional” telecommunication services, BEREC did a lot of efforts to ensure a proper implementation of the rules made by the Commission, but Wind envisages yet a strong power exerted by incumbents on fixed networks. In this sense, it is important to bear in mind that according to OECD Figures¹, in July 2014, DSL is still the prevalent technology, making up 51.5% of fixed broadband subscriptions, but it continues to be gradually replaced by fibre, now at 16.7% of subscriptions. As explained also in Wind’s response to the to the public consultation of BEREC on Regulatory Accounting and BEREC Work Programme 2015, LLU access obligation is the main regulatory tool to foster competition and it will remain of paramount importance for the years to come, especially in those countries where there are no cable operators which can compete at wholesale level to provide access to Altnets.

¹ Source: OECD broadband statistics update, July 2014, available at <http://www.oecd.org/sti/broadband/broadband-statistics-update.htm>

The promotion of competition and investment should be pursued every time taking into account the countries specificities, [OMISSIS]. Therefore maintaining NRA capability to safeguard national specificities means taking the proper remedies to address such issues and create a level playing field tailored for the country which is applied. For example, the presence of cable or not (i.e., Italy has no CATV), and other features should be encompassed in any regulatory analysis. Moreover these investments and competition on copper network should still be protected also in the future. [OMISSIS]

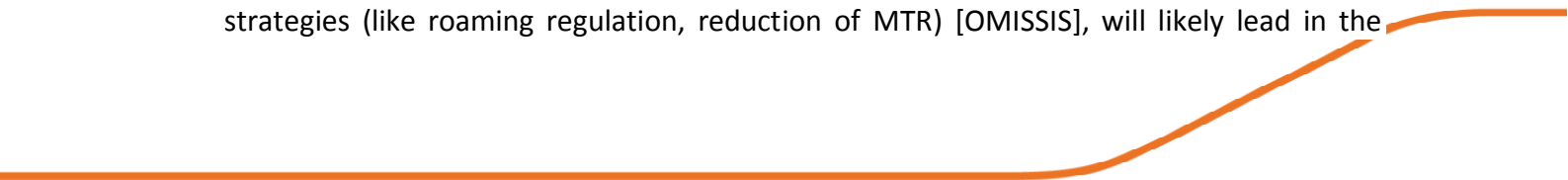
Considering that the physical and virtual products are far from being fully comparable and substitutable, physical LLU obligations remains an important access mechanism also in case of NGN networks. It is clear from incumbent's intention and investments across EU that FTTC solution (namely fiber *plus* copper) are forcing competitors to consider virtual access products in their development plans [OMISSIS].

It has to be remarked that the statement "*Turning to next generation networks (NGNs) in the core and backbone networks, BEREC will continue to help ensure a smooth transition from PSTN to all IP-technology, including the possible switching off of copper networks, by taking a pro-competitive, technologically neutral and forward-looking approach that supports the development of new business models, while protecting the interests of end-users.*" can be misleading. In fact the transition from PSTN to all-IP networks does not imply any need to switch off copper networks: there is no correlation between the use of IP-technology and the switch-off of copper networks, that [OMISSIS] will continue to be used for a very long time frame, therefore from wind's view, [OMISSIS] it is not yet the right time to switch-off the copper network, considering the huge investment did by the alternative operator in some countries (i.e., Italy) and the evidence stressed above and reported by the OECD on DSL lines

Finally, it is important to remark that a development of a "consistent regulatory practice" is a reasonable approach inherent with the BEREC mission for the years to come and Wind firmly believes that it should be always accompanied by NRAs independence, in particular in promoting country specificities and taking into account the history of each country. In this sense, to make an example, when BEREC will manage MTR issue across EU, in countries like Italy where its level is both well below the EU average and below to ones of other countries, and at the same time the deployment of LTE network is ongoing, no other MTR reduction should be required [OMISSIS].

BEREC Strategic pillar 3 – Empowering and protecting end-users and Major trends and developments

In these years of heavy crisis for many European Countries, BEREC should concentrates its efforts in order to safeguard both end users' interests and european operators' businesses, that are an invaluable resource for the European economy and that can boost the economic recovery of the Union. Continuing to penalize operators through policy strategies (like roaming regulation, reduction of MTR) [OMISSIS], will likely lead in the



medium term to a decline of the telecommunication market, with loss offered services and probably workplaces, moving the telecommunication business towards other continents like the Americas and Asia.

[OMISSIS]

Finally Wind welcomes BEREC activities in monitoring the market evolution of M2M and its role in evaluating, as Wind wish for, the needs for a light regulatory approach in order to assure a level playing field for all market players creating a suitable level of competition granting long term customers safeguards both on economics and privacy issues.

