**Akamai Technologies' response to the public consultation on the BEREC draft report on the IP Interconnection ecosystem**

*1st August, 2024*

**Introduction**

Akamai Technologies appreciated the opportunity to provide comments on the draft BEREC report on the IP Interconnection ecosystem.[1]

Akamai Technologies arose from the Massachusetts Institute of Technology (MIT) in the late 1990s as an effort to solve the growing problem of internet congestion, popularly known as "the World Wide Wait". By replicating content over our large network of distributed servers Akamai has helped make the internet experience faster and more reliable for European and global users. Today, Akamai has servers in all EU member states and partnerships with national Internet Access Services (IAS). Akamai has since added cybersecurity solutions to its offerings and it recently entered the cloud compute market to bring more competition and choice to cloud users.

**Comments on the draft report:**

Akamai welcomes BEREC's report and agrees with its overall findings. We additionally have the following comments:

The important role of commercial CDNs:

Akamai concurs with BEREC's assessment (page 21) that the share of traffic delivered via commercial content delivery networks (CDNs), such as Akamai, has only grown modestly, i.e. from 20% in 2016 to 22% in 2021. We also welcome BEREC's acknowledgment that commercial CDNs play an important role in reducing costs, especially for smaller content and application providers (CAPs): "The aforementioned relative disadvantages of small CAPs related to cost structures and economies of scale explain why for smaller CAPs transit services, IXPs as well usage of commercial CDN providers play a relatively greater role than for large CAPs. All these options can be interpreted as allowing smaller CAPs to benefit from the economies of scale of transit, IXP and commercial CDN providers." (page 33).

On-net CDNs:

Akamai appreciates the report's finding (page 3) that "on-net CDNs are installed in many IAS providers' networks and are thus important in terms of handling data traffic in the respective Networks." We also agree with the finding (page 15) that "The increased prevalence of CDNs in IAS providers' networks has been a primary reason for the continuing decrease in transit prices…"

Similarly, we agree that "Technological developments, such as the installation of on-net CDNs, are a key reason why increases in data traffic have not passed through to prices and costs." (page 19).

[1] Draft BEREC Report on the IP Interconnection ecosystem: https://www.berec.europa.eu/en/document-categories/berec/reports/draft-berec-report-on-the-ip-interconnection-ecosystem

Data traffic growth rates:
Akamai agrees that “data traffic growth rate has stabilised in the reference period” (page 3). The report speculates that “ultra-high definition (UHD) video content could further contribute to the growth of data traffic and an increase in live-streaming content could potentially have an impact on peak traffic”. We agree that “the deployment of on-net CDNs and more efficient compression techniques are expected to offset the overall impact of these developments” (page 14). Indeed, these latter developments could help balance out the aforementioned potential traffic increases. Akamai agrees that thanks to the “development of on-net caches for the distribution of such content, both on demand and live, it seems plausible that this reduction in backbone internet traffic will continue.” (page 10).

Bargaining power in the IP interconnection market:
Akamai agrees with the report’s analysis of the bargaining power between players in the IP interconnection market.

Few disputes:
Akamai welcomes the consideration “that the IP-IC ecosystem is still driven by functioning market dynamics and by the cooperative behaviour of market players” and that only “few IPIC disputes have occurred since 2017” (page 4). Indeed, “most disputes stem from vertically integrated IAS providers attempting to leverage their termination monopoly into the transit/peering market and to introduce (higher) fees for IP-IC directly from CAPs” (page 30).

No case for regulatory intervention:
Akamai concurs with the assessment “that stakeholders typically did not call for regulation but suggested monitoring and a case-by-case assessment.” (page 4).

We agree with BEREC’s conclusion (page 4) “that since its creation, the internet has managed to cope with both traffic growth and higher peaks of traffic. These trends reflect changing usage patterns as well as increasing diffusion of IAS throughout societies. Against this background, BEREC’s observation that the developments in the IP-IC ecosystem are an “evolution rather than revolution” still holds.” “BEREC can therefore conclude that the European market for peering and transit is still competitive” (page 13).
Akamai concurs with this overall assessment. The lack of market failures in the EU IP interconnection market means a lack of rationale for regulatory intervention in this market.

Net neutrality:
Akamai welcomes the report’s recognition of the link between IP interconnection and the EU Open Internet Regulation, and the important principle of net neutrality more broadly. We appreciate BEREC’s attention to the risk that “end-user customers would ultimately suffer from disputes between different market players across the internet value chain” (page 4). In this regard, we note that CDNs serve a beneficial role not just for its CAP customers and IASs, but more importantly to internet users that benefit from faster, safer, and more reliable content delivery - and a less congested internet overall. Unlike in the case of a disruption to a well-known CAP, users are unlikely to realise if a dispute between a commercial CDN and an IAS disrupts their overall internet experience.

**Conclusion**

Akamai Technologies congratulates the BEREC secretariat for a high quality draft report. We are grateful for the opportunity to provide comments and stand ready to provide additional information if useful.

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