

Cisco's response to the Commission's public consultation on the draft Guidelines on State aid for broadband networks

Cisco Systems, Inc. (Cisco) is a global provider of networking solutions and products that support the needs of enterprise and service provider customers.

Cisco is fully committed to supporting the different targets of the compass, whether it is about digital infrastructure & connectivity, digital skills, digital transformation of businesses & digital public services. Via our country digital acceleration (CDA) and NetAcad programmes, we have continuously partnered with Governments, businesses and communities across Europe to help make a difference. We work with a range of telecoms service providers right around the world to help them deliver for their customers.

With the EU Resilience and Recovery plan NextGenEU, we have an opportunity to rebuild a world that is better for everyone. We need a more connected world where everyone has access to the internet and critical services, no matter where they live. We concur with the Commission's views that competition policy, and state aid rules in particular, have an important role to play in fulfilling digital strategy objectives and developing a co-ordinated investment strategy for connectivity, as long as they are non-discriminatory and transparent, and respect the principle of technology neutrality.

We are delighted to contribute to the European Commission's public consultation on its draft guidelines on state aid for broadband networks and would be very happy to elaborate on any of the points raised below:

- **Resorbing the digital divide:** In the context of our [Broadband Connectivity Index 2021](#), Cisco surveyed last summer thousands of workers in 6 major European countries:
 - 81% of the workforce are calling on their leaders to accelerate plans for high-speed and reliable internet as Europe strives to leave the pandemic behind.
 - 76% think quick and reliable internet is crucial for rebuilding economies, while 78% of employees believe it's a "necessity".
 - 72% say access to broadband is essential to developing a well-educated and informed population.
 - 53% state investment in universal connectivity is now as important as spending to maintain public utilities infrastructure.
 - 46% say unreliable connection across the countries we surveyed meant they missed out on access to critical services such as online doctor check-ups and virtual school lessons.
 - 66% believe affordability will soon become a major issue across Europe in the absence of action from policymakers and service providers (SPs).
- **Addressing market failures:** New digital infrastructure should primarily be paid for through the private sector, incentivised by the right regulatory framework, including facilitating network sharing. That said, it should be recognised that the EU will not achieve full coverage of highspeed, high-capacity and reliable networks without some level of public funding as it is unlikely that there will be a strong case for private investment in rural or other white areas.

- **Removing barriers to Investments:** The main barrier to deploying fiber in the Member States is due to the lack of return of investment for the private sector. Indeed, deploying fiber is very labor intensive and has a very long-term Return of Investment. ARPU is flat and in some cases even going down while consumers expect more bandwidth for same or lower prices. While public funding in white/rural areas may be existing, SPs report complex and long process to tap into these funds.
- **Looking for a technology neutral approach:** We strongly advice to ensure that the new guidelines will continue to promote the take-up of a mix of technologies based on the needs. For example, we recommend incentivizing fibre rollout as future mobile networks need more fibre to handle density of use and to provide backhaul for increased traffic.
- **Launching Connectivity Vouchers:** We support the launch of 'Connectivity vouchers' covering up to 50% of the eligible costs for broader categories of end-users (all citizens or certain undertakings, such as SMEs) to promote the take-up of fixed or mobile services contributing to the development of an economic activity. In our view, these Connectivity vouchers should aim at:
 - Connecting the unconnected (eg white/rural areas);
 - Replacing copper with a more sustainable infrastructure;
 - Adopting the end-user's necessary terminal equipment for a safe and secure access to the internet and the cloud.

The process to match the end-users with the providers should be technology neutral, non-discriminatory, transparent, allowing for competition between the various eligible providers.

- **Considering other Policy Options:** The Commission should also consider other options such as reducing red tapes and complexity to tap into public funding, as well as tax credits, notably in line with sustainability objectives. In addition, European regulators might want to become lighter on some regulations like Net Neutrality. Too much interference is working against the creativity of SP's tapping into new use cases to increase or find new ARPU streams.
- **Implementing the EECC:** We respectfully ask Member States to swiftly finalize the implementation of the European Electronics Communication Code (EECC), especially as the code incentivizes investment through lighter regulation of co-investment and wholesale-only models. The provisions related to network sharing to expensive, passive infrastructure through access to ducts, conduits and in-building wiring can help to significantly reduce the overall cost of network investments.
- **Measuring the impact:** finally, it is important to measure the outcomes following the adoption of these new guidelines against the objectives adopted in the EU 2030 Digital Decade and Digital Compass in order to assess the effectiveness of the rules in place.

We are looking forward to working with the European Commission and Member States on a telecoms infrastructure policy that fully benefits the European Union. (...)