

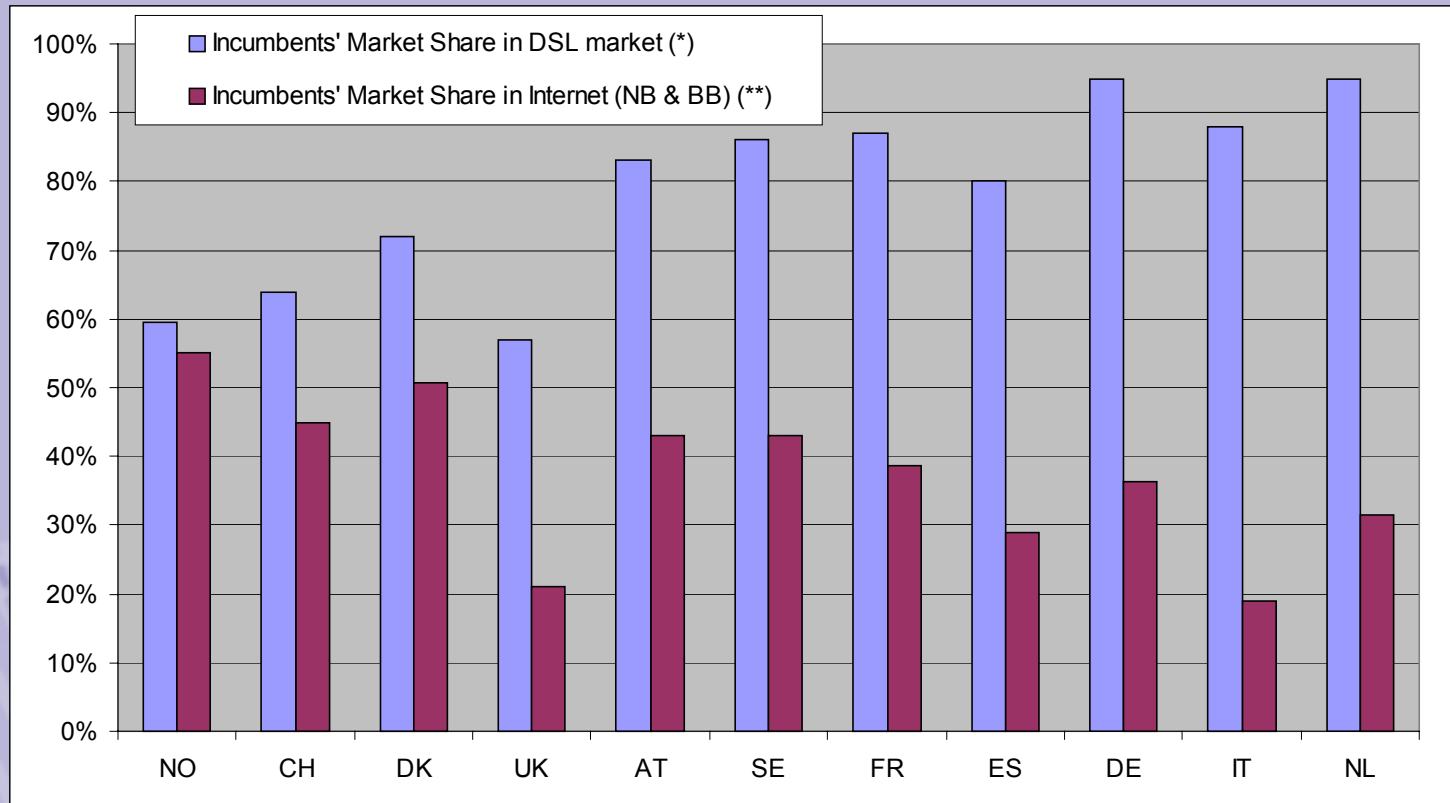


**xDSL:  
No competition  
without  
INTERCONNECTION**

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## xDSL: THE RETURN MONOPOLIZATION



(\*) Source: Nielsen NetRatings Q1-2002



## WHY MONOPOLY IS BACK:

- ➔ **FAILURE OF LLU**: effective replication of the Local Loop is not feasible, because of technical and financial obstacles;
- ➔ **WHOLESALE, a wrong model**: OLOs to become mere resellers. Strong dependence on incumbents' tariffs and investment policies;
- ➔ **BARRIERS TO ENTRY**: persistent abusive conducts of incumbents, both at LLU and wholesale level.



## To learn from the PAST (fibers):

Senseless duplication of fibers networks is bringing the whole sector to a very unefficient scenario, creating financial instability for carriers and seriously affecting suppliers' and investors' interests.

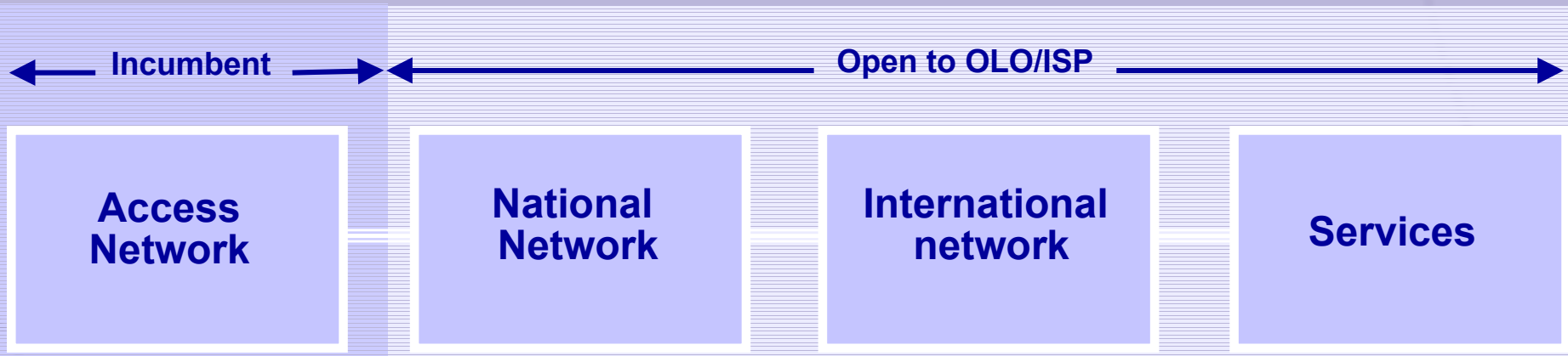




## **HOW TO EXTEND LIBERALIZATION TO xDSL: BACK TO INTERCONNECTION**

- Competition for voice and dial up has been created by means of interconnection, without replicating the local access infrastructure;
- xDSL is just a technological evolution of the same local access network (same copper pair, same switch with upgrading for DSL);
- Interconnection rules (including cost oriented interconnection and non-discrimination) should apply to xDSL, without any difference with regard to voice and dial up

## Evolution of the Local Loop



### **Voice**

- Carrier Selection
- Carrier Pre-selection
- Local Loop Unbundling

### **xDSL**

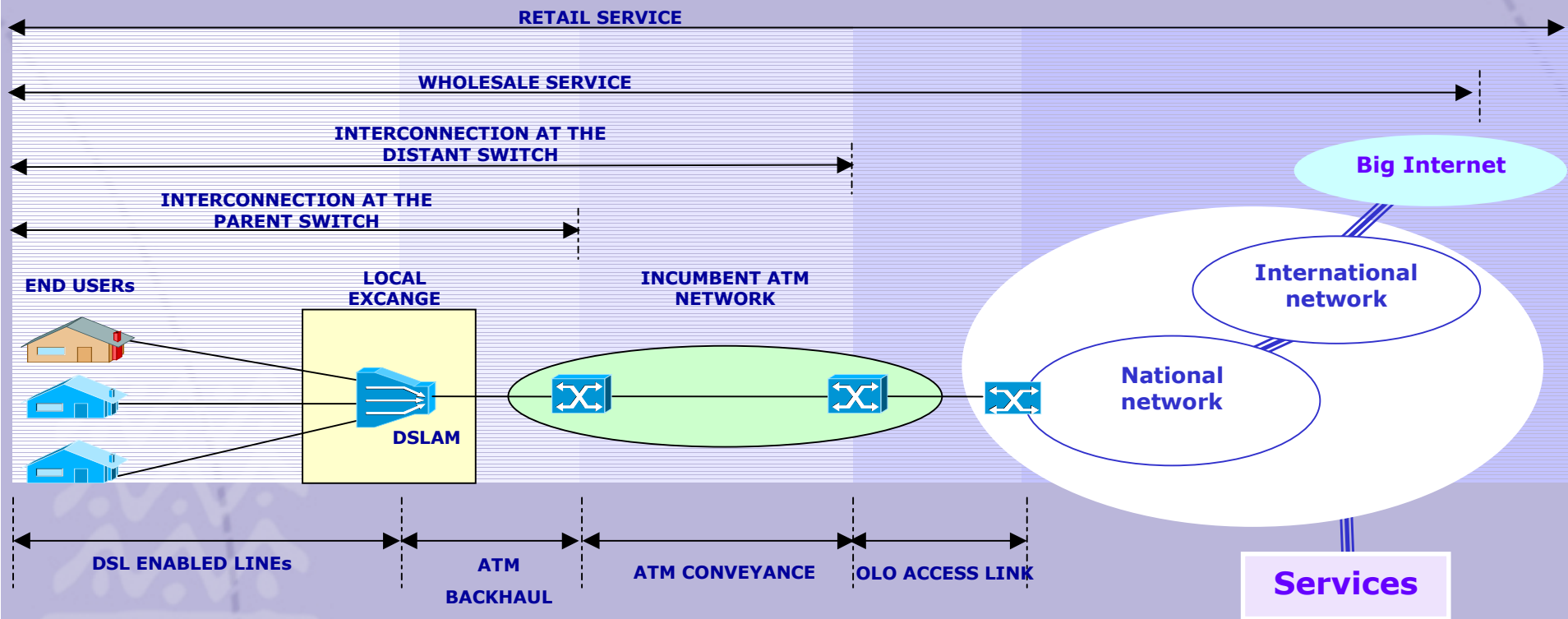
- xDSL wholesale
- Local Loop Unbundling

### **INTERCONNECTION ?**

# Back to INTERCONNECTION

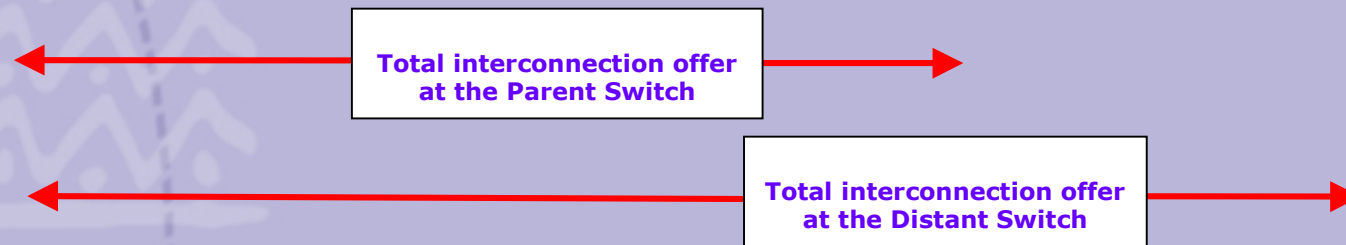
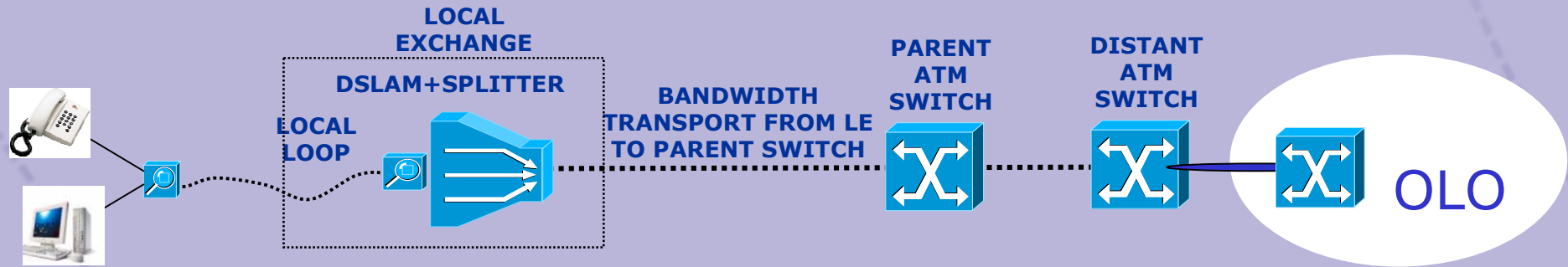
LOCAL LOOP represents a NATURAL MONOPOLY due to high infrastructure costs and strong impact of scale economies

INTERCONNECTION represents the basic principle of liberalization: allowing the use of the incumbent's access network at cost oriented tariffs, in accordance to transparent and non discriminatory conditions

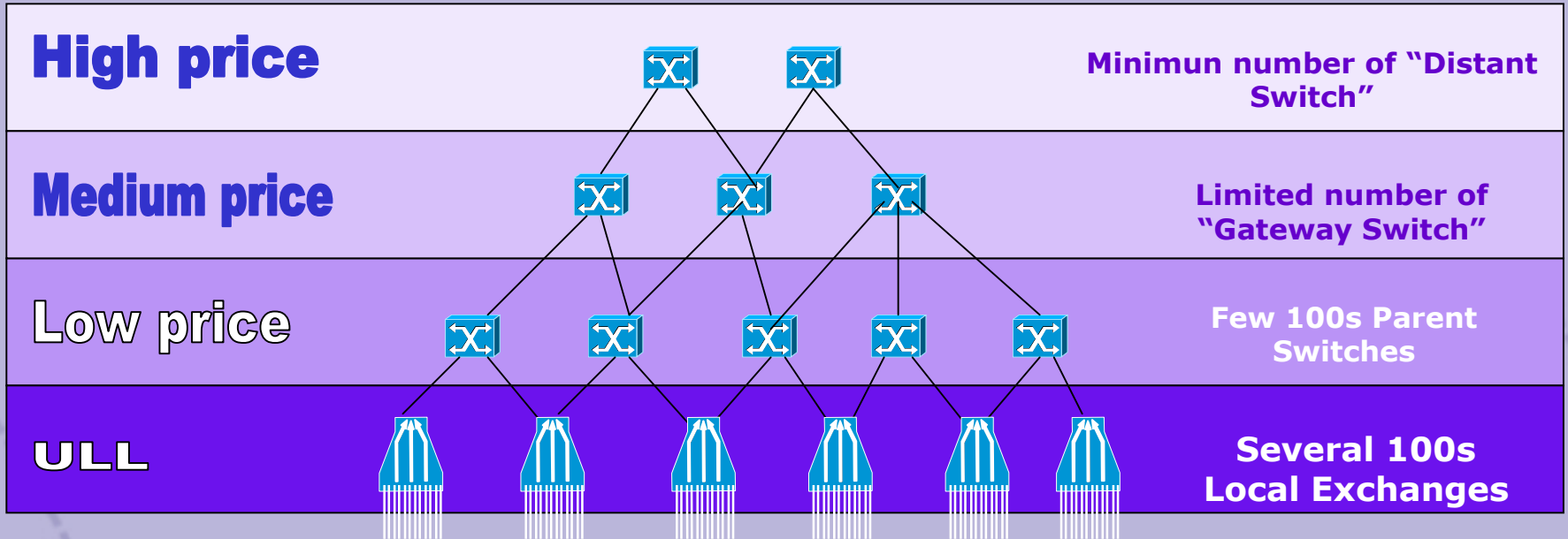


## Total interconnected ADSL line price Interconnection to a parent/distant switch

The technical chain from the subscriber line to the 1<sup>st</sup> (Parent) ATM switch or to a Distant ATM switch of the incumbent can be represented with the following components and the relative cost elements:







Possibility to be connected at the Parent Switches and to use own ATM transport or to be connected to a minimum number of Distant Switches