Infrastructure competition in Austria

- The Incumbent’s view on the liberalised market

Public Hearing
Brussels, July 2002
The current Austrian regime does not foster infrastructure investments by the fixed incumbent.

Fixed Service providers can act in the Austrian market under privileged market conditions.

The numerous broadband player face different degrees of scope to act.
Other than the Incumbent, the fixed service provider can offer significant products without own infrastructure investments.

- CbC, CPS in local area
- Unbundling Local Loop
- Fixed Service Provider
- Broadband internet access
- SP undermine investments in ULL and local infrastructure
- Low cost competitors drive prices down and cause bankruptcies (i.e. KPNQuest, Cybertron, MCN)
- Incumbent loses significant market share
Due to the current regulatory regime in Austria, the Incumbent lost 48% of its market share.
The Austrian broadband differentiation (twisted pair vs “other”) has a significant market impact through a large “exclusive innovation” period. Return of investments for infrastructure and innovation under unregulated market conditions. Service monopoly i.e. Bundle offers of CableTV, Radio, Telephone, Internet.
95.7% of the main catchment areas are actually covered by broadband access of other operators (mainly CableTV)

**Alternative infrastructures**, which already provide services:

- Cable TV operators (238 !)
- City Carriers (e.g. Colt, UTA, ETI)
- WLAN-Carriers (e.g. eWave, Metronet)
- Powerline-Carriers (e.g. TIWAG Linz AG, EVN)

Source: Telekom Austria
The CableTV-sector (88 operators) can provide twice as much subscribers with broadband services than Telekom Austria.

Source: Chamber of Commerce, Telekom Austria
The Incumbent needs incentives and fair conditions to continue its investments serving a large customer demand.

<table>
<thead>
<tr>
<th>cost-oriented telephony prices</th>
<th>cost-oriented network access prices</th>
<th>non-discriminatory Internet broadband access prices</th>
<th>transparency obligations</th>
</tr>
</thead>
</table>

- **return of Investments**
- **adequate cost accounting system**
- **first mover advantages**
- **harmonised conditions**

The same conditions for all players!
stefan.koehler@telekom.at

www.telekom.at