

## Neelie Kroes's Specialized Services are a giant Net Neutrality loophole

Telco 'access' Specialized Services are no different from Google's anticompetitive 'search' Specialized Services

Rewheel/Digital Fuel Monitor premium research note, 27<sup>th</sup> October 2014

In this premium research we present our research findings and summarize our policy recommendations for;

- European Union's proposed **inadequate Net Neutrality provisions** currently under negotiation
- the wide spread **zero-rating** price discriminations **that violate Net Neutrality** and are potentially anticompetitive
- the '*special nature*' of **Specialized Services** which if left unchecked will introduce a giant **Net Neutrality loophole**

### Internet based services offered by ISPs ⇒ subject to Net Neutrality non-discrimination rules

- VP Kroes ⇒ Zero-rating data-hungry services like video is potentially anticompetitive
- DFMonitor research finding ⇒ 75 potentially anticompetitive zero-rated internet services launched in EU28
- DFMonitor research finding ⇒ Zero-rating is hard discrimination (universal throttling) that violates Net Neutrality

### Non-internet Specialized Services offered by ISPs ⇒ NOT subject to Net Neutrality rules

- DFMonitor research finding ⇒ In two European markets Vodafone and Deutsche Telekom are trying to bypass Net Neutrality non-discrimination rules by mislabelling '*internet-like*' services as Specialized Services

Operator group	EU market	Price & Gigabytes Smartphone plan with unlimited mins & SMS	Price additional Gigabyte	Telco zero-rated video (TV/films)	Open internet video (max allowed time to watch HD video in open internet plans)
 TeliaSonera	Finland	€20 (50 Gigabytes)	€0.2	No	Practically unlimited ✓
 Hutchison 3	EU market	€36 (14 Gigabytes)	---	Yes (Unlimited 24/7)	5 hours per month Not allowed to buy more! 
 Orange	EU market	€40 (5 Gigabytes)	€10	Yes (Unlimited 24/7)	2 hours per month (€30 per additional hour) 
 Deutsche Telekom	EU market	€45 (5 Gigabytes)	---	Yes (Unlimited 24/7)	2 hours per month Not allowed to buy more! 
 TELEKOM AUSTRIA	EU market	€55 (10 Gigabytes)	---	Yes (Unlimited 24/7)	3 hours per month Not allowed to buy more! 
 vodafone	EU market	€59 (6 Gigabytes)	€10	Yes (Unlimited 24/7)	2 hours per month (€30 per additional hour) 
 TELECOM ITALIA	EU market	€86 (13 Gigabytes)	---	Yes (Unlimited 24/7)	5 hours per month Not allowed to buy more! 

**Telecom groups are attempting to foreclose the internet video market by overpricing mobile internet Gigabytes while prioritizing (zero-rating) their TV/film services!**