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Relevant markets: new Plum study warns against risks of overregulation

“Enterprise requirements will increasingly be met by mass market products”, says latest analysis

Plum consulting has today published their new report “[The evolving business services market and the review of the EC Recommendation on relevant markets](#)”.

The report was commissioned by ETNO, Europe’s leading telecoms association, and it investigates the diverse and changing communications needs of businesses in Europe. The report is aimed at drawing lessons for the ongoing revision of the Commission’s Recommendation on Relevant Markets (more [here](#)).

This legislative tool offers Neelie Kroes a unique opportunity to define the framework in which Europe’s 28 national regulators will enforce access regulation in the coming years. The recommendation defines those markets that are susceptible to ex-ante regulation, rather than ex-post antitrust oversight.

Currently, mass market broadband access is covered by the proposed revised list of markets. The question considered in the new report is how enterprise market requirements for connectivity should be addressed in relation to the list of relevant markets.

The Plum report concludes that, to an increasing extent, enterprise requirements will be met by mass market products, particularly as progress is made towards the Digital Agenda targets with deployment of fibre and 4G. Further, the trend towards the consumerization of IT implies that enterprise services will work increasingly well over mass market connectivity.

Plum’s concludes that there is a distinct market for dedicated capacity provided on a tailored basis typically to larger enterprises. And it underlines the importance of keeping this market segment distinct from the mass market, to ensure that regulation is proportionate, especially given that the geographic scope of infrastructure competition is likely to differ between the mass market and the market for dedicated capacity (so called leased-lines).

Brian Williamson, who authored the report for Plum Consulting, said: “*An extension of the regulated relevant market in relation to enterprise beyond products providing dedicated capacity, the so-called leased lines, risks blurring the boundaries with the mass market. This could result in overregulation in competitive market segments*”.

Daniel Pataki, ETNO Director, said: “*This recommendation will be key in driving telecom operators’ decisions on future investments. If the final text gives a strong deregulatory signal, a climate of confidence will follow. Evidence tells us that competition in the business segment is significantly more intense than at the time in which the list of relevant markets was last reviewed. An extension of regulation to new wholesale products would therefore be counterproductive and it would risk hampering investments.*”

About ETNO

ETNO has been the voice of Europe’s Telecommunications Network Operators since 1992 and has become the main policy group representing European telcos. We represent 38 operators in 35 countries, who collectively account for an annual turnover of €600 billion and employ almost 1 million people. We bring together the main companies investing in innovative and high-quality e-communications platforms and



services, representing over 60% of the total sector investment.

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