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Response to Digital Britain, the Interim Report, from Nokia¹ and Nokia Siemens Networks²

We welcome the opportunity to comment on the interim Digital Britain report, and support much of the vision and strategy it contains. In particular the move to adopt a common pan-European mobile band at 800MHz (790-862MHz) in UK, and incentives for mobile broadband nationwide are both major steps forward.

This is a joint response, although some sections are more relevant to one or other company.

We comment here briefly on each section of the report.

Introduction

We agree with the five overriding objectives listed (page 7) and with the need to link to other areas of government. However we would add the need to consider the future growth in the use of mobile devices. The younger generation has grown up to assume mobile devices will more often than not provide access to all they need in terms of information and entertainment.

The Low Carbon Economy is mentioned: this needs to encompass not only the contribution to reducing carbon emissions of telecommunications services but equally the energy used by networks and devices needs to be considered. This can be influenced by the choice of technology and network planning as well as by spectrum management decisions.

Section 2

Digital Networks

The contribution that wireless will make to Next Generation Access (NGA) is perhaps understated here (page 17). Wireless technologies do have a great potential to provide mass-market, high bandwidth services. This is seen today with the recent uptake in use of 3G phones and other devices and will further increase in capacity and bit rate with LTE. Lack of spectrum may not be the main constraint in

¹ **About Nokia**

Nokia is a world leader in mobile communications, driving the growth and sustainability of the broader internet and communications industries. Nokia connects people to each other and the information that matters to them with easy-to-use and innovative products like mobile phones, devices and solutions for imaging, games, media and businesses. Nokia provides equipment, solutions and services for network operators and corporations.

² **About Nokia Siemens Networks**

Nokia Siemens Networks is a leading global enabler of communications services. The company provides a complete, well-balanced product portfolio of mobile and fixed network infrastructure solutions and addresses the growing demand for services with 20,000 service professionals worldwide. Nokia Siemens Networks is one of the largest telecommunications infrastructure companies with operations in 150 countries. The company is headquartered in Espoo, Finland. www.nokiasiemensnetworks.com

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rural areas. In the end it will be mainly an economic decision for the operator whether to use fibre, cable or wireless.

The example, cited in the same section, of an Australian auction based on interest rates is attractive. We have suggested in our earlier inputs to Ofcom that there would be benefits in reducing the up-front spectrum fees, and shifting the cost towards annual fees. This would increase the chance of delivery of service, which in turn should increase the availability of capital.

Net neutrality

We support the position of the European digital industry DIGITALEUROPE:

“DIGITALEUROPE agrees with the principle that end users should be able to access and distribute any lawful content and use any lawful applications and/or services of their choice within the bandwidth limits and quality of service of their service plans.

DIGITALEUROPE believes that service providers should not be allowed to anti-competitively degrade or block traffic over networks, but should be entitled to reasonable network management. We also believe Network operators are entitled to offer different capabilities such as increased capacity and higher quality at different prices and consumers are entitled to receive meaningful information regarding their service plans.”

Action 4:

Public incentives to enable further next generation broadband deployment beyond market-led initiatives and the operation of community broadband networks might be appropriate in certain areas where NGA deployment is - from a return of investment point of view – not justified for both incumbent and new operators. Moreover, such public incentive might also be a useful part of the current financial recovery plans.

Over time, the status of a region can change. It might become sensible to invest in broadband deployment where this was not the case before. Therefore care needs to be taken that public investment in a community network does not hinder private investment later on.

Mobile Wireless Networks

We strongly support the statement (page 27) that spectrum alignment across Europe is necessary. We also agree that in general spectrum will need to be licensed. Nevertheless the report could also usefully recognize the growing contribution that might be made by licence-exempt spectrum. This is partly as a result of more intelligence in terminals but more particularly from the proliferation of wireless internet access.

Action 6

As mentioned above we support the shift towards AIP described in Action 6a and 6c, and the implied reduction in capital costs. It is more equitable to pay for the spectrum at the time it is used, when revenue is increasing.

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Digital Broadcasting Networks: Radio

We note that the intention is to migrate radio from FM to DAB around 2015. However we believe that mobile device manufacturers will only integrate DAB if there is sufficient market demand to do so. For global companies such as Nokia this would require a wider international uptake of DAB than is currently foreseen.

Digital Content

The offering of pan European Internet services should be facilitated and encouraged by ensuring legal certainty and by limiting the legal requirements applicable to such services. Nokia believes that regulatory and legislative policy should be focused on removing existing regulatory obstacles, clarifying the existing rules regarding the provision and distribution of goods and services online and avoiding new legislation which could potentially introduce additional barriers and decrease legal clarity.

Actions 11 and 12

Rights holders, industry and government should have a mutual interest in creating a dynamic and successful digital market for copyrighted works in the European Union. By implementing a commercial market-based licensing regime on a pan European basis and by clarifying that companies shall not be required to create localised versions of each service (e.g. in local language) in order to make available such a service through the Internet, whether delivered through a locally delivered hardware product or otherwise, the development of a leading and thriving digital market in the European Union can be accelerated and made a reality.

In respect of the commercial licensing of interactive digital music services and digital audiovisual services (which is the sole context in which we are considering these Actions 11 and 12), and considered at a pan European level, Nokia believes that a commercial market-driven licensing regime would be in the interest of UK and European consumers and allow the development of a vibrant and innovative digital marketplace for copyrighted products such as music and audiovisual works. A static tariff-based system will not provide for the agility and experimentation required in testing the new business models and consumer propositions which are made possible by the digital era.

It is critical to enable pan European licensing and to create new attractive possibilities for consumers to purchase and consume digital content. The achievement of this aim will support making the European Union the leading knowledge economy and online business community. Licensing reform in the European Union and EEA needs to be accelerated – it is critical to work towards the development of a functioning digital marketplace across Europe for music and other copyrighted products.

Nokia supports the promotion of cultural diversity; however this should not result in burdening the copyright licensing regime, which needs to be market-driven. Furthermore Nokia supports the rights of authors of creative works to be able to choose from the available options as to how their works are licensed.

It is essential that where multiple rights in a work co-exist in a single exploitation (in particular the reproduction/mechanical and communication right in online downloads of musical works), the rights can

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be licensed as a bundle to the user from one source. At least one collecting society representing and licensing rights in musical works on behalf of rights holders is requiring users to enter into agreements with different collecting societies in respect of the same work and exploitation: one license for the mechanical right and a second license for the communication right in the same work for the same exploitation of such work. Nokia has a concern that any split of the licensing between the mechanical and communication rights for digital distribution will further complicate the already very complex licensing regime and result in a dysfunctional European licensing environment.

Action 13

We note the careful and limited approach being proposed, namely to (1) require court orders in case personal details would be handed over to right holders and (2) limiting ISP obligations to information gathering and notifications (so, excluding cutting off broadband access). Nokia is not in favour of ISPs being obliged to cut off internet access to subscribers. We look forward to seeing the more detailed proposals, and the opportunity to comment further in the separate consultation.

Universal Connectivity

Action 17

We agree that universal broadband can only be reached by a mixture of fixed and mobile, wired and wireless means.

We welcome the suggestion to aim for universal broadband service by 2012. We think that this goal should be reached especially by making available spectrum for wireless broadband technology as soon as possible, by encouraging the sharing of and access to civil works, and by very careful support of NGA deployment in areas where no market led initiatives are foreseeable (see Action 4).

A commitment to universal service is better than including broadband access in a universal service obligation. We do not think that an obligation to provide actual speeds is helpful. Increased competition resulting from the development of alternative offers/technologies (e.g. broadband mobile, fixed/nomadic wireless, fibre optics) will have a positive impact on both prices and average speeds. Specifying a particular speed or range of speeds "representing" broadband in a revised definition of universal service might even act as a disincentive in the evolution of the market in this respect.

We agree that for the majority of existing urban households and small/medium-sized businesses upgrading the network to fibre from the digital exchange to the street cabinet will be the sensible step for many years to come. A Universal Service Commitment to be effective by 2012 can only be delivered by a mixture of fixed and mobile, wired and wireless means.