



Economic Issues

Dai Davies
DANTE

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The EARNEST Foresight Study
2006 - 2007



What has changed

	Network	Pricing
Pre 1996	EuropaNET EuropaNET2	Geography independent
1996-1997	TEN-34	Chaotic
1997-2000	TEN-155	Banded
Post 2000	GÉANT	Geography dependent

The EARNest Foresight Study

2006 - 2007



Rationed Utopia

- Equal Access
- Equal Cost
- Equal Service

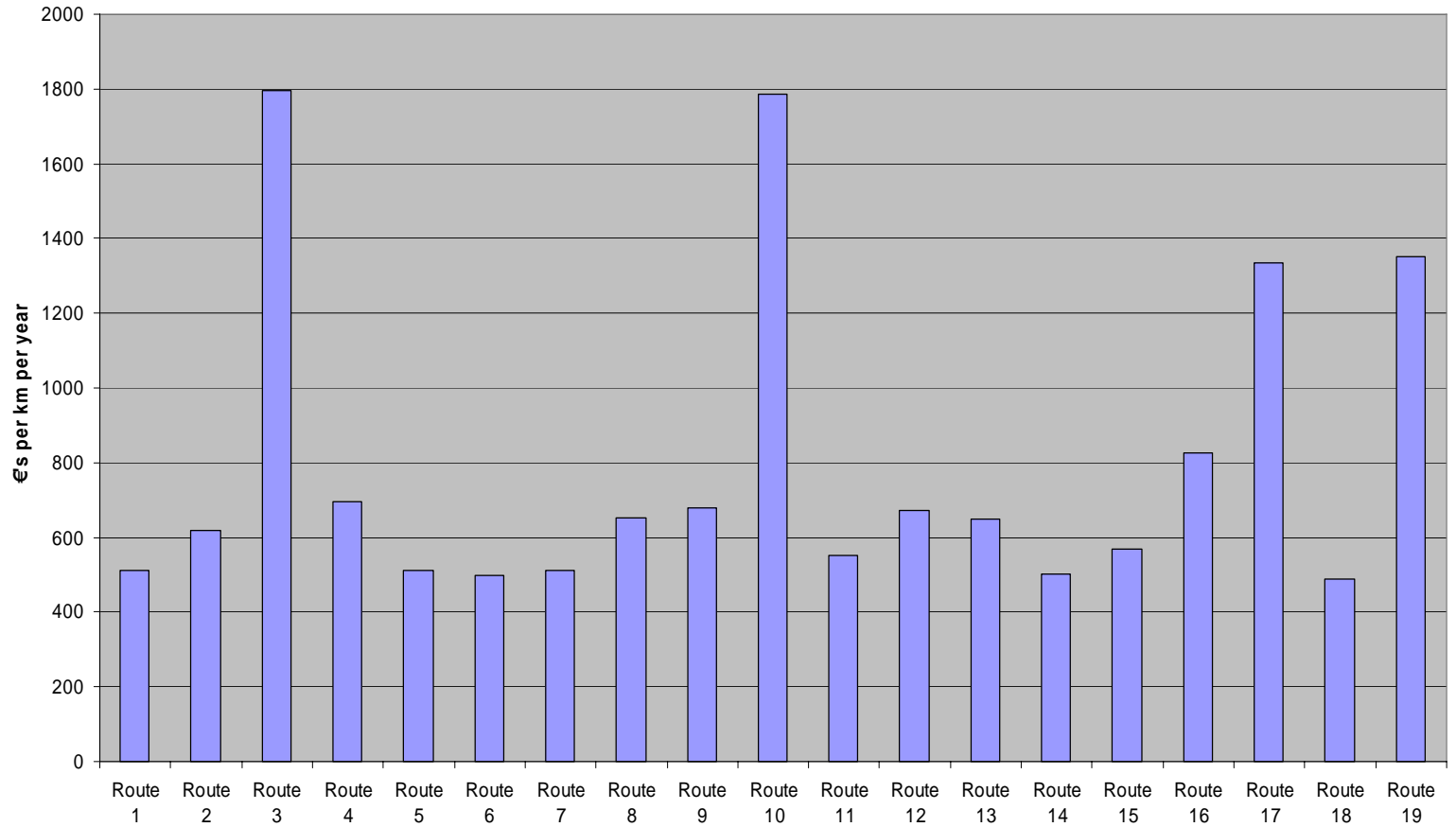


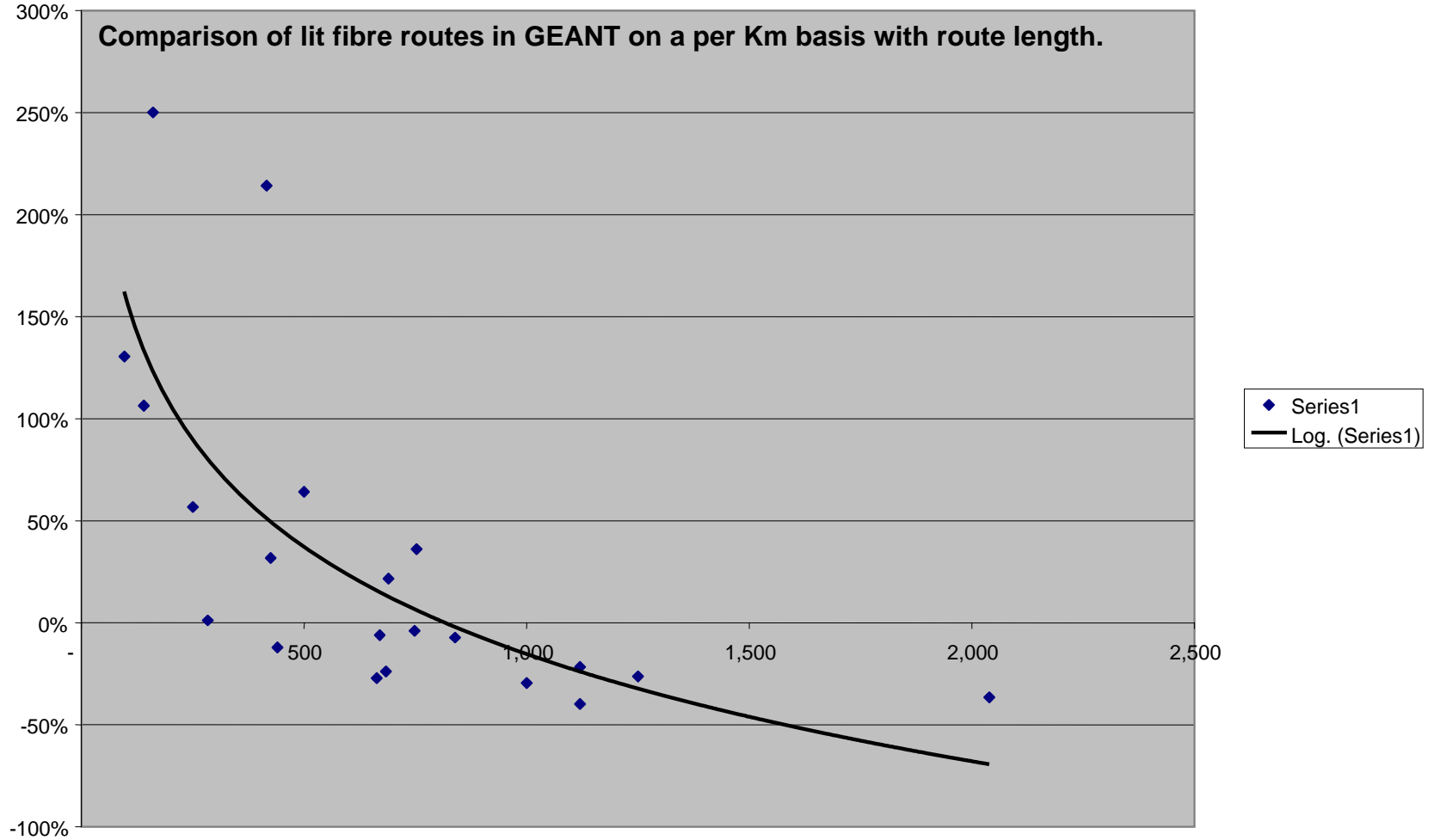
What has changed

Pre 1996	IP service expensive leased capacity
1996-1997	IP service expensive leased capacity
1997-2000	ATM IP service Varying price leased capacity
2000-2004	IP service Varying price leased capacity
2005+	GÉANT+ Dark fibre, multiple paths



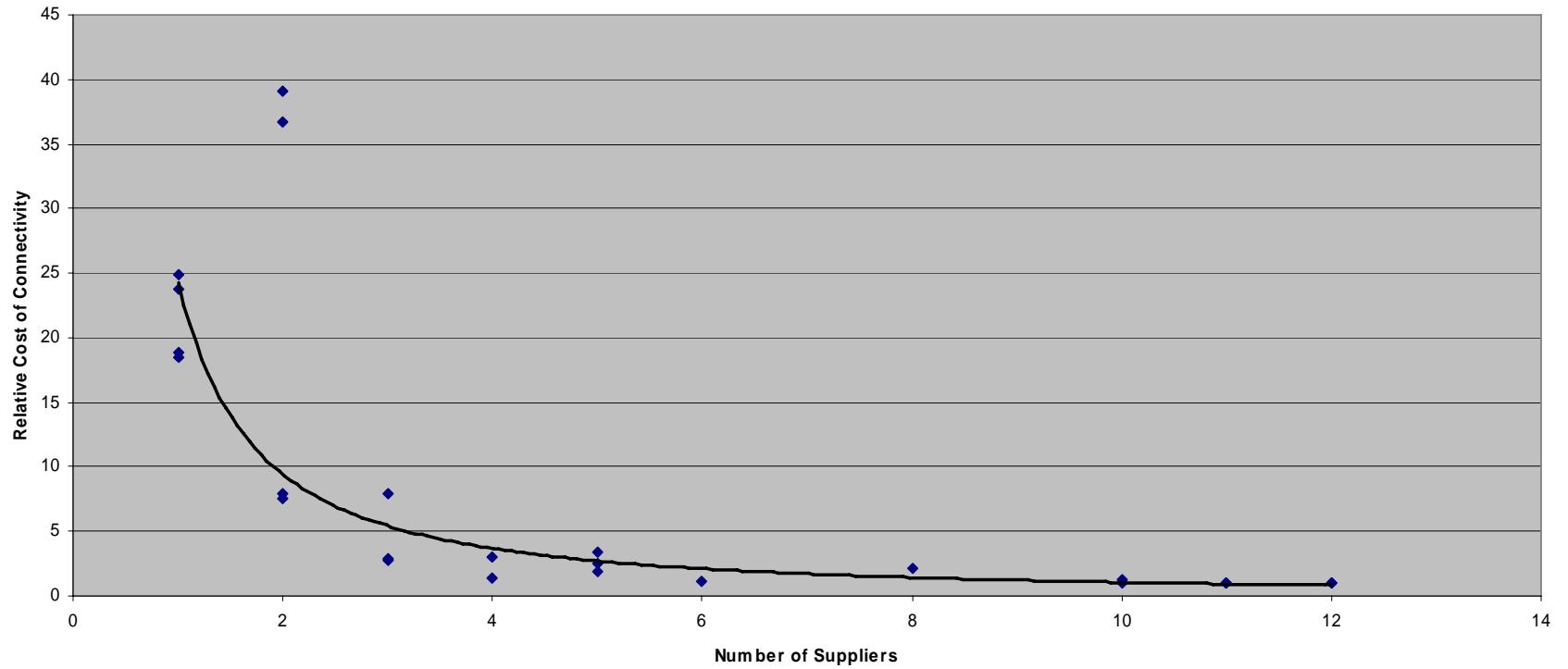
Dark Fibre Analysis Chart 1
Route Cost per km





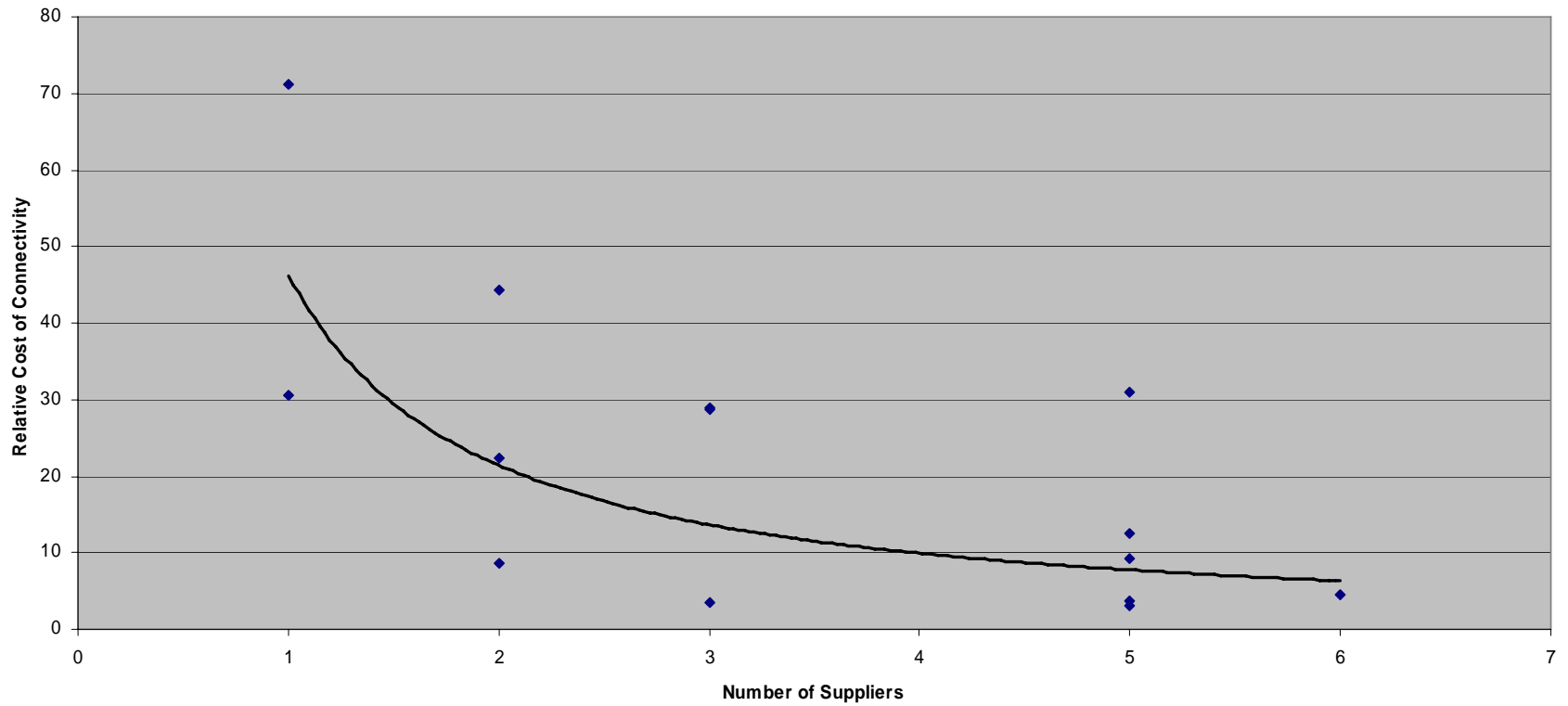


Number of Suppliers versus Cost of Connectivity GEANT 2001





First GEANT2 Analysis Chart 5
Number of Suppliers versus Cost of Connectivity GEANT 2006 - Leased Capacity





What has Changed

- SERENATE – Digital Divide
- EARNEST – Digital + Geographic Divide
- SERENATE - Cost sharing by underlying cost
- EARNEST - Cost sharing by Geographic Accident?



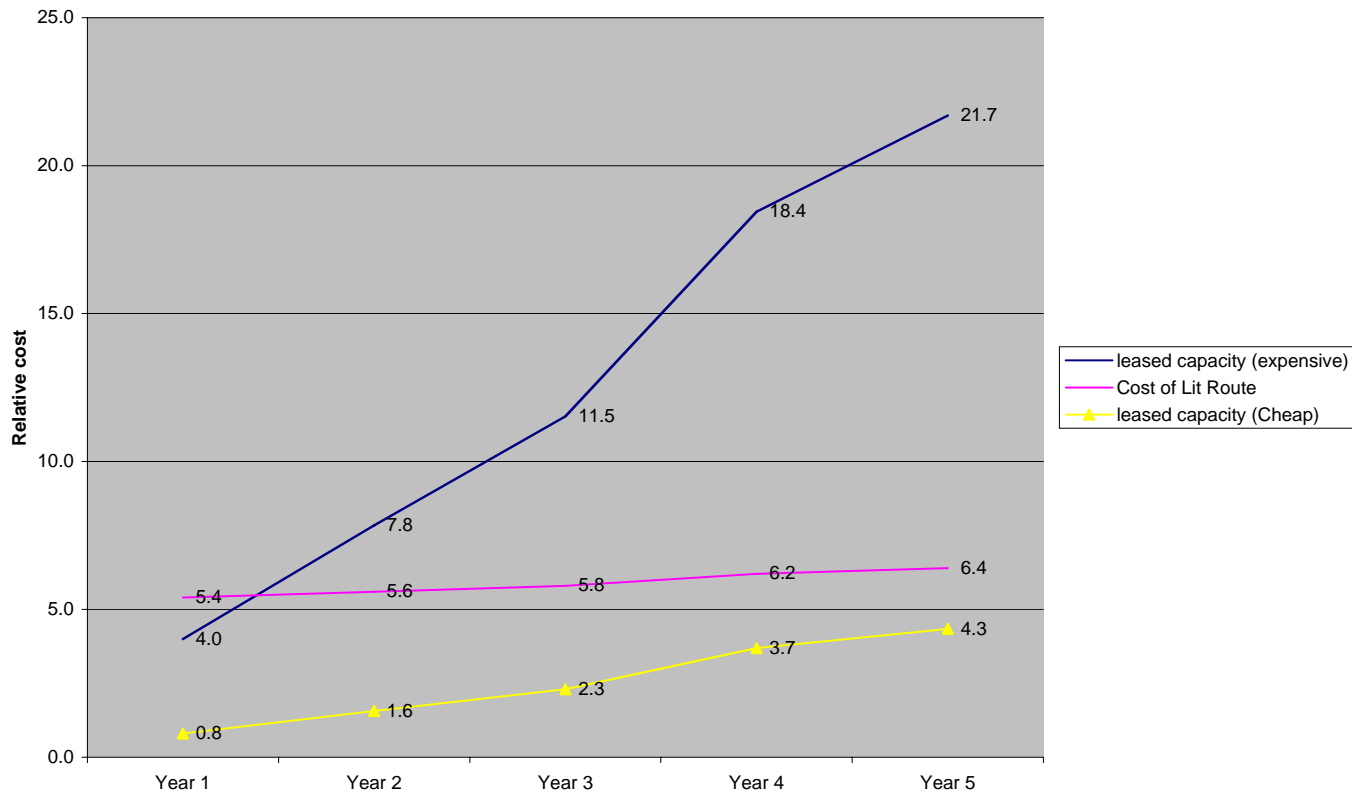
Expensive Routes

- Distance
 - Fact of Life
- Volume
 - Location “Edge versus Centre”
 - Total Demand?
- Uncompetitiveness
 - Fibre may cost in *but*
 - Embeds high costs



Expensive Wavelengths

Breakeven Case - Expensive Leased wavelength
Figure (xiii)





Divided Utopia

- Equal Access
- Equal Cost
- Equal Service