



Network Neutrality: Avoiding a Net Loss

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For more than a year, the issue of network neutrality has taken up a tremendous amount of time and attention in both Washington, D.C., and Silicon Valley. In fact, it may be the single most engrossing subject currently tying together policy interests in these two distinct parts of the country.

Unfortunately, one key constituency often seems left out of this heated debate: the Internet consumer. This oversight is striking since it is end users who, each day, rely on the Internet to conduct their work and personal lives. What policies should be enacted to ensure *their* maximum choice and flexibility? Consumer empowerment is where the debate should begin -- and end.

Why Now?

To average Internet users, the battle over network neutrality must seem quite confusing, if not downright opaque. They must wonder: What's all the fuss about? After all, to this point, the Internet has been an unqualified success, adopted faster and used more creatively than almost any other technology in human history.

In just a decade or so, the Internet has gone from use by a relative handful of technically savvy people to an essential part of the daily lives of hundreds of millions. Why impose additional regulations now?

Indeed, that question should be at the heart of the debate.

The supporters of net neutrality regulation believe that more rules are necessary. In their view, without greater regulation, service providers might parcel out bandwidth or services, creating a bifurcated world in which the wealthy enjoy first-class Internet access, while everyone else is left with slow connections and degraded content.

That scenario, however, is a false paradigm. Such an all-or-nothing world doesn't exist today, nor will it exist in the future. Without additional regulation, service providers are likely to continue doing what they are doing. They will continue to offer a variety of broadband service plans at a variety of price points to suit every type of consumer.

Depending on their requirements and preferences, some consumers will choose to pay more for premium service. Others will decide that they don't need such high service levels, so they will pay less. Inevitably, the market will adjust, just as it has in the past, to this varied population and its preference for a highly diverse mix of services, quality, bandwidth and price. This is the hallmark of a competitive market.

Freedom of Choice

Cisco (Nasdaq: CSCO) believes that empowered consumers, maximum user choices and a free marketplace are the keys to maintaining an open and innovative Internet. To that end, we support the High Tech Broadband Coalition's Connectivity Principles, which were also embodied in the Federal Communication Commission's Policy Statement of 2005.

These are the rules and practices that currently guide Internet policy and that have contributed, in recent years, to the increased use of highly diverse and creative broadband applications. Indeed, they have been critical to the success of the Web in the high-bandwidth era. In sum, these principles state the following:

- Broadband Internet access consumers should have access to their choice of legal Internet content within the bandwidth limits and quality of service of their service plan.
- Broadband Internet access consumers should be able to run applications of their choice, within the bandwidth limits and quality of service of their service plans, as long as they do not harm the provider's network.
- Consumers should be permitted to attach any devices they choose to their broadband Internet access connection at their premises, so long as there is no harm to the network.
- Consumers should receive meaningful information regarding their broadband Internet access service plans in order to make informed decisions in the marketplace.

These principles constitute a type of consumer "bill of rights" for the Internet. In other words, they protect and empower consumers while also noting the consumers' responsibilities as users of the medium.

If service providers violate user agreements or engage in anti-competitive behavior, they should be stopped and punished by the Federal Communications Commission (FCC) on a case-by-case basis, which has, in fact, happened.

Fortunately, there has only been one case, and the FCC acted quickly. Generally speaking, consumers seem to be satisfied with the range of Internet services they receive from their broadband providers.

Empowering Consumers

Current policy further empowers consumers by encouraging maximum industry innovation in terms of service plans, packages, applications and other products. It does not set terms, price or conditions -- or issue other dictates regarding services and devices connected to the Internet -- which is a good thing.

The market thus operates as freely and creatively as possible, responding quickly and effectively to constantly changing consumer needs and tastes. Certainly, this market approach is the best way to ensure a vibrant, creative and content-rich Internet for users, especially when new business models are being invented weekly, if not daily.

Looking ahead, Internet users and content/applications providers will continue to require more choice and flexibility in terms of service selection, service quality and price points.

In contrast, new net neutrality regulation could have the perverse effect of degrading all levels of service or freezing in place the current state of providers and services. Companies would find it more difficult to differentiate themselves, offer new services, and enter new markets, a situation that would be anti-competitive and counterproductive for consumers.

Perhaps even worse, greater regulation would almost certainly squelch risk taking, investment and inventiveness over the long term, as companies would lose incentives to form new ventures, alliances and services and explore new ways to create value consumers would want.

Indeed, net neutrality regulation takes us down the wrong path of reduced competition, less consumer choice and greater government involvement and oversight.

To a large extent, the Internet has become so popular, successful and useful because it enriches and empowers people at the individual level. That spirit must not be jeopardized by ill-advised, untimely government regulations. Instead, it must be preserved as we go ever deeper into a new era of high-bandwidth applications and exciting new broadband services.