

POSITION PAPER
Naked Digital Subscriber Line (DSL)



Description:

Naked DSL refers to the separation of a digital subscriber line (DSL) - used to deliver broadband internet services - from a plain old telephone service (POTS). Simply put, Naked DSL allows customers to buy broadband internet services without having to pay Telecom \$40/month for a phone line, as is currently the case.

No technical changes to Telecom's network are required to implement Naked DSL in New Zealand – it is simply a matter of Telecom separating unbundled bitstream services (UBS) from phone services in its billing system.

Background:

Although not as common as local loop unbundling (LLU), Naked DSL is used internationally. Countries that have Naked DSL in some form include Austria, Belgium, Canada, Estonia, France, Italy, Netherlands, Norway, Sweden, UK and USA.

Naked DSL allows customers to do without a fixed voice line or replace their POTS with a VoIP service using their DSL connection; with mobile phones acting as a backup service if there is a DSL outage.

Naked DSL has been provided for in the Telecommunications Amendment Bill by making Telecom unable to require that a phone service be purchased with UBS and by removing performance restrictions.

Issues:

Due to the ease of implementation, internet service providers sought Naked DSL as the logical next step beyond UBS (*please see ISPANZ UBS Position Paper*). Unconstrained Naked DSL will allow competing providers to offer customers a low-cost VoIP service (bundled with their DSL service), rather than Telecom's POTS. This will be particularly important for service providers who choose not to immediately take advantage of unbundling.

To maximise the benefits for consumers, Naked DSL must be unconstrained and its technical specification must allow for real-time VoIP.

What will be crucial will be the price that is set for supplying the service to service providers, such that they can onsell viable VoIP services in competition to Telecom's regular POTS voice service and utilise Naked DSL as a step in the "ladder of investment".

ISPANZ members recognise the importance of addressing emergency service calling with the provision of VoIP services and encourage the Government to address this issue.

Position:

Unconstrained Naked DSL offers a simple, quick and cost-effective way to enhance broadband competition in New Zealand and provides instant pricing and product benefits to customers.

Although not providing the flexibility of LLU, Naked DSL will enable ISPs to provide innovative voice and broadband bundles that are less dependent on, or less constrained by, the incumbent provider than today's UBS services. These bundles could include broadband access, VoIP, IPTV, mobile telephony and video telephony. Naked DSL, as with LLU, will encourage development of "converged" product offerings.

In line with the "ladder of investment" model, Naked DSL provides a stepping stone option for ISPs on the way to full LLU offerings and their own network investments. For some ISPs it may be sufficient to service their customer's needs.

The broadband roadmap for New Zealand (*please see [ISPANZ Broadband Roadmap Position Paper](#)*), which is only possible with regulatory support, creates an environment whereby competition occurs at a number of levels from multiple competitors. As a result:

- Our poor international ranking for broadband uptake will improve
- New Zealand businesses will be more competitive in the international market
- The average New Zealander will be able to benefit from lower prices and better services.
- New Zealand as a country will reap the significant economic advantages of a broadband enabled society.

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About ISPANZ:

ISPANZ is a non profit, industry group that represents most Internet Service Providers operating in New Zealand. Our membership includes all the major ISPs outside those of Telecom and TelstraClear; plus a broad range of medium and small ISPs. We exist to promote a fair and fully competitive Internet marketplace where our members can deliver the full benefits of the Internet to the New Zealand public and our economy. Our primary goals are to:

- Improve New Zealand's poor International ranking for broadband uptake,
- Enable New Zealand businesses to become more competitive internationally through use of Internet enabled technology,
- Improve Internet pricing and services for ordinary New Zealanders,
- Enable New Zealand to reap significant economic benefits as it becomes a broadband enabled society.

For more information please visit ispanz.org.nz