

The View[★]

Net Neutrality: A Force For Good?

By David C. McCourt



2011 has the potential to be a milestone year for the Internet, prospectively the most defining since its inception, as the issue of net neutrality looks to be reaching a series of conclusions. You may not know what it is, or fully understand what it means, but the debate – and its outcomes – will have overarching and considerable effects worldwide and across all industries.

Net neutrality itself is the principle which states that internet providers should treat all sources of data equally, with no restrictions placed upon traffic, content or websites.

And it has been one of the defining and most hotly contested topics over the past 12 months – on both sides of the Atlantic. In America, the FCC last year published its controversial Net Neutrality Order – supporting the principles behind net neutrality and thus advising against the blocking or discrimination of internet traffic by ISPs. And as it stands, the ruling is more intrusive to wireline than to wireless services – a source of controversy in itself. This ruling has yet to be interpreted by the courts and it remains to be seen how it will play out in practice. Indeed, all signs point towards the ruling being actively challenged in court and possibly in Congress itself. Already, ISPs in America have looked to separate their networks into access and backbone to preempt the potential outcomes of such measures, and it'll be interesting to see how it plays out over the coming months, particularly ahead of the FCC's revisiting of the rules in two year's time.

On the other hand, the UK's communications minister Ed Vaizey stated in November that ISPs should be free to abandon net neutrality in favor of a multi-tiered Internet – a controversial ruling in itself, and one that has since seen BT introduce 'Content Connect' – a service that allows ISPs that use BT's network to charge content firms for high-speed delivery of video.

'Content Connect' has already seen accusations of 'two-tier' Internet leveled at BT, although this a charge it has been quick to deny – stating that “BT supports the concept of net neutrality, but believes that service providers should also be free to strike commercial deals, should content owners want a higher quality or assured service delivery”.

So, two countries, and two different stances on net neutrality. What is worrying is that so many people don't truly grasp the importance of what the positive – or negative – resolution of this issue means for either country. When it comes to broadband, we're talking about America or the UK's competitive edge in the global economy, and how effectively they will be able to compete against the growing number of countries – particularly in the East – who are able to get more data to more of their citizens more cheaply than we do today. Without a coherent strategy for keeping America and/or the UK at the forefront of broadband, too many of the next great ideas hatched domestically will fail to reach their full potential.

The Internet is in the midst of a sea change – but it is the businesses involved that need to work out the rules, not governments. Fundamentally, the government's goal should be to create an environment that is conducive to entrepreneurship and innovation, not to manage enterprise per se.

To guarantee the future course of broadband, countries such as the US and the UK must make dramatic leaps forward in internet technology and access to keep up with global competitors. But that innovation and investment won't stem from government offices. It will come from upstarts challenging incumbents, and multiple market players experimenting with a range of technologies – precisely the things that governments cannot predict and should not be trying to regulate.

Any attempts to rigidly impose net neutrality potentially undermines emerging broadband technology, at a time when it is undergoing one of its most fertile periods of private sector innovation and investment.

The combination of RF (radio frequency) technology and wireless connectivity has spurred hundreds of innovative start-ups to pursue new ways of connecting people to the Internet. WiMax technology that provides wireless broadband connections to large areas is being rolled out in several territories. Cellular broadband routers are increasingly nimble and create high-speed networks for mobile phones and computers. Over the last number of years, advances in the sophistication and stability of satellite technology have soared, while costs of delivering each megabyte have plummeted. This has led to tens of thousands of rural customers receiving broadband from similar satellites that give them cable TV.

In the face of such advances, governments who impose a narrow and inflexible set of solutions risk being left behind by those countries which do not. The need for new thinking, more engineers, and bolder innovation in broadband is urgent. The notion should not be to hold up the principles of the Internet – thus condemning it to a period of stagnation. It should be to allow the internet to grow and to evolve through new and innovative technologies that will not be established under an asphyxiating doctrine of inflexible 'neutrality' measures.

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For over 25 years, David C. McCourt, has been an innovator, entrepreneur, and business leader across the construction, communications, and media industries. He has founded or bought 10 companies in 3 countries and is widely recognized as a transformational force in the telecommunications business. The Economist described him as having “impeccable credentials as a telcom revolutionary.” In 2009, he formed Satellite Holdings, a partnership between his private investment firm, Granahan McCourt Capital and The Edgewater Funds as a vehicle to acquire and consolidate companies in the satellite industry. Having completed 3 acquisitions in 2009, Satellite Holdings has quickly and quietly become the world's leader in satellite communications terminal equipment. Mr. McCourt serves as CEO of Satellite Holdings, and its operating entity Skyware Global.