

Mandated network usage fees could degrade network quality, decrease competition, and harm consumers

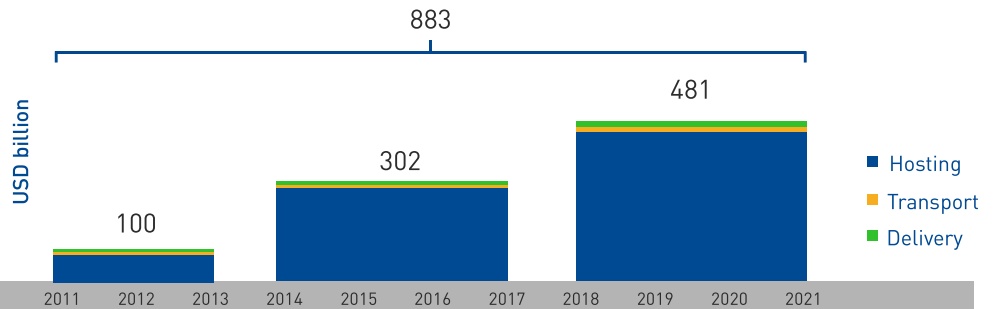
Content and application providers (CAPs) invest extensively in global internet network infrastructure

Infrastructure investments in hosting, transport, and delivery are made in addition to other CAP investments in content, applications, and services for end users; the availability of these online services also drives demand for broadband access services from internet service providers (ISPs).

Total spend by CAPs on internet infrastructure over various periods since 2011

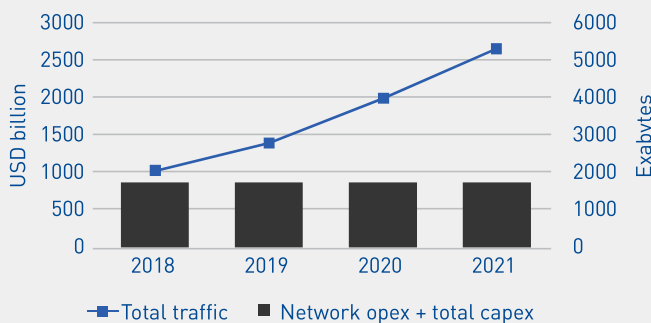
CAP investment in 2011–21 was USD883 billion. In the past four years (2018–21), CAPs invested USD120 billion per annum.

These investments help to reduce ISPs' costs, while optimizing performance for end users.



The current voluntary interconnection regime incentivizes CAPs and ISPs to invest in efficient, cost-effective traffic delivery to provide quality experiences for end users

Growth in traffic delivered over fixed and mobile access networks, and evolution of network-related telecom operator costs from 2018 to 2021



In 2018–21, network-related ISP costs increased by 3% in total over three years, whilst network traffic increased by over 160% in that same period, showing that ISP networks can handle significant traffic growth at modest incremental cost.

CAP network investments that bring content closer to end users also help ISPs to manage costs, saving ISPs USD5.0–6.4 billion per annum.

Network usage fees would impose high interconnection costs for a non-existent problem, and they would disrupt incentives, investment, and competition

If introduced, network usage fees could have detrimental effects on multiple stakeholder types

Impacts on CAPs include:

Fewer resources to invest in content and infrastructure

Higher barrier to entry for smaller/local CAPs

Impacts on ISPs include:

Reduced ability to offer high-quality online experiences

Reduced long-term ISP competition and investment

Impacts on end users (consumers and businesses) include:

Higher ISP prices, less ISP choice, and reduced quality of broadband services (e.g. latency)

Reduced quality of service from CAPs and fewer new CAPs to choose from in the future



For more details please see:

<https://www.analysismason.com/internet-content-application-providers-infrastructure-investment-2022>



Stay connected

You can stay connected by following Analysys Mason via LinkedIn, Twitter and YouTube.

 [linkedin.com/company/analysys-mason](https://www.linkedin.com/company/analysys-mason)

 [@AnalysysMason](https://twitter.com/AnalysysMason)

 [youtube.com/AnalysysMason](https://www.youtube.com/AnalysysMason)

 [analysismason.podbean.com](https://www.analysismason.podbean.com)