

Moving Down the Value Chain

A personal view

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Information Society
Technologies



1998 Vision Telco Operators

- Data transfer will be so cheap, that profit can no longer be made
- In order to survive, Telco's must move up in the value chain



1998 My Doubts

- Why wouldn't it be possible to make profit on cheap data transfer services?
- How would a Telco get content from content providers?



As time went on ...

- Telco's invested in Music portals
 - iTunes, Amazon,
- Telco's invested in Video portals
 - iTunes, etc.
- Telco's invested in TV content
 - Versatel: Dutch football league; SwissCom
- Telco's invested in TV content creation
 - Telefonica: EndeMol
- Telco's invested in imode, UMTS, ...
 - There would be a killer application, wouldn't it



As time went on ...

- Telco's failed in moving up the value chain
 - Billions were lost
 - Moving down the drain ...
- Content is not sold by Telco's, but by other, global players
 - Apple iTunes (music, video, ...)
 - Google (search, youtube, maps, ...)



Is it safe to assume that ...

- Telco's will never be able to move up the value chain?
- Control over network and content will always be separated?
- I have doubts, again



Observation

- A company like Google is creating its own, internal, but worldwide network
- Capacity of this network is huge
- With current fibers (Lambda's) such network needs not be expensive
- Google peers directly with many operators



Some thoughts ...

- Wouldn't it be possible that your house gets directly connected to google?
- You would then have two network connections: Internet and Google
- Technically this might be rather simple
 - (ADSL virtual channels, VLANs, Lambda's)
- In this way Google would be able to guarantee QoS for its main applications



More thoughts

- If Google can do this, what about:
 - Apple
 - Microsoft
 - Ebay (skype)
 - ...
- Will content providers move down the value chain?
- Will control over network and content remain separated?



Final thoughts

- Is this scenario realistic?
- Will this be the end of the “free” Internet?
- What will be the role of Telco’s?
- What are the technical challenges to make this happen?
- Why did we, 10 years back, fail to predict this?

