

Investment and Competition in 21st Century Business Data Services (BDS)



Business Data Services Regulations Need Regulatory Reform

- **Reforming outdated BDS regulations** will help spur investment necessary for increased productivity, economic growth, and job creation.
- **BDS competition has flourished** since the FCC started its proceeding **12 years ago**. Today fiber over-builders and cable operators **offer businesses new high-speed Ethernet services** in the marketplace to replace legacy 1.5 Mbps services (DS-1s).
- **Aligning regulations** for legacy business data services to **reflect the level of competition in the marketplace** is long overdue.

Reform Should Reflect The FCC's Record And Massive Data Collection

- In 2013, the FCC collected the largest data set in its history on BDS from incumbent LECs, competitive LECs, cable operators, and others.

2013 Data Reveal A Robustly Competitive BDS Market

- BDS services are **more competitive than they were in 2005 and the pace of competition has increased since the 2013 data collection**.
- **Since 2013** competitive providers and cable companies have **invested billions to deploy Ethernet and expand their BDS networks and business offerings**.

- 2013 FCC data reveal many competitors are now close to business customers:
 - In buildings with existing BDS demand: **50% are within 88 feet** of competitive fiber; **75% are within 456 feet**; **90% are within about 1,107 feet**; and virtually **all (98.7%) are within a half mile**;
 - Competing networks deployed in **95+% of census blocks** with BDS demand.
- 2016: **60% of new Ethernet connections delivered by CLECs and cable MSOs**
- The FCC's own outside expert found that "fiber-based **competitive supply within at least half a mile [2,640 feet]** generally has a material effect on prices of BDS ..."

FCC Action Necessary For Greater Investment And Competition

- **Maintain light touch regulatory treatment of next generation BDS like Ethernet**. This has spurred investment in Ethernet infrastructure and helped increase competition.
- **Provide regulatory relief for legacy BDS interoffice transport services**. Ubiquitous competitive networks now compete with ILEC legacy networks and provide the basis for removing unnecessary regulatory restrictions on these services.
- Adopt a **Competitive Market Test for last mile** legacy BDS connections that would provide regulatory relief for services in areas where **at least 80% of the customers who purchase BDS are within 2,000 feet of a competitive provider**.

