

14 April 2025

Feedback of

ACT | The App Association
(Transparency Reg. # 72029513877-54)
Rue Belliard 40,
1000 Brussels, Belgium

to the

Autorita Per Le Garanzie Nelle Comunicazioni

regarding its

Delibera 55/25/CONS

Introduction and statement of interest

ACT | The App Association (hereafter ‘App Association’) welcomes the opportunity to submit comments to the Italian Communication Agency (Agcom) on including Content Delivery Network (CDN) providers or Content and Application Providers (CAP) into the European Electronic Communications Code (EECC).

The App Association is a policy trade association for the **small business technology developer community**. Our members are entrepreneurs, innovators, and independent developers within the global app ecosystem that engage with verticals across every industry. We work with and for our members to promote a policy environment that rewards and inspires innovation while providing resources that help them raise capital, create jobs, and continue to build incredible technology. Today, the ecosystem the App Association represents—which we call the app economy—is valued at approximately €86 billion and is responsible for over 1.3 million jobs in the European Union (EU).¹

Telecom Networks and its relationship with SMEs

We are strongly supportive of the development of advanced electronic communication networks (ECNs) and technological innovations. We believe that these developments are essential for the growth and competitiveness of our small and medium-sized enterprise (SME) app developer members. App developers need access to a stable internet infrastructure, as well as reliable last-mile connectivity provided through a range of wired and wireless modalities, to minimise latency and ensure the smooth delivery of services to consumers and enterprise users that leverage App Association members’ innovations. A robust infrastructure supports critical data accessibility goals and is crucial to people’s everyday lives and for enterprise operations, as it helps Italian consumers access online platforms and services.

While we believe that Agcom does appreciate the differences between ECNs, CDNs, and CAPs, we nonetheless note the role CDNs and CAPs themselves play in optimising networks under today’s framework and caution against upending this dynamic. Specifically:

- CDNs reduce telecom network congestion by caching content near an ECN’s users; distributing user requests across multiple servers, optimising routing; reducing origin server requests; and otherwise efficiently handling high traffic peaks.
- CAPs, sometimes using CDNs and/or in collaboration with ECNs, do their part to reduce the strain on telecom networks and optimise traffic by compressing or transcoding data into formats that require less bandwidth; deploying content and apps closer to the network edge to offload traffic from central telecom infrastructure; and leveraging artificial intelligence (AI) and machine learning (ML) to predict traffic patterns and proactively adjust content delivery strategies; among other measures.

We believe that providers of ECNs should invest in the future of connectivity infrastructure. As the custodians of the necessary infrastructure, they appropriately have a responsibility to ensure access to their services, and the necessary innovation for the improvement of connectivity. We caution Agcom against the inclusion of CDNs or CAPs to the general

¹ See <https://actonline.org/wp-content/uploads/Deloitte-The-App-Economy-in-the-EU-2020.pdf>.

authorisation regime of the EECC, as they provide fundamentally different services than telecom providers.

Such introduction would introduce telecom-like obligations on non-telecom actors leading to negative impacts on SMEs by indirectly increasing compliance/legal and administrative costs. Even if only the largest CAPs or CDNs were introduced in the new authorisation regime, this approach would still affect (and, at minimum, send a chilling message to) smaller businesses as they rely heavily on larger providers, especially when operating on digital platforms. Whether imposed directly or indirectly, any material financial or operational burden that could arise from such decision would have a negative effect on these small enterprises' growth and competitiveness, making it more difficult for them to innovate and provide customers with special services.

The App Association represents small and medium-sized technology companies that depend on a robust, dynamic, and accessible digital infrastructure to maintain and grow their businesses. As the electronic communications sector continues to evolve, we want to ensure that the ecosystem remains open, stable, and resilient. Any disruption of existing pro-competitive market dynamics would impose an additional burden and negatively impact our members, who currently use the integrated electronic communications system as the foundation of their businesses.

Forcing any type of landscape, even if it's only on CDNs and CAPs (or certain subsets thereof), would have an impact on our SME members, influencing their business decisions. The potential increase in operational costs or imposing of landscapes poses a major concern for SMEs. When large companies pass down the costs of complying with new integration requirements, smaller businesses will face higher costs for cloud and connectivity services. This pressure would stress SMEs' finances, harming their capacity to invest in expansion and innovation.

Conclusion

In conclusion, we believe that advancing electronic communication networks and fostering technological innovations are crucial for the growth and competitiveness of SMEs within the app ecosystem. Delivering cutting-edge services to customers and smoothly integrating enterprises into the cloud depend on a robust and expansive infrastructure.

ECNs charge for the services they provide and are responsible for investing in the infrastructure that underpins their revenue. In the context of its inquiry, it is vital that Agcom reinforce ECNs' clear and distinct roles and responsibilities. Further, we note that CAPs spur further demand and therefore contribute to greater revenues for ECNs, which ultimately supports ECNs' ability to improve their existing infrastructure as well as fund needed buildouts. Tech SMEs don't ask telecoms to fund their research and development (R&D), so each should invest independently and decide how to recoup their costs.

The App Association also urges Agcom to ensure that its efforts in this matter do not undermine or conflict with other related European Union and/or national goals and priorities. For example, enforcing mandatory payments on any subset of network traffic generators at the network edge is likely to be discriminatory and degrade equal access to the internet, thereby endangering the principle of internet openness/net neutrality.

We therefore caution Agcom against introducing CDNs and CAPs into the new authorisation regime established under the EECC. Such introduction could lead to unintended consequences on SMEs and therefore would impact their ability to innovate, scale, and grow in Europe.

The App Association appreciates the opportunity to provide its views to Agcom and commits to collaborating in an effort to promote a competitive ecosystem. We remain fully available for any further discussions or inquiries you may have.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Sax", with a stylized flourish at the end.

Mike Sax
Founder and Chairperson

Brian Scarpelli
Senior Global Policy Counsel

Maria Goikoetxea
Policy Manager