28 May 2008

RESPONSE TO INVITATION FOR COMMENTS
“Analysing Barriers and Incentives for Network and Information Security in the Internal Market for e-Communication”

Dear Sirs,

We would like to thank you for giving us the opportunity to respond to your request for comments on issues affecting network and information security within the European Union.

LONAP is a small not-for-profit membership organisation with over 80 members which operates an Internet Exchange Point (IXP) service in London. Our members range from small start-ups to multinational network operators based outside the U.K. As such, we are only commenting on the issues which may affect us rather than addressing all the points raised in your document.

We fully support the concept that the Internet should be resilient. As you will be aware, the Internet is in fact made up of tens of thousands of interconnected networks. We provide one of those methods of interconnection by operating an IXP, however we would note that our members have other methods of exchanging traffic with other network operators, including private ‘peering’ links, commercial transit arrangements and many of our members are also present at other IXPs both in the U.K. and the rest of Europe. This in essence already provides for diversity, and whilst it does not mean we can take our function lightly, we are confident that the average Internet user would not notice if LONAP was to temporarily be switched off. We believe that we form one small part of a very large network which as a whole functions as what we call the ‘Internet’.

As a small not-for-profit organisation, we have to pass on all cost increases to our members who in turn will reflect the costs of operating their networks in the prices they charge to their customers. As such, any increased burden on LONAP could place significant risks on our competitive position, particularly as a small IXP operator. In the past few years, the cost of commercial “transit” bandwidth has fallen significantly resulting in many members reconsidering whether it is economical to peer, and some are choosing instead to scale down peering and buy more capacity from other operators. This reduces redundancy and resiliency as it increases the possible points of failure. There are of course performance and other technical reasons to peer directly, but it is still nevertheless necessary for us to satisfy the commercial value test for our members.
It is also worth noting that the low cost of running an IXPs helps to provide a competitive environment where companies of all sizes can operate. A significant regulatory burden would put that at risk, and is likely to impact on costs for smaller IXPs in a disproportionate way, reducing competition in the IXP market.

We would also add that many smaller networks cannot justify connecting to an IXP outside of their home city/country due the limited benefits against quite a large cost of a reliable link from their point of presence to the foreign/distant IXP. This is why small IXPs are particularly important in providing the diversity for smaller network operators within the local market.

We believe in industry standards and as members of Euro-IX, exchange best practice information openly with other not-for-profit and commercial IXP operators. Euro-IX helps us to learn from experiences that other exchanges across the world have to share, and it is an excellent example of an industry working for the greater good. We therefore would respectfully suggest that regulatory intervention which could affect IXPs would be anti-competitive and thus undesirable.

We would be happy to clarify any of these points if required.

Yours sincerely,

Sebastien Lahtinen
Chairman