Putting the Digital Networks Act (DNA) in the Right Perspective

Europe

HOW TECH IS SAVING EUROPEAN TELCOS

Driven by innovation in cloud computing and artificial intelligence (AI), Europe's telecom sector is undergoing a digital transformation. The tech industry is helping telecom operators modernise everything from network management to customer support.

AI adoption is already widespread: 90% of telecom companies use AI, according to Nvidia research, with 48% in the pilot phase and 41% actively deploying it.

Yet, some large telecom operators – ironically, those benefiting most from digital innovation – claim that the very tech firms enabling their transformation are 'exploiting' telecom networks, and argue the two business models are converging.

In reality, this is a misrepresentation of a thriving customer-supplier relationship.

Four practical examples

CLOUD SUPPORTING TELCO OPERATIONS

Telecom operators leverage cloud computing to optimise their operations, just like other industries that have embraced the cloud. They gain higher productivity, lower data storage and processing costs, and greater scalability.
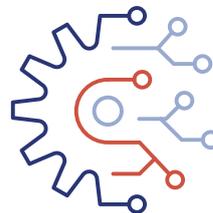
AI POWERING NETWORK OPTIMISATION

80% of European telecom operators are using or testing AI for RAN network automation and optimisation already today – improving the performance and efficiency of 4G and 5G mobile networks – according to Analysys Mason.

ACCELERATING NETWORK MAINTENANCE

Cloud powered tools, including AI, are helping telcos automate network management – cutting outage analysis time and reducing costs. In the past, engineers had to manually search for outage causes. Now, AI quickly pinpoints faults, speeding up service restoration.

IMPROVING CUSTOMER SERVICE

AI-powered virtual agents provide fast and accurate support, while AI-assisted human agents resolve issues more efficiently. This means shorter wait times, quicker problem resolution, and happier customers. McKinsey found that **AI chatbots help telecom firms cut costs by 15-20%.**

"These use cases highlight the **collaborative and positive business relationship** between telecommunications providers and technology companies."

> "The **telecom sector thrives because of AI, cloud and content** innovators; not in spite of them."

While some continue to push a deceptive narrative that tech and content firms should compensate telcos for 'overburdening' networks, in reality these technologies are enabling telcos to reduce costs, boost profits, improve efficiency, and enhance the customer experience.

This positive reality, however, is not reflected in the ongoing debate about the upcoming EU Digital Networks Act (DNA), which tends to focus on misguided claims and concepts.

Telecom companies are thriving – and able to offer new connectivity services – thanks to demand for exciting online content and digital services, without which consumers wouldn't pay for premium connectivity, while tech keeps networks running smoothly.

Key takeaways

COLLABORATION, NOT CONVERGENCE

While cloud services and telecom have a commercial relationship, the two remain fundamentally different. There is no convergence between business models.

▶ **Cloud services provide businesses with scalable, on-demand IT infrastructure** – operating a horizontal model and offering building blocks for software development across multiple sectors.

▶ **Telecom operators, like other industries, use these cloud services** for their own AI-driven analytics, customer support, and operational efficiency. However, core network functions remain primarily on-premise infrastructure.

COMPETITIVENESS IS THE REAL PROBLEM

Nevertheless, the European Commission is considering extending the European Electronic Communications Code (EECC) to cloud services in the upcoming DNA, based on the false assumption that there is cloud-telco convergence.

▶ **How would more regulation for cloud and digital services help EU businesses?** Spoiler: It wouldn't. The Commission wants 75% of SMEs to adopt cloud and AI to meet 2030 digital targets – yet the DNA would burden these very technologies with extra costs and regulation.

▶ **There's no point in subjecting cloud services, private networks, or content delivery networks to telecom regulation.** Instead, the EU must recognise the distinct roles of telecom operators and cloud providers – which is instrumental to boosting EU digital competitiveness.