Telecommunications in the Digital Transformation

Regulatory and Policy Outcome

An IIC Italian Chapter Report

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Disclaimer

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Table of Contents

Executive Summary 4
Introduction 6
Setting the scene 8
Sovereignty and Infrastructure - CEO Perspectives 10
Regulation SWOT Analysis 13
Competition versus Investment: The Digital Networks Act 17
Final Remarks: Key Findings and Recommendations 21

Executive Summary

On 11 November 2025, the International Institute of Communications (IIC) Italy Chapter, in partnership with the Italian Communications Regulatory Authority (Autorità per le Garanzie nelle Comunicazioni, AGCOM), convened a high-level meeting dedicated to *Telecommunications in the Digital Transformation*. The event provided a strategic forum for dialogue among regulators, industry leaders, academics, and policy experts. Its primary objectives were to assess the role of telecommunications networks as critical infrastructure for Europe's digital transformation and digital sovereignty, explore regulatory frameworks capable of fostering investment, innovation, and fair competition, and discuss the evolution of telecom business models in the context of digital convergence, next-generation networks, and emerging technologies.

The event brought together senior representatives from European and national regulatory authorities, including Roberto Viola, Director General of DG CONNECT at the European Commission; Giacomo Lasorella, AGCOM President; and Laura Aria and Elisa Giomi, AGCOM Commissioners. Industry leaders included Giuseppe Gola, CEO of Open Fiber; Pietro Labriola, CEO of TIM Group; Benedetto Levi, CEO of Iliad Italia; Walter Renna, CEO of Fastweb / Vodafone; Diego Ciulli, Head of Government Affairs & Public Policy, Google Italy; Antongiulio Lombardi, Regulatory Affairs Director, WindTre; and Livia Ferraro, Head of IT Digital Public Policy, Amazon.

Academic and legal expertise was provided by Sandro Frova from Bocconi University, Fabrizio Cugia of Cugia Cuomo & Associates and Raffaele Giarda of Baker McKenzie, also members of the IIC Italian Chapter. Contributions from sector associations and councils were represented by Alessandro Gropelli, Director General, Connect Europe; Francesco Nonno, President, FTTH Council Europe; and Pinar Serdengecti, Regulation and Competition Affairs Director, European Competitive Telecommunications Association (ECTA). The sessions were moderated by Andrea Biondi, Deputy Editor of *Il Sole 24 Ore*, who guided discussions and facilitated dynamic exchanges among participants, ensuring that complex regulatory, technological, and economic perspectives were thoroughly explored.

The meeting was inaugurated by Elisa Giomi, Commissioner at the Italian Communications Regulatory Authority, alongside Augusto Preta, President of the IIC Italy Chapter and CEO of ITMedia Consulting. In their opening remarks, both speakers emphasized the central role of telecommunications networks as the backbone of the digital economy. They highlighted the necessity for regulatory frameworks that ensure resilience, inclusiveness, and a level playing field, while supporting innovation and long-term investment. The remarks set the tone for a day of strategic dialogue focused on both the opportunities and the challenges facing Europe's digital infrastructure.

The agenda included keynote interviews, panel discussions, and thematic roundtables that examined four interrelated topics in depth. The first topic focused on regulation and digital sovereignty, with participants underscoring the increasing strategic importance of telecommunications infrastructure for Europe's autonomy in the digital domain. Regulators stressed the need for coherent EU-level policies that safeguard critical assets while maintaining market openness and ensuring the long-term sustainability of networks.

Investment and infrastructure development formed the second major theme. Industry representatives highlighted the scale of investment required for next-generation networks, including fibre and 5G/6G deployment. Discussions emphasized the importance of predictable, technology-neutral regulatory frameworks and the reduction of regulatory fragmentation to incentivize long-term capital deployment. The dialogue also stressed the need for public-private cooperation to enable sustainable network expansion and support Europe's competitiveness in digital technologies.

The convergence of telecommunications and digital platforms was the third theme addressed. Participants examined the evolving relationship between telcos and large digital platforms, focusing on competition, fair contribution to network costs, and the regulatory role in maintaining a level playing field across the digital ecosystem. The discussion considered opportunities for telcos to reposition

themselves as integrated technology providers (TechCo models) by offering advanced digital services, cloud solutions, and edge computing capabilities.

The final theme concentrated on innovation, competition, and consumer benefits. Participants agreed that effective regulation must promote innovation while safeguarding competition and consumer interests. The importance of maintaining high quality of service, network security, and affordability was repeatedly highlighted. Speakers also noted the persistent gap between network availability and adoption of advanced connectivity services, emphasizing the need to stimulate demand to complement infrastructure rollout and maximize economic and societal value.

In conclusion, the event highlighted that telecommunications networks are a foundational pillar of Europe's digital transformation and economic resilience. Speakers underlined that regulatory certainty and investment-friendly frameworks are essential to support the large-scale deployment of fibre and next-generation mobile networks. The discussions reinforced the importance of strong collaboration between regulators, industry, and policymakers to address the challenges arising from digital convergence and the interplay between telecom operators and digital platforms. Ensuring fair competition and safeguarding consumer interests were also repeatedly emphasized as priorities for sustainable growth. Moreover, participants stressed the need to bridge the gap between network availability and adoption, particularly for 5G and gigabit broadband, to translate infrastructure investments into tangible economic and societal benefits.

The meeting reaffirmed the value of structured dialogue among stakeholders and highlighted the need for continued engagement at both national and European levels. The insights and perspectives shared during the event will inform ongoing discussions on the implementation of the Digital Networks Act, measures to stimulate consumer and business adoption of advanced connectivity, and strategic approaches for telcos to evolve as integrated technology providers while maintaining competitive markets. Continued collaboration is essential to ensure that Europe's telecommunications ecosystem effectively supports innovation, digital sovereignty, and inclusive economic growth.

Introduction

The transformation of telecommunications over the past decade has fundamentally shifted the strategic landscape for both Italy and the European Union. Today, networks are no longer conceived merely as channels for transmitting data; they have become the foundational layer upon which Europe's digital economy, public administration, industrial competitiveness, and technological sovereignty depend. In this rapidly evolving context, the high-level meeting organised by the IIC Italy Chapter in partnership with the Italian Communications Regulatory Authority (hereafter AGCOM) on 11 November 2025 acquired a particular significance. It offered a timely venue for regulators, industry leaders, digital platforms, and academic experts to assess the direction of telecom policy at a moment when the European regulatory framework is undergoing a paradigm shift—from the 2018 European Electronic Communications Code to the forthcoming Digital Networks Act (DNA).

This meeting took place at a critical juncture for EU policy. The Digital Decade 2030 framework has defined ambitious connectivity, digital skills, cloud adoption, and digitization targets. These objectives reflect the EU's recognition that secure, high-performance, and sustainable digital infrastructure are indispensable for Europe's long-term competitiveness. Complementing this vision, the EU Competitiveness Compass highlights advanced connectivity as a pillar of economic productivity, linking network capabilities to industrial innovation, data-driven value creation, and the integration of AI across sectors. The forthcoming Cloud & AI Development Act is expected to reinforce these priorities by setting rules and incentives for distributed cloud infrastructure, trusted data processing, and AI-ready networks. Together, these initiatives establish a policy environment in which telecommunications networks play an expanded, mission-critical role.

Italy occupies a distinctive position within this European framework. The country is pursuing one of the most ambitious fibre-deployment programmes in Europe, driven by public–private investment and aligned with national PNRR targets. At the same time, Italy's telecom sector is undergoing structural reconfiguration through network separation, consolidation efforts, and a race among operators to embrace TechCo models that integrate cloud, cybersecurity, and edge services. These transformations not only reshape the Italian market but also influence the broader EU debate on investment sustainability, competitive dynamics, and the future of telecom regulation. Italy thus represents both a testing ground and a source of strategic insight for EU-level policymaking.

One of the most important themes emerging from the meeting was the re-evaluation of the relationship between competition and investment, a tension that has long defined European telecom policy. The current market reality is characterised by declining profitability for telecom operators, increasing capital requirements for next-generation networks, and heightened competitive pressure from over-the-top digital platforms and hyperscalers. As several speakers underlined, this economic context challenges the sustainability of the traditional regulatory model—one heavily rooted in ex ante obligations, price control, and micro-regulation. The DNA attempts to address these structural issues by shifting the regulatory focus away from prescriptive rules and towards market contestability, transparency, non-discrimination, and ex post enforcement informed by competition law. This cultural and institutional shift is central to ensuring that Europe's networks remain capable of supporting future-oriented technologies such as 5G Stand-Alone, edge computing, and distributed AI systems.

Another recurring theme was the growing disconnect between network coverage and adoption across Europe. While EU Member States have achieved high levels of FTTH, gigabit, and 5G availability, adoption remains significantly below potential. This gap constrains investment returns, elongates payback periods, and undermines incentives for operators to accelerate the deployment of advanced connectivity. The meeting ultimately underscored that overcoming this imbalance requires a policy approach that not only supports infrastructure rollout but also stimulates demand through digital literacy programmes, targeted support for SMEs, innovation incentives in strategic industrial sectors, and public procurement that provides predictable demand signals for 5G SA and edge-enabled

applications. This shift from a mainly supply-driven model to a holistic deployment-and-adoption strategy aligns with the EU's evolving industrial and technological priorities.

Connected to this challenge is the question of technological sovereignty, which featured prominently in the interventions of both policymakers and industry representatives. As global competition intensifies and geopolitical dependencies grow more evident, Europe's capacity to design, operate, and secure its own digital infrastructures is increasingly seen as a matter of strategic autonomy. Participants highlighted that telecom networks, cloud infrastructures, and AI ecosystems are deeply interdependent. In this context, ensuring that European operators can invest in cloud-edge capabilities, participate meaningfully in global standardisation efforts, and maintain competitive positions vis-à-vis hyperscalers is essential for safeguarding the EU's economic security and strategic leadership. The Cloud & AI Development Act and the DNA will therefore need to articulate a coherent vision that supports interoperability, trusted infrastructures, and balanced market relations between telcos and digital platforms.

For Italy, sovereignty concerns intersect with national priorities such as the consolidation of fibre deployment, the resilience of critical infrastructure, and the modernisation of industrial sectors. Italian operators—TIM, Vodafone–Fastweb, Open Fiber, Iliad, and WindTre—emphasised the urgency of clearer regulatory guidance on wholesale markets, symmetrical obligations for CAPs and CDNs, spectrum licensing costs, and the need for predictable regulatory frameworks that support long-term investment. These concerns mirror the broader European debate over the conditions under which operators can sustainably transition to integrated TechCo models capable of delivering cloud, AI, cybersecurity, and edge computing solutions.

Finally, the meeting demonstrated the growing need for strengthened cooperation among regulators, policymakers, and industry. As the telecom landscape grows more complex and interconnected, the regulatory role expands beyond traditional oversight to include facilitation, coordination, and dispute resolution. AGCOM's evolving approach—focused on transparency, service quality, flexible spectrum management, and integration with digital platform regulation—illustrates how national authorities must adapt to technological convergence. At the same time, achieving coherence across the EU requires deeper alignment among national regulators and EU institutions to avoid fragmentation and ensure that the Digital Networks Act fosters a genuinely integrated single market for digital infrastructure.

In conclusion, this event represents a milestone in Italy's and Europe's ongoing reflection on the future of telecommunications. It clarified the strategic importance of advanced connectivity for competitiveness, sovereignty, and innovation; highlighted the urgency of regulatory reform; and reaffirmed the need to bridge the gap between infrastructure supply and real-world adoption. The insights gathered offer an essential contribution to the shaping of telecom policy at a delicate juncture when Europe's digital transformation is accelerating and the decisions taken today will determine the continent's technological and economic position for the next decade.

Setting the scene

The changing role of Telecommunications in the digital transformation

Augusto Preta – President, IIC Italy Chapter

The progressive downsizing of the role of telecom operators is undeniable. Over the years, telcos have lost part of their attractiveness compared to other technology sectors — a phenomenon that, as is well known, is linked to several factors of digital transformation.

First of all, telecommunications have become a highly competitive, low-margin sector, mainly due to the spread of mobile and broadband networks. Operators are required to invest billions in infrastructure (such as 5G and fibre optics) without always being able to obtain proportional returns, while tariffs tend to decrease due to competition. The traditional telecommunications market linked to connectivity is already highly developed and by now saturated, with almost universal coverage in advanced economies. OTT (Over-The-Top) services, such as WhatsApp, Skype, Netflix, and Zoom, have reduced the traditional role of telecommunications operators.

In the past, telcos directly managed calls, SMS, and TV; today everything takes place through digital platforms that use their networks. From the telcos' perspective, these players, while increasing traffic, do not directly contribute to their revenues. It is precisely on this point that, for several years now, there has been discussion about the possibility of a "more or less voluntary" contribution by OTTs to the costs of developing and maintaining network infrastructure (fibre and 5G), given that these companies generate most of the traffic, the costs of which fall solely on telecommunications operators (and end consumers).

In general, regardless of one's position on this issue (those who follow me know mine), value has therefore shifted from infrastructure providers to software and cloud operators. Companies such as Google, Amazon, Apple, and Microsoft dominate the market thanks to innovative digital services, while telecommunications are perceived as a more traditional and less profitable sector, where growth opportunities no longer exist as they do in other areas, such as the data economy, fintech, artificial intelligence, or cybersecurity.

Thus, in an effort to recover at least in part a leading role in digital transformation, telcos are seeking to reinvent themselves, pursuing new paths and developing new business models. This is what has been defined as the transition from telecommunications companies (Telco) to technology companies (TechCo), shifting the business from an exclusive focus on connectivity to a broader offering of advanced digital services. This transition involves the integration of value-added services such as cloud, cybersecurity, Internet of Things, AI, and fintech, leveraging existing infrastructures to offer innovative solutions to businesses and consumers, and focusing on the creation of new partnerships with technology companies to innovate their offerings.

In the view of some telcos (European incumbents, including TIM), moreover, this can only happen on the condition that national and European regulation is eased, since compliance with constraints on data protection and, above all, competition—read consolidation—limits their ability to expand freely, making the sector less dynamic compared to other technological fields. To what extent this depends on regulatory constraints remains an open question. What is certain, however, is that European telecommunications companies struggle to generate returns above their cost of capital, and therefore mergers and acquisitions remain the sector's preferred solution for continuing to grow.

Ultimately, there are many open questions and issues still seeking answers, and the coming months will be crucial in understanding whether the sector can still play a central role in the development of innovation and future digital strategies, or whether, in the absence of the hoped-for European interventions and initiatives (starting with the Digital Networks Act, currently at a standstill), it will instead continue its slow and inexorable decline.

The Challenges of Telecommunications Regulation in the Digital Transformation

Elisa Giomi, Commissioner, Italian Authority for Communications (AGCOM)

Telecommunications in the context of digital transformation is a topic of great interest and strategic relevance for electronic communications and digital services. National regulatory authorities will be called upon to manage the transition from the European Electronic Communications Code to the new Digital Networks Act—a shift that is not merely a regulatory revision, but a true change of paradigm in the way we conceive the regulation of digital networks in Europe. When the European Code was adopted in 2018, its objective was to create a common framework for electronic communications services and to protect "weaker" parties, both among competitors seeking access to networks and among end consumers. That Code represented a balance between liberalisation, the promotion of competition, incentives for investment, innovation, and demand development.

In recent years, however, the telecommunications ecosystem has changed profoundly. Competition has increased thanks to effective regulatory action which, by its very nature, is and must remain transitional; fixed and mobile networks have been integrated into convergent infrastructures; and the boundaries between telecom operators and digital services have become increasingly blurred. At the same time, Europe is facing a decisive challenge: how to maintain technological sovereignty and competitiveness in a global context dominated by non-European players. It is within this framework that the Digital Networks Act has emerged. The discontinuity is evident already in its name: from "Electronic Communications" to "Digital Networks". This is not merely a matter of terminology, but of perspective. Under the 2018 Code, the network was primarily viewed as a transmission medium; under the DNA, the network is seen as the enabling infrastructure of the entire digital ecosystem—cloud, platforms, IoT, AI, public and industrial services. The network is no longer a simple intermediate service, but a platform for innovation and competition, with direct consequences for the regulatory model.

One of the central issues concerns access obligations. Under the European Code, the approach was highly micro-regulated: relevant markets, operators with significant market power, and targeted obligations (physical access, unbundling, price controls, cost orientation). This model has supported competition, innovation, and consumer protection. However, in more recent years, in some cases it has slowed investment and contributed to the fragmentation of the internal market. Today, with mature ultra-broadband networks and the substantial investments required for 5G, fibre, and new architectures, that model no longer appears adequate. A new balance is needed between investment and competition, between access protection and freedom of enterprise. Less micro-regulation is required, and greater reliance on transparency and operator responsibility, while ensuring that markets are genuinely contestable and that access, where necessary, is reasonable, transparent, and non-discriminatory. The economic dimension is decisive, as Europe's digital transformation requires extremely high levels of investment.

This new approach does not diminish the role of authorities; rather, it transforms it. The real challenge for regulators is to move beyond the comfort zone of ex ante micro-regulation. Authorities will be increasingly less called upon to set prices or verify cost models, and increasingly required to oversee the fairness of market relations, ensure transparency, and intervene against discrimination, abuse, and opportunistic behaviour—acting as system arbiters. It is inevitable, however, that reducing detailed regulation will increase interpretative conflicts. For this reason, the new framework must encourage good-faith negotiation between operators. And where negotiation is insufficient, strengthening conciliation and dispute resolution becomes central, with rapid procedures and outcomes, to prevent greater freedom from translating into litigation and uncertainty.

In conclusion, the Digital Networks Act is not merely a technical reform, but a cultural shift—from regulatory constraint to corporate responsibility. The hope is that it will become a principled framework capable of ensuring robust infrastructure, sustainable investment, and fair competition, grounded in contestability and good-faith negotiation.

Sovereignty and Infrastructure - CEO Perspectives

European Technological Sovereignty, Digital Infrastructure and Services: The New Playing Field

Fabrizio Cugia di Sant'Orsola –Partner, Cugia Cuomo & Associati; IIC Italy Chapter

European sovereignty, particularly in the technological domain, is the ability to develop capabilities, resilience, and security while reducing strategic dependencies, avoiding reliance on foreign actors or single service providers, and safeguarding critical technologies and infrastructures. Technological sovereignty refers specifically to the EU's capacity to design, develop, and independently enhance the digital technologies essential for its competitiveness.

Currently, the EU faces significant dependencies in cloud and data management. Hosting and data storage predominantly occur outside EU territory, with 92% of Western data stored in the United States, managed by U.S. providers. Additionally, the European cloud market is dominated by Amazon Web Services, Microsoft Azure, and Google Cloud, which collectively account for about 70% of the EU cloud infrastructure market, while European providers like OVHcloud and Deutsche Telekom hold only around 13%. This concentration of foreign providers poses both infrastructural and legal vulnerabilities.

The EU's own digital infrastructure cannot meet growing demand. Fiber-optic coverage averages between 41% and 56% of households, depending on region, and the deployment of 5G and Edge computing—critical for real-time, high-data applications such as industrial Internet of Things (IIoT)—lags behind. This has led to virtualization of electronic communication functions, moving critical operations to cloud or edge environments. Network virtualization, network slicing, and "network as a service" are expected to drive the transition from traditional networks to cloud-based, software-defined systems.

Current EU regulation does not impose obligations on cloud service providers, nor does it fully govern interactions among the actors in the digital infrastructure ecosystem. Over 60% of international traffic transits through submarine cables not owned by EU-recognized electronic communications network operators, leaving large cloud networks outside regulatory oversight, especially regarding access rules. Furthermore, U.S. legislation, including FISA and the Cloud Act, enables U.S. authorities to access data hosted by U.S. companies even when stored outside the United States.

The Draghi Report emphasizes that European renewal must center on innovation while removing systemic constraints. The European industrial structure remains static, dominated by traditional sectors with lower R&D spending than the United States. The electronic communications sector must expand beyond consumer markets to support key economic sectors, including industrial IoT. The EU Commission's White Paper (February 2024) highlights network security and sustainability as cornerstones of the EU's Digital Decade 2030, linking network development to the performance of societal services and real-time digital applications like Web 4.0.

Technological transformation is further complicated by hybrid networks, edge computing, and full cloud migration, which threaten Europe's traditional leadership in network equipment and services. The EU must safeguard industrial capacity, enhance innovation capabilities, and develop the skills and knowledge necessary to maintain technological sovereignty.

A strategic approach to digital security is essential, with EU-wide strategies treating communication networks as strategic assets, akin to highways or electricity grids. Building on existing legislative frameworks such as NIS 2, the EU must ensure the resilience and security of critical infrastructures.

Coordinated management of computing and network resources is crucial to deliver seamless user experiences. Functionality and AI must increasingly operate at the network edge, close to users. European actors need sufficient scale to become key service platform providers, ensuring encryption and infrastructure remain secure against emerging threats, including quantum computing.

Europe must also secure industrial and technological capacity across the digital supply chain, fostering a dynamic community of innovators through the "Collaborative Connected Computing" (3C) network. This encompasses semiconductors, edge and cloud computing, radio technologies, connectivity, data management, and applications. Such efforts ensure the EU can maintain leadership in network equipment and facilitate the transition to interoperable, cloud-based networks and integrated telco-edge infrastructures. Bundling cloud, software, and maintenance services, along with intelligent interfaces, AI adaptation, and digital intermediation for public administrations, schools, and SMEs, is key to creating lock-in advantages and maximizing value from services.

A simplified and flexible regulatory framework is needed to reduce burdens and foster rapid development. Dynamic regulation, industrial policy initiatives, and competition policy must work together to overcome systemic barriers while avoiding direct subsidies or suspension of rules. The EU should leverage the single market to achieve scale benefits and overcome lock-in risks in cloud and other digital services.

The EU's Cloud Sovereignty Framework establishes minimum verification levels for contracting authorities (SEAL – Sovereignty Effectiveness Assurance Level) and introduces a "Euro STAK Provider" label, ensuring strategic, legal, technological, data, and environmental sovereignty. Complementing this, the October 2025 AI Strategy promotes EU edge AI capabilities, supports joint undertakings in smart networks and chips, and pilots a European AI stack for telecommunications. These initiatives aim to reduce dependencies on China and the U.S., enhance technological autonomy, and facilitate collaborative AI development across telecom operators and industrial users. Finally, France and Germany are committed to strengthening EU digital sovereignty, particularly in cloud services, highlighting growing political alignment to address Europe's technological lag.

On a side note, the first Round Table highlighted the urgent tension between the substantial investments needed to modernize Europe's digital infrastructure and the limitations imposed by current regulatory frameworks, competitive pressures, and market conditions. CEOs from TIM, Iliad, Fastweb, and Open Fiber shared their perspectives, illustrating the practical operational challenges that arise when attempting to expand and upgrade networks while navigating fragmented rules, market lock-ins, and high deployment costs.

ILIAD (CEO Benedetto Levi)

Diversification of services is certainly the key, but also public procurement may represent a fundamental asset: sovereignty is core to the public interest. Iliad Group has expanded its offers providing computing power to third parties and investing heavily on data centers and open source telecoms solutions, offering services tailored to SMEs but acting also potentially as a business angel. The Group is focused on ensuring property and general data sovereignty. From a regulatory perspective, a major issue is the allocation of spectrum assignments which must necessarily guarantee a fair allocation of available spectrum resources among market players, in order to ensure a level playing field, incentivise long term investments and the development of healthy competition on new services and quality.

Open Fiber (CEO Giuseppe Gola)

Open Fiber is fond of having achieved the preliminary coverage targets fixed for resident population, having secured fiber to the home for more than 5 million families throughout the territory. Roll-out timing and general connection timetables may be confirmed at this stage, all in line with the EU/PNRR targets. Final deployment of current phase 1 is expected by June 2026. With regards to wholesale services, Open Fiber is active in EDGE computing and hosting of data centers, ensuring local capabilities and new technology in favor of operators. Regarding regulatory hurdles, more clarity should be sought on investment programming and wholesale participation: service obligations by network operators and centralized programs ensuring avoidance of duplication on investments should be ensured.

TIM (CEO Pietro Labriola)

Two major topics remain to be addressed: Fair share (regulated at EU level) and development of a transparent and clear regulatory level playing field between OTTs and TLC network providers. Obligations are currently asymmetrical, yet AGCOM's recent decision on CDNs (i.e. AGCOM's Decision 207/25/Cons identifying authorization requirements for content delivery operators) goes in the right direction, ensuring recognition of general burdens and highlighting obligations that must be equally carried out and shared among players. More must be done on ensuring same competitive rules and list of service obligations that apply to all players, regardless of the particular field of interest. Inaction is definitely not an option. Also, apparent side issues such as full net neutrality, access to cloud public data and/or common EU investment policies (particularly in view of favouring the development of new native EU services through shared programming or AI resources) should be set in the agenda of regulators.

Vodafone-Fastweb (CEO Walter Renna)

The integration of Fastweb and Vodafone is creating a strong success story, built on complementary assets, convergent services and a broader portfolio for customers. AI and service perception are the real drivers of client choice, but in reality, AI impacts also on business efficiency, cost reduction, marketing and choice of services. Our company is investing and intercepting AI possibilities with the clear mission of changing the way clients may experience integrated services and identify us as business partners. A clear, transparent and predictable regulatory framework is essential, because it gives operators certainty about the environment in which they operate. At the same time, clarity on rules and obligations is crucial, since ambiguity or inconsistent interpretation can discourage investment and affect returns.

Regulation SWOT Analysis

Sandro Frova – IIC Italy Chapter

The second Round Table focused on the results of regulation in Italy, also viewed through the tool of SWOT Analysis. The SWOT matrix assesses strengths and weaknesses on the one hand, and risks and opportunities on the other, with the aim of evaluating ex ante or ex post what the combinations of the above variables may be or have been in relation to the objectives/results set for a company/organization. Strengths and weaknesses relate to internal factors that can be controlled by the company/organization, whereas risks and opportunities are typically considered external factors that cannot be controlled.

When discussing the results of regulation, we must remember that regulation in Italy has a relatively short history—just under 30 years. Until the mid-1990s, in fact, the regulatory function was entrusted to the Ministry of Posts and Telecommunications, and to some extent influenced by the "pressure" of the EU Directorate-General for Competition, within a broader European context of liberalization. Until then, the Ministry had been subject to phenomena of overlap—if not outright regulatory capture—with the monopolist.

It was from the mid-1990s onward that the first results of telecommunications regulation began to emerge: it was during that period, in fact, that the Ministry on the one hand and the DG Competition on the other addressed the main competitive/regulatory turning point in the sector, namely the issue of access. It is hardly necessary to recall the bitter disputes of those years involving Telecom Italia and a group of new entrants in fixed telephony, as well as TI/TIM and Omnitel Pronto Italia in mobile telephony, particularly in relation to the roaming affair.

However, it was only in 1997, with the Maccanico Law (while also taking into account the guidelines of the Napolitano Commission of 1995/1996), that Italy established the sector's regulatory authority, AGCOM. The Authority initially focused its activities mainly on the key competitive bottlenecks in fixed and mobile markets, before progressively expanding its scope to other important areas.

However, two aspects have always characterized the activity of the Authority and the European regulatory framework: a) the continuous and disruptive change in technologies and markets; and b) the recurring and divisive issue of access, initially confined to the specific field of telecommunications operators (former monopolists versus new entrants), and later extended to broader areas, as discussed in the previous round table and in the one that follows.

The results of regulation in telecommunications can usefully be assessed against its objectives. From the perspective of the SWOT analysis outlined earlier, the dynamics of technologies and markets—together with the associated transformation of consumption models—constitute external factors that lie beyond the Authority's control. By contrast, the issue of access represents an internal factor within the Authority's sphere of control.

The Italian Communications Regulatory Authority in the Digital Transformation

Laura Aria, Commissioner, Italian Authority for Communications (AGCOM)

We are in the midst of a profound transformation of the electronic communications markets: new ownership structures, industrial consolidation, the progressive phase-out of copper, and the advent of technologies such as FTTH and 5G are redefining boundaries, players, and responsibilities. In this scenario, OTTs (Over-The-Top players) and hyperscalers are taking on an increasingly significant role, while telcos are facing a crisis of economic sustainability due to strong competitive pressure. AGCOM is therefore required to address regulatory challenges in a context of growing convergence between

services, platforms, and infrastructures, with the need for regulation capable of accompanying innovation while protecting competition and consumers.

Regarding the evolution of the Telco Sector in Italy, some key contextual data emerge: Italy's fixed network is being strengthened by the growth of FTTH lines and high-speed connections, while in the mobile sector data consumption is increasing and more advanced technological models, such as 5G Stand-Alone, are gaining ground. From a competitive perspective, the separation of TIM's network (converging into FiberCop) and the Fastweb + Vodafone transaction are reshaping incentives and responsibilities, requiring regulatory certainty and pro-investment rules.

The Regulatory Framework is important. AGCOM's action is essentially developing along three main directions. First, AGCOM has updated quality indicators for mobile networks, adapting them to new technologies and introducing more precise targets, particularly for 5G. Operators are now required to publish detailed information on quality management techniques and traffic prioritisation mechanisms. Since 2024, "5G labels" have been introduced to make offers more transparent and help consumers distinguish network performance. In addition, AGCOM has taken action against telephone spoofing by imposing the blocking of international calls with falsified identities, stopping over 43 million fraudulent calls.

Secondly, the Authority has focused on regulating radio spectrum for mobile services and on the establishment of a national wholesale-only entity. Following the initial regulation of 5G in 2018, new deadlines for spectrum usage rights are now being addressed, and innovative mechanisms are being introduced, such as discounts for operators that accelerate the development of 5G FWA networks. For spectrum bands expiring in 2029, AGCOM has launched public consultations to define rules that prioritise network development over the maximisation of state revenues, focusing on quality, innovation, and long-term competitiveness. In the fibre sector, the ownership separation of TIM's network and the creation of FiberCop are shifting regulation towards greater attention to quality and the contestability of inputs, in line with European trends that favour more flexible and selective regulation.

Third, telecommunications have now become the enabling infrastructure of digital transformation. Operators are evolving towards integrated models (TechCo), offering cloud services, artificial intelligence, and cybersecurity. This "market hybridisation" creates new regulatory challenges. AGCOM promotes a flexible approach, as demonstrated by the handling of issues related to live streaming (e.g. DAZN), through the adoption of technical guidelines for CDNs (Content Delivery Networks) and the extension of the authorisation regime to new actors such as Content and Application Providers (CAPs) and CDN providers. This framework opens the way to a scenario in which structured participation by OTTs in the development of telecommunications infrastructure becomes realistically feasible, contributing not only to the efficient distribution of content but also to the strengthening of the network.

To conclude, the transformations underway require regulation that supports innovation, fosters investment, and protects competition and consumers. AGCOM, in line with European legislation and the needs of the national market, aims to ensure a stable, transparent, and flexible regulatory framework capable of responding to the challenges posed by convergence between Telco and TechCo, industrial consolidation, and the growing relevance of OTTs and hyperscalers.

The initiatives outlined—from the separation of TIM's network to spectrum management and synergies between operators and digital platforms—are fundamental to building a competitive and resilient digital ecosystem. The role of the Authority will increasingly be that of a guarantor of a dynamic balance between innovation and sustainability, promoting cooperation among the various actors and intervening with proportionate and targeted tools. The challenge for AGCOM is to continue evolving regulation, adapting it to new needs and market dynamics, in order to support Italy's digital transition and foster sustainable and innovative development in electronic communications.

FTTH Investment in Europe: Competition, Regulation, and the Role of the Digital Networks Act

Francesco Nonno – President of FTTH Council Europe

The FTTH Council Europe believes that the current European Electronic Communications Code has been effective in promoting a competitive market structure and investment in the sector. Over the past 15 years, several new companies have emerged in Europe with the objective of deploying fiber-optic networks.

This has led to an acceleration in full-fiber network coverage, which is now approaching 70% coverage across Europe, supported by a strong mobilization of private resources contributed by international investment funds. Currently in Europe, the majority of fiber-optic coverage has been deployed by companies that are not fixed-network incumbents (i.e., companies that do not also own legacy copper networks).

However, the Code has not been equally effective in promoting the take-up of fiber networks. Adoption has been very rapid in countries where fiber networks were developed by incumbent operators, while it has been much slower in countries where incumbents invested in intermediate technologies (such as FTTC) and left room for competitors to deploy more advanced FTTH networks.

For this reason, we believe it is necessary that the revision of the Code—soon to be replaced by the Digital Networks Act Regulation—introduces obligations for migration from copper to fiber, enabling all countries to fully reap the benefits of these investments. These benefits can be grouped into three main areas. First, greater sustainability, achieved through very significant reductions in energy consumption, ranging between 60% and 90% depending on the network perimeter considered, as well as the possibility of reusing existing copper, thereby avoiding the extraction of equivalent new quantities. Second, strong operational efficiencies, stemming from the elimination of recurring maintenance costs associated with copper networks and one-off gains from the sale of copper. Finally, an overall increase in welfare under equal conditions, driven by the improved quality of infrastructure available to all customers and the efficiency gains generated across other sectors of the economy.

It is also worth recalling that the regulatory mechanism concerning operators with Significant Market Power (SMP) has not only worked well overall, but already contains significant built-in flexibility, which has been applied to take into account national specificities. This framework should therefore not be modified, but rather maintained in its current logic, possibly introducing differentiated regimes following the switch-off of copper networks.

Indeed, the transition toward infrastructure-based competition relying exclusively on fiber networks reduces a significant part of the advantage derived from exclusive control of the copper network. After the switch-off of copper networks, in areas with infrastructure-based competition, safeguards should be introduced to protect competition. These should aim to prevent an SMP operator from foreclosing more than 40% of the market through exclusivity agreements and from applying selectively below-cost pricing.

In areas that remain monopolistic, safeguards should instead focus on wholesale operators and, ultimately, consumers, with the objective of preventing the application of excessive prices. Where both situations coexist (competitive areas and monopolistic areas), measures requiring the maintenance of geographically uniform pricing can certainly be effective, as they facilitate non-discriminatory treatment.

Finally, it is important to emphasize that spectrum allocation would require stronger European coordination. Assignment mechanisms should not be primarily based on the price paid (i.e., auctions), but rather on intended use and investment commitments. Moreover, such assignments should be subject to periodic reviews of actual usage, allowing for the reallocation of spectrum that has been assigned but remains unused or underutilized.

State of the Art of the Electronic Communications Market in Europe

Pinar Serdengecti, Director, Regulation and Competition Affairs, ECTA

First and foremost, I believe it is essential to acknowledge the achievements accomplished both by European and national policymakers and by the telecommunications industry in Europe. The current ex ante regulatory framework, which is technologically neutral, has achieved its objectives, including the rollout of very high-capacity networks and access to networks, the promotion of competition, and the protection of citizens' interests. The goals underpinning regulatory activity have therefore delivered the expected results, as has also been the case—particularly in the business-to-business segment—with regard to the objective of the Single Market. This has generated innovation, consumer welfare, and, above all, services suited to the needs of businesses and public administrations that rely on telecommunications and related IT services. We believe that the current framework—structured in particular around the concept of the relevant market, defined through the application of the three-criteria test, and providing, where justified, for the designation of specific network operators as holding Significant Market Power, to whom specific regulatory obligations must mandatorily be imposed—should be preserved, together with the current two relevant markets.

What should be improved with the Digital Networks Act in order to enhance the EU's competitiveness and the welfare of European citizens and businesses? Radio spectrum is and will remain a scarce public resource with high social and economic value. With the growing demand for wireless connectivity—driven by 5G, IoT, industrial digitalization, and future technologies—it is essential that spectrum continues to be managed in a way that preserves a competitive market structure and ensures that operators are able to invest and innovate effectively, maintaining a careful balance in the selection procedures for awarding frequency usage rights.

The selection procedures adopted so far in Europe have been significantly uncoordinated among Member States and, in some cases, have favored the objective of maximizing state revenues over consumer welfare, which is realized through broader and more widespread network coverage. This approach needs a profound shift, with spectrum management and auction design more closely coordinated at the EU level. Another crucial point concerns the transition from copper networks to fully fiber-optic networks. Maintaining both types of networks—a common practice today in many European countries—leads to increased costs for operators in maintaining obsolete infrastructure, reducing both expected profits and incentives to further invest in fiber, as well as diminishing end-user demand for subscribing to services offered over fiber networks.

The actual transition from obsolete copper networks to fully fiber-optic networks could break this vicious cycle, improving the economic sustainability of operators that have invested heavily in FTTH/B networks in recent years while simultaneously increasing consumer welfare. Therefore, we expect that the proposed Digital Networks Act, in addition to promoting a more coordinated European policy on the assignment of radio spectrum usage rights, could also lead to a more coordinated European approach and concrete measures to incentivize the transition to fiber-optic networks where fully fiber networks are effectively available.

Finally, the regulatory framework must continue to ensure predictable conditions for obtaining permits for infrastructure deployment and cost-oriented, non-discriminatory access to the civil infrastructure of dominant operators. The rules introduced regarding network deployment and the related authorization regime under the Gigabit Infrastructure Act (GIA) are essential to reduce costs and barriers, ensuring that all operators — not only the dominant ones — can build new networks. However, the proposed Digital Networks Act should explicitly affirm, as the GIA did, that the latter is complementary to the EECC and does not in any way replace it.

Competition versus Investment: The Digital Networks Act

The evolution of the relationship between competition and investment objectives in the Internet ecosystem. The Digital Networks Act

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For more than twenty years, the Electronic Communications Code (Legislative Decree No. 259/2003) has represented the reference regulatory framework for operators, end users, and institutions in the Italian telecommunications landscape. It has been updated several times, including to transpose the European Electronic Communications Code (Directive (EU) 2018/1972).

The Digital Networks Act (DNA) constitutes a comprehensive reworking of the rules and principles that have inspired the sector over these twenty-plus years, drawing on the evolution and experience of this period, on the competition that has developed between existing and new operators, on the growth of the needs of an increasingly sophisticated market, and on the role of innovative players aiming to create an ever more articulated and complex interaction between supply and demand.

In 2024, three documents set the scene: the White Paper *How to master Europe's digital infrastructure needs?* (February 2024), the Letta Report (April 2024), and the Draghi Report (September 2024). From these documents the DNA takes shape, as an evolution of the European Electronic Communications Code, but in the form of a regulation, meaning that it would be directly applicable in each of the 27 Member States without the need for national implementing legislation.

We therefore immediately come to the heart of one of the key questions: will the DNA be able to close all those interpretative and implementation gaps that could effectively contribute to a truly harmonised and unitary framework, without the fragmentation across individual Member States that, despite the use of a regulation, has occurred in other contexts (see, for example, the GDPR)? Moreover, even before coming into force, the DNA is experiencing delays and setbacks, as recently occurred due to the negative opinion of the European Commission's Regulatory Scrutiny Board regarding the impact assessment of the DNA itself.

The current expectation is that the DNA could be adopted at the beginning of 2026, thereby contributing to the expansion of telecommunications services which, thanks to broadband networks (both fixed and mobile) and the services provided over those networks, underpin the growth of the European Union's economy, as well as the development of infrastructure and services essential for maintaining the vital functions of society, health, security, and the economic and social well-being of the population.

This is not about turning the page in a revolutionary manner compared to what regulation has achieved over more than twenty years, but rather about rereading market dynamics in a discontinuous way through today's lens, following the directions that the DNA itself aims to outline. These include, for example: a harmonised policy on radio spectrum; the elimination of ex ante regulation and its application only ex post through competition law (except in cases of market failure and bottlenecks); the abandonment of the concept of significant market power; the switch-off of copper networks; and the extension of the Universal Service.

An interesting case study in this regard is the healthcare sector which—thanks to the installation and development of 5G and 6G networks, both terrestrial and satellite-based, capable of transmitting in real time enormous volumes of data through digital infrastructures based on ultra-broadband and very high-capacity networks—can become precise, predictive, and personalised -- all goals that entail substantial investments and regulatory certainty, also through the adoption of the DNA.

Digital Networks Act, Radio Spectrum Allocation, and OTT Regulation: Legal and Economic Aspects of Balancing Competition and Investment

Antongiulio Lombardi, Director of Regulatory Affairs at Wind Tre

The European electronic communications sector is undergoing a profound phase of structural transformation, driven by technological convergence, the rapid expansion of digital services, and the emergence of new business models. In this evolving environment, the Digital Networks Act (DNA) seeks to redefine the European regulatory framework for telecommunications networks. Its central challenge lies in addressing a structural tension: ensuring effective competition while preserving the ability of operators to undertake the substantial investments required to develop next-generation infrastructure.

This balance between competition and investment has both constitutional and European law relevance. It involves the protection of the freedom of economic initiative, as recognized in Article 16 of the Charter of Fundamental Rights of the European Union, the safeguarding of competition as a primary public interest, the application of the principle of proportionality in liberalized markets, and the broader strategic objective of strengthening European technological autonomy. Within this framework, the governance of radio spectrum and mobile networks becomes a crucial regulatory lever, since spectrum allocation directly affects both market dynamics and long-term infrastructure development.

A central issue concerns the allocation of the 6 GHz band, which plays a key role in the future development of 6G technologies. Although commercial deployment of 6G is expected around 2030, regulatory decisions on spectrum allocation must be taken well in advance because of the complexity of international harmonization procedures. Across Europe, a significant debate is taking place regarding how this band should be used.

At the heart of the discussion is the allocation of roughly 700 MHz within the band. One position supports assigning the spectrum primarily to mobile International Mobile Telecommunications (IMT) systems for the development of 6G networks. Another proposes allocating part of the band to Wi-Fi services, an approach supported by several industrial actors, including companies operating outside Europe. The regulatory implications of this choice are far from neutral. If the mobile market continues to consist of four operators, the 700 MHz potentially available for mobile services may already be insufficient, considering that each operator may require approximately 200 MHz to ensure effective 6G performance. By contrast, Wi-Fi technologies already benefit from about 500 MHz within the lower portion of the same band. Consequently, the allocation decision is not merely technical but also strategic: it affects the competitiveness of Europe's mobile ecosystem and its ability to compete globally.

Experience from previous spectrum renewals also demonstrates the importance of early regulatory planning. Spectrum policy requires long-term coordination among governments, regulators, and industry actors. Initiating discussions well in advance helps avoid emergency-driven regulatory decisions and promotes both legal certainty and sound public administration.

Another major issue concerns the renewal of spectrum licenses expiring in 2029. These licenses were originally assigned through auctions at very high prices, which in some cases exceeded the total annual revenue of the telecommunications sector. This raises questions about economic sustainability and financial equilibrium for network operators. Repeating a similar auction model could significantly reduce the sector's capacity to invest in infrastructure, increase structural indebtedness, and potentially open the market to acquisitions by actors with exceptional financial resources. Such dynamics could also raise concerns regarding European digital sovereignty.

An alternative approach would involve adopting an incentive-based renewal model, inspired by the "capitolato d'oneri" framework used in earlier phases of market liberalization. Under this model, the renewal price of spectrum licenses could be reduced in exchange for binding commitments by

operators to invest in innovation, network coverage, and new digital services. The discount granted would be linked to measurable investment obligations, accompanied by monitoring and verification mechanisms. From a legal standpoint, such a model could be compatible with European law provided it respects the principles of transparency, non-discrimination, and proportionality. The aim would be both to secure concrete investment commitments and to free financial resources for the continued deployment of 5G and the future development of 6G networks.

Another regulatory concern relates to the simultaneous expiration of spectrum licenses. If several licenses expire in the same year, operators may face a concentrated financial burden that could destabilize the market. Staggering renewal dates over time would help avoid such financial shocks, while also supporting system stability, ensuring service continuity, and preventing speculative behavior.

The debate on telecommunications policy also touches on the issue of market consolidation. In principle, the DNA recognizes that greater consolidation at the European level could produce economies of scale and strengthen the global competitiveness of European operators. In practice, however, the situation is more complex. Ownership structures and cross-border industrial alliances create networks of relationships in which companies may compete in one country while cooperating in another. As a result, full European-wide consolidation appears difficult in the short term, and most mergers and acquisitions are likely to occur primarily within national markets. Antitrust authorities must therefore adopt pragmatic, case-by-case approaches that reflect real market dynamics.

Another important regulatory frontier concerns the role of over-the-top (OTT) operators and content delivery networks (CDNs). A recent decision by the Italian communications regulator represents a step toward addressing the growing influence of these actors in the digital ecosystem. However, the decision is largely programmatic and requires implementing measures to become fully operational. In particular, the Italian Ministry of Enterprises and Made in Italy is tasked with defining several key aspects, including dispute resolution mechanisms between operators and customers, rules governing economic contributions, and obligations related to lawful interception and cooperation with judicial authorities. These issues affect fundamental rights, the contractual balance between network operators and content providers, and the distribution of economic burdens within the digital ecosystem. More broadly, the regulation of OTT services lies at the intersection of electronic communications law, competition law, and digital services regulation.

Comparative analysis with the United States highlights further structural differences. The American system typically features stronger vertical integration between network operators and digital service providers, a regulatory approach historically more oriented toward market solutions, and less national fragmentation. By contrast, the European Union must operate within a complex system of multiple national jurisdictions, requiring extensive supranational coordination and harmonization.

In conclusion, the Digital Networks Act arrives at a crucial moment for the future of European telecommunications. Key policy priorities include strategic spectrum allocation—particularly in the 6 GHz band—sustainable renewal mechanisms that link spectrum pricing to investment commitments, staggered license expirations to maintain financial stability, pragmatic approaches to market consolidation, and effective regulation of OTT platforms and CDN providers. The broader challenge for European policymakers is to maintain a dynamic balance between competition and investment, ensuring that regulation supports innovation and infrastructure development rather than hindering the long-term competitiveness of Europe's digital ecosystem.

Advanced Connectivity in Europe: Bridging the Gap Between Network Coverage and User Adoption

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Europe has reached significant levels of advanced connectivity: in 2024, 69.2% FTTH coverage, 82.5% gigabit-capable coverage, and 94% 5G population coverage. Yet a critical gap persists: only 35.6% of users have adopted 5G services, and just 22.3% of fixed broadband subscriptions exceed 1 Gbps,

despite VHCN availability of 82.5%. This discrepancy between coverage and adoption highlights a fundamental policy challenge: infrastructure rollout has outpaced the ability to stimulate demand.

The EU's Digital Decade framework emphasizes network deployment targets but does not include explicit adoption indicators. As a result, policy resources have focused on supply-side infrastructure investments, sometimes anticipating demand that has not been demonstrated. Uniform targets—applied in a "universal service" style to very different territories—generate inefficiencies: overcapacity in low-adoption areas, while economically strategic zones risk underinvestment. 5G Stand-Alone (SA)—crucial for latency-sensitive industrial applications—covers a low percentage of the population, yet it is not subject to a specific target within the Digital Decade.

However, not all anticipatory investments are inefficient: general-purpose technologies often generate productivity gains with a delay, and infrastructure deployment inevitably faces frictions. Nevertheless, public investment is justified only if grounded in rigorous ex ante demand assessments, focused on truly transformative infrastructures (e.g., 5G SA, edge computing micro-infrastructures), and differentiated by use cases and geographies. Current uniform approaches do not reach this level of precision.

The policy bottleneck is no longer capacity: it is demand. Adoption by consumers and firms of available connectivity remains significantly behind infrastructure availability, reducing economic returns and investment signals. Low utilization rates weaken revenue bases, extend payback periods, and discourage future private investment and innovation.

The highest-return interventions today therefore appear to lie on the demand-stimulation front: development of digital skills, targeted incentives for firms in strategic sectors, support for edge computing applications, and public procurement policies capable of signaling stable demand.

Unlike proprietary digital platforms, the telecommunications sector is based on industry-led collaborative standardization (3GPP, IEEE), in which European firms maintain a prominent role. Nokia and Ericsson remain global leaders in equipment, with R&D intensity of 19–21%. Rather than replicating cloud platform orchestration, European policies should enable telecom operators to occupy competitive positions in a distributed, context-dependent edge–cloud orchestration, leveraging regional coverage and latency advantages that non-European cloud operators cannot easily replicate.

This requires investments in edge computing capabilities, interoperability standards that prevent the dominance of a single actor, spectrum policies that enable competitive edge–cloud services, and effective participation of SMEs in vertical applications.

Policy priorities include the definition of explicit adoption targets for 5G and gigabit broadband; introduce granular investment frameworks that distinguish consumer, B2B, and strategic corridor use cases; enable the role of European telcos in edge–cloud orchestration; balance IP incentives; integrate connectivity policies with AI governance and cybersecurity frameworks. Success requires a rebalancing: from supply-side rollout toward demand assessment and stimulation, while preserving upstream innovation incentives that have positioned European firms as global leaders in telecommunications. In this way, advanced connectivity can become a true competitive advantage in the emerging economy of AI and "on-device" intelligence (edge intelligence).

Final Remarks: Key Findings and Recommendations

The telecommunications sector is at a decisive crossroads, facing both structural vulnerabilities and unprecedented strategic opportunities. A central finding of the IIC meeting is that Europe has entered a phase where digital networks can no longer be conceived merely as communications infrastructure. They now constitute the foundational layer enabling cloud services, cybersecurity, algorithmic platforms, artificial intelligence, IoT and industrial applications. The regulatory and industrial frameworks inherited from the era of "electronic communications" are therefore no longer adequate for the emerging reality of "digital networks," where the network is an active platform powering the entire digital ecosystem.

This transformation occurs in a context marked by profound competitive imbalances. Telecom operators operate in markets characterised by falling margins, volatile revenues and saturated consumer demand, while global digital platforms and hyperscalers leverage the data economy. Retail prices remain among the lowest in Europe in several national markets, structurally limiting operators' ability to sustain CAPEX-intensive investments in fibre and 5G. At the same time, the shift of value from connectivity to software, data and cloud intensifies financial pressure on operators, who struggle to generate positive cash flow and face difficulty recovering investment costs under existing regulatory conditions.

The structural imbalance is compounded by Europe's vulnerabilities in cloud and data infrastructure. A large majority of Western data is hosted outside European jurisdictions, with the European cloud market dominated by non-European actors, creating both geopolitical exposure and legal uncertainty due to extraterritorial data-access laws. Meanwhile, roll-out of fibre, 5G Stand Alone and edge computing continues to lag behind strategic needs. This misalignment jeopardises Europe's capacity to secure technological sovereignty and develop competitive AI and cloud capabilities.

Market fragmentation and regulatory asymmetry deepen these challenges. Over several decades, highly granular and nationally divergent regulatory frameworks have created different obligations between telecommunications operators and digital intermediaries such as content platforms and CAP/CDN providers. These divergences may reflect on competition, shift investment burdens and slow the emergence of a true single market for digital infrastructure. Wholesale pricing rigidity, high spectrum renewal costs and legacy competition policies that encourage excessive market fragmentation further weaken investment incentives.

While infrastructure deployment has accelerated, adoption lags behind. Fibre migration remains slow, 5G Stand Alone coverage is minimal, and consumers often lack clarity on network quality distinctions. Without stronger incentives and clearer communication, the gap between availability and effective use reduces the societal and economic impact of next-generation networks.

Finally, there is a broad consensus that the window for action is narrowing. The accelerating pace of technological diffusion—especially in generative AI—means that regulatory updates cannot take years while global competitors innovate in months. Europe faces a brief period, estimated at roughly the next two years, to reposition its telecom sector as an innovator rather than a passive conduit for foreign technologies. Failure to do so risks consolidating technological power outside Europe and diminishing the continent's ability to compete or safeguard its citizens' data and economic interests.

To ensure that these insights translate into effective policy, the following strategic recommendations emerged from the meeting:

A. Implement a new regulatory paradigm based on contestability, transparency and rapid enforcement

The transition to digital networks requires moving away from micro-regulation toward principle-based frameworks that ensure reasonable, transparent and non-discriminatory access while empowering regulators to act quickly against abuses or discriminatory behaviour. Clear ex-post oversight,

accelerated dispute resolution and reduced national fragmentation are essential to rebuild investment confidence and enable a true single market for digital infrastructure.

B. Rebalance competitive conditions across the digital ecosystem

To address asymmetries, regulatory obligations should reflect the functional role of all actors involved in traffic generation, delivery and storage—including CAPs, CDNs and cloud providers. Measures that align responsibilities across the ecosystem—such as recent authorisation frameworks for content-delivery providers—should be considered for systematic extension at EU level to ensure a fair and sustainable competitive environment.

C. Enable efficient consolidation and co-investment to achieve sustainable scale

Market structures in many Member States are no longer financially viable. Regulatory policy should allow consolidation toward sustainable operator numbers, support strategic co-investment models for fibre and 5G/6G and reform spectrum renewal rules. Spectrum assignments approaching expiry must prioritise economic sustainability, non-onerous renewal and a rebalanced distribution that ensures operators have the capacity to invest.

D. Treat networks, cloud, data centres, edge and software as a unified strategic resource

Europe must recognise the entire digital infrastructure stack as critical for sovereignty. This includes not only physical networks, but also cloud platforms, edge nodes, AI compute, cybersecurity capabilities, semiconductors and essential software layers. Governance frameworks should ensure data control, reduce dependence on foreign jurisdictions and guide procurement decisions through sovereignty-based evaluations of digital infrastructure.

E. Promote interoperability, open standards and diversified technology ecosystems

Vendor diversity and interoperability across network, cloud and AI components are key to reducing lock-in and fostering innovation. Open architectures, standardised APIs and support for open-science AI initiatives can strengthen Europe's ability to compete technologically and reduce structural dependence on non-European digital ecosystems.

F. Shift from a purely coverage-driven model toward adoption-driven policy

Public procurement strategies that favour European digital infrastructure ("Buy European") can create stable demand for cloud, AI and advanced connectivity services. Policies should support fibre migration, accelerate copper switch-off, subsidise migration costs and reinforce consumer transparency through labelling initiatives. Only by aligning adoption with deployment can Europe unlock the value of next-generation connectivity.

G. Create EU-level financing instruments dedicated to intangible capital

Next-generation competitiveness depends on intangible assets: cloud-native network functions, AI-driven orchestration, software-defined networking, cybersecurity and European AI models. New EU financing mechanisms are required to support these capabilities, tying funding to interoperability, sovereignty criteria and open-standard commitments. Such instruments will enable operators to modernise networks and build the foundational layers necessary for European cloud and AI ecosystems.