

What is net neutrality and what it means for small businesses

Net neutrality is the principle that all the internet traffic is treated equally, without blocking or slowing down certain data. This makes Net neutrality crucial for fair competition between online services, for innovation, and for freedom of expression online. But it also provides a huge threat to European Digital Sovereignty, massively increasing the cost of protecting privacy and keeping data in Europe.

European Digital Sovereignty becoming a reality

Nextcloud is an open source, self hosted cloud software that is deployed by over three hundred thousand businesses, government organizations, charities and individuals who need to store or share their data 'somewhere' and collaborate on an online platform. Like Dropbox, Microsoft Office 365 and Google Drive. Nextcloud enables users to upload their data in an online "space", share those files, access them from their devices and collaborate and communicate in real time with others.

But, unlike Dropbox, Microsoft Office 365 or Google Drive, Nextcloud is a self hosted software. Individuals or businesses can host it at a location of their choice and thus remain 100% in control over the data, its physical location and who has access to it.

As 'Der Spiegel' wrote, "*Nextcloud is a counter model to the typical cloud offerings of large US providers such as Microsoft*". While it provides the benefits of cloud, with availability and online collaboration, it does not require users to give up their data to 'the cloud'.

With full, public availability of the Nextcloud source code under an open source license, Nextcloud has become the leading solution for individuals, businesses and governments to reclaim their digital sovereignty. The German, French Swedish and Dutch federal governments, businesses like SIEMENS and dozens of universities in Europe all have large Nextcloud deployments, some with hundreds of thousands or even millions of users.

These governments and large organizations have their own data centers, and instead of uploading files to Microsoft, Google, Amazon or other foreign IT giants, they keep the data on their own servers. Nextcloud, also installed in their own data center and thus managed by their own IT personel, provides the functionality they need for their employees. Easy access through mobile and web interfaces, editing a document with a team while having a video call – daily productivity without having to hand over data to a third party.

Private users essentially do the same. Running a Nextcloud server at home, on an old desktop or laptop computer, or by renting a space in a data center, their data does not leak to any third party. Alternatively, for less technical users, several hundred small IT service providers in Europe offer locally hosted Nextcloud services. Users can choose a company or even public collective they trust, and have them manage a Nextcloud in their data center. Want data to remain in Amsterdam, Leipzig or Paris? Under German, Swiss or Czech jurisdiction? It is possible!

Private clouds under threat

Without proper net neutrality, internet traffic would be controlled by internet service providers (ISPs). Having control over the traffic would mean that ISPs decide on what people see on the internet, which services get offered to them at a competitive level and how fast or at price they see it. As gate keepers, they get to monetize access and experience. Only companies capable of paying their way through the gate get to provide a good experience.

As Google famously found out in its early days and, until today, pushes on hard, milliseconds count on the web. A page that loads just 20 milliseconds slower loses a big percentage of its viewers already!

Similarly, in a world where users only have limited monthly traffic volumes at their disposal, they are apprehensive of how much using an application limits their ability to use other apps and services.

What does that mean for small, local IT businesses? Big companies will be able to make arrangements with ISPs to provide a better user experience of their services. This is not the case for small online businesses, hosting providers as well as companies who build technologies for decentralization and self-hosting, like Matrix or Nextcloud.

In a world without guarantees about net neutrality, the governments, companies and individuals who have chosen to use Nextcloud as their file sync & share and online collaboration solution will face a hard decision. Will they keep using the software that has given them full control over their digital collaboration but face worse working conditions due to bandwidth limitations and data transfer caps, or give up control and hand over their data to one of the few internet molochs who can pay providers for preferential availability on their access service?

Giving gate keepers control over what flows through their pipes will allow them to levy charges for data. And, as they would aim to extract maximum revenue, companies with more bargaining power like the known internet giants of the GAFAM kind (Google/Apple/Facebook/Amazon/Microsoft and others) will pay lower prices.

Individuals and companies running Nextcloud in their own data center, even governments building their own, internal, private clouds, like the German and French governments, will encounter problems with slower network and increased data costs for their users. Data from Google Drive will be exempt from the data caps, and be provided faster. Data from a private cloud will face additional costs and offer a worse experience!

The hundreds of European IT companies that provide Nextcloud-based hosting to their customers are likely to see their business evaporate, unless they hand over a part of their margins to the large ISPs. Their product will become slower and costs go up, making it harder to compete with foreign companies.

There will be a large, extra incentive to forget about privacy and control and take the risk of legal problems, data loss, theft, and digital, corporate espionage. Better hand over data to foreign companies: they can guarantee cheaper, easier, faster services by paying off or even just muscling off the ISP's for access to the fast lane.

A private citizen or medium sized corporation couldn't dream of paying off all the ISPs, even governments will face difficulties doing this. The cost of privacy goes up – and the market forces will result in more data being handed over to foreign data vacuum services.

The negative spiral Europe already is in, with the loss of data allowing foreign companies to extract more and more value from the European market, will deepen. This will be a huge blow to Europe's Digital Sovereignty, making local competition with large, foreign IT companies harder than ever before.

BEREC's role

In order to preserve European users' freedom to choose privacy-friendly and autonomously hosted cloud services, BEREC should interpret the legislative framework strictly. Cloud hosting is a traffic-intensive service and cloud hosting businesses are therefore especially sensitive to the price that ISPs charge their customers for the data that is used by cloud hosting services.

As zero-rating is a practice increasingly employed by ISPs, BEREC should ensure that zero-rating offers do not distort the market in favour of GAFAM. All zero-rating offers should be open to join by small cloud hosting providers and they should not discriminate against self-hosted services.

Trust in Europe's privacy framework is a major asset, and SMEs in Europe need to be able to rely on BEREC to prevent ISPs from intruding into the privacy of their customers when they use their services. With respect to BEREC's questions regarding allowable traffic inspection for the purpose of traffic management, we therefore ask BEREC to not weaken the current protections and uphold the current high standard of data protection.