Keeping the internet open for startups

Recommendations on the Commission's Proposal for a Digital Networks Act

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Introduction

Allied For Startups (AFS) broadly supports the objectives of the European Commission's proposal for a Digital Networks Act (DNA). Europe's competitiveness, digital transformation, and long-term economic resilience depend on the availability of high-quality, secure, and affordable connectivity. Reducing fragmentation in telecoms regulation, promoting investment in digital infrastructure, and creating a more integrated Single Market for telecommunications are important goals that can help strengthen Europe's innovation ecosystem.

For startups, connectivity is not merely a technical issue, it is a foundational condition for growth. Europe's most innovative companies increasingly build products and services that depend on fast, reliable, and ubiquitous digital networks. From artificial intelligence and health technologies to advanced manufacturing, mobility, gaming, and immersive technologies, startups rely on digital infrastructure to develop, test, and scale new solutions across borders.

At the same time, the success of Europe's startup ecosystem depends on preserving the characteristics that have made the internet a powerful engine for innovation: openness, accessibility, and equal treatment. The internet has dramatically lowered barriers to entry, allowing entrepreneurs to launch new services and compete with established players based on the quality of their products rather than the size of their balance sheets. A founder should be able to reach users across Europe without first negotiating access agreements with network operators or securing preferential treatment unavailable to competitors.

For this reason, net neutrality remains the most consequential issue for startups within the DNA. Equal and non-discriminatory access to the internet is a prerequisite for innovation, competition, and investment. While the proposal contains several positive provisions that support startups and scaleups, certain elements risk creating uncertainty around future market access conditions and potentially weakening the level playing field that has enabled Europe's digital economy to flourish.

Where the proposal delivers for startups

Codification of net neutrality – *Article 93(1)–(4)*

The explicit codification of net neutrality principles in Article 93 represents one of the most important achievements of the proposal from a startup perspective. By prohibiting blocking, throttling, and commercially motivated discrimination of internet traffic, the DNA reinforces the principle that all online services should be able to reach users on equal terms.

This legal certainty is particularly important for startups. Unlike large incumbent platforms, startups generally lack the financial resources, market power, and commercial leverage needed to negotiate preferential treatment from network operators. Their ability to compete depends on an internet environment where innovation, rather than bargaining power, determines success.

The open internet has enabled countless startups to emerge, attract users, and scale across borders without needing bespoke access arrangements. Maintaining this principle is essential to ensuring that the next generation of European innovators can continue to compete on merit. By reaffirming these protections, the DNA helps preserve the conditions necessary for innovation, investment, and consumer choice.

Single market passporting

The introduction of a single authorisation regime replacing twenty-seven separate national frameworks is a welcome step towards a more integrated Digital Single Market.

Many startups operate across borders from an early stage, yet regulatory fragmentation continues to create unnecessary administrative burdens and compliance costs. A harmonised framework will reduce complexity, facilitate expansion across Member States, and allow startups and scaleups to dedicate more resources to innovation and growth rather than regulatory compliance. By making it easier to scale across Europe, the DNA can help strengthen the competitiveness of the European startup ecosystem.

Spectrum and next-generation networks

The proposal's ambition to improve spectrum coordination and accelerate the deployment of 5G and future 6G networks is also welcome.

Europe's startup ecosystem increasingly relies on advanced connectivity infrastructure. Emerging technologies such as artificial intelligence, connected mobility, industrial automation, digital health applications, cloud computing, and immersive digital experiences require reliable, high-capacity networks. Ensuring that these capabilities are available throughout Europe, rather than concentrated in a limited number of metropolitan hubs, is essential for enabling innovation across regions.

Greater harmonisation of spectrum policy and continued investment in next-generation networks can help provide startups with the connectivity they need to develop and deploy innovative services. Extending access to high-performance infrastructure across the EU will strengthen Europe's innovation capacity and support the broader objectives of the Digital Decade.

Areas of concern

Specialised services - *Article 93(5)–(6)*

While the proposal appropriately protects the open internet through Articles 93(1)–(4), concerns remain regarding the framework for specialised services established under Articles 93(5) and 93(6).

Article 93(5) allows operators to offer services that are technically optimised and provided outside the standard internet access regime. Although the provision

includes several safeguard conditions (technical necessity, sufficient capacity, non-degradation of general internet quality), these safeguards remain broadly framed and their practical interpretation is left largely to future implementing acts to be adopted by the European Commission under Article 93(6).

This approach creates significant regulatory uncertainty. Startups and investors depend on predictable market conditions when making decisions about product development, financing, and expansion. Where the practical rules governing differentiated service delivery remain undefined, founders may struggle to assess future competitive conditions and investors may face uncertainty regarding the scalability of digital business models.

Moreover, while access to specialised services is formally available to all market participants, practical realities suggest that the benefits are likely to accrue disproportionately to larger incumbent actors. Established companies possess greater financial resources, stronger commercial relationships, and significantly more bargaining power than startups. They are therefore far better positioned to secure, deploy, and absorb the costs associated with differentiated services across multiple markets.

The risk is not merely theoretical. The success of Europe's startup ecosystem has been built on an internet architecture that allows innovators to launch and scale services without first negotiating commercial arrangements with infrastructure providers. Even if specialised services remain formally separate from internet access services, the perception that differentiated delivery may become commercially important risks creating a deterrent effect for entrepreneurs and investors. Founders should be able to focus on building better products, not on securing privileged pathways to users.

For these reasons, AFS recommends that stronger safeguards be included directly in the legislative text rather than being left entirely to future implementing acts. In addition, any implementing measures adopted under Article 93(6) should be subject to a mandatory startup impact assessment to evaluate their effects on market entry, competition, investment, and innovation.

Ecosystem cooperation and voluntary conciliation - *Articles 191–193*

The DNA introduces a new framework for cooperation between network operators and online service providers, including a voluntary conciliation mechanism facilitated by national regulatory authorities and supported by opinions from BEREC.

From a startup perspective, the proposal does not establish a clear justification for this mechanism.

Cooperation between telecom operators and online service providers already occurs extensively through existing commercial arrangements. Furthermore, BEREC has consistently found no evidence of a market failure that would justify regulatory intervention in this area,[1] and has itself questioned the rationale and expected practical application of this mechanism[2].

Creating new institutional structures around commercial negotiations risks introducing additional legal uncertainty and regulatory complexity into digital markets that depend on predictability and low barriers to entry. While large incumbent actors may possess the legal teams, financial resources, and negotiating capacity necessary to navigate such processes, startups and scaleups are disproportionately affected by frameworks that create uncertainty around future market access conditions.

Europe should avoid creating mechanisms that gradually increase the regulatory and commercial burdens associated with scaling digital services. The internet has been successful because innovators can reach users without facing progressively greater negotiation requirements as they grow. Any framework that introduces additional layers of bargaining, dispute resolution, or regulatory oversight risks undermining this principle.

AFS therefore recommends the removal of Articles 191–193 in their entirety. If the mechanism is retained during the legislative process, its voluntary nature must be explicitly preserved. Any attempt to make participation mandatory, broaden its scope, or empower national regulators to impose binding outcomes

[1] https://www.berec.europa.eu/en/document-categories/berec/opinions/berec-preliminary-assessment-of-the-underlying-assumptions-of-payments-from-large-caps-to-isps?language_content_entity=en
[2] https://www.berec.europa.eu/en/all-documents/berec/opinions/early-berec-assessment-of-the-digital-networks-act

would risk recreating, through regulatory means, many of the concerns associated with network fee proposals that policymakers have repeatedly rejected.

Conclusion

The Digital Networks Act presents an opportunity to strengthen Europe's digital infrastructure while preserving the open internet that has enabled innovation to flourish. AFS supports the proposal's efforts to improve connectivity, reduce regulatory fragmentation, strengthen spectrum coordination, and provide legal certainty through the codification of net neutrality.

At the same time, the DNA must continue to safeguard the conditions that allow startups to emerge, compete, and scale. Europe's future competitiveness depends not only on investment in networks, but also on ensuring that those networks remain open, accessible, and non-discriminatory.

Startups thrive when they can reach users on equal terms, compete based on the quality of their products, and expand across borders without facing unnecessary barriers. The final DNA should therefore reinforce legal certainty around net neutrality, strengthen safeguards governing specialised services, and avoid introducing mechanisms that create uncertainty around future market access conditions.

By combining world-class connectivity with a genuinely open internet, Europe can create the conditions for the next generation of innovators to grow, compete globally, and contribute to the Union's economic prosperity and technological leadership.