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Responses to specific questions in the MVAS Consultation Paper

Existing Provisions regarding VAS in Telecom Licenses:

- Whether the current provisions under various licenses (UASL, CMTS, Basic and ISP) are adequate to grow the MVAS market to the desired level? If not, what are the additional provisions that need to be addressed under the current licensing framework?

The UASL licence allows telecom operators to launch any kind VAS services with a prior notification to TRAI. We believe that this license is adequate for the growth of MVAS market.

Regulatory Framework for MVAS:

- Is there a need to bring the Value Added Service Providers (VASPs) providing Mobile Value Added Services under the licensing regime?

Experience has shown that introducing a licensing regime adds unnecessary overheads to the licensees. Since MVAS is a nascent market at this stage, and many of the service providers are small organisations, these overheads might discourage their entry into this segment. Additionally, the process of licensing might include delays and bottlenecks, which may lead to rent-seeking behavior from the stakeholders. Hence we believe MVAS players should not be brought under any licensing regime right now.

However, TRAI in partnership with industry associations can undertake an initiative to create a database of MVAS players in the sector, the services they offer and the business models. Specific awards can be initiated to recognize innovative players in this sector. This will provide visibility to the MVAS companies and enhance opportunities for partnerships in the on deck or off deck model.

- If yes, do you agree that it should be in the category of the Unified Licence as recommended by this Authority in May 2010? In case of disagreement, please indicate the type of licence along with the rationale thereof

Not applicable

Revenue sharing:

- How do we ensure that the VAS providers get the due revenue share from the Telecom Service providers, so that the development of VAS takes place to its full potential? Is there a need to regulate revenue sharing model or should it be left to commercial negotiations between VAS providers and telecom service providers?

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As per the current business models, the telecom operators take a major share of the revenues of MVAS. This can be a deterrent for the industry to demonstrate a healthy growth rate going forward. A more balanced revenue share would increase the overall VAS market benefiting both the VAS companies and the telecom operators.

However, it would not be wise to bring these commercial agreements under the scope of the regulator. It would be best to leave these to market forces, with the regulator taking up the responsibility of educating the stakeholders about the importance of MVAS, and its potential to bring in huge revenues given the right incentives to MVAS players. One of the ways this could be done is through sharing case studies on how telecom operators globally have succeeded through adopting transparent methods and providing greater revenue share to other value chain players e.g. DoCoMo in Japan and its i-Mode application.

It is recommended that a 'Working Group' is constituted under TRAI that comprises of industry associations, MVAS providers, telecom operators and the government. This group should meet periodically (once every six months), review the progress of this sector, highlight challenges if any and publish guidelines and best practices.

The government can also create a category or ear-mark funds for application development and content generation, especially those that seek to address inclusive growth challenges (For e.g. this can be done as part of the INR1000 cr. National Innovation Council). It can also facilitate knowledge transfer sessions of skills/ business development for VAS providers by an appropriate industry body (For e.g. Mobile Computing Promotion Consortium (MCPC) in Japan trains application developers on technical skills required and facilitates required partnerships)

Telecom operators can also create incubation funds for application development in an open source platform environment (e.g. SingTel, the leading telco in Singapore has a USD 200 Million fund to develop applications on open source platforms).

- At the same time, how do we also ensure that the revenue share is a function of the innovation and utility involved in the concerned VAS? Should the revenue share be different for different categories of MVAS?

We believe that leaving the revenue shares to market forces will ensure that providers of innovative or disruptive applications will get higher shares of the revenues. As stated above, in the growth phase of the sector, enhancing awareness on best practices and visibility would be important.

- Do you agree that the differences come up between the MIS figures of the operator and VAS provider? If yes, what measures are required to ensure reconciliation in MIS in a transparent manner?

Industry best practices will exist on this issue and it is important to build trust between the MVAS provider and telecom operator. To ensure compliance, a Chartered Accountant certificate could be issued by the operator to the MVAS provider, certifying the necessary payments as per

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the agreed contractual agreement. At the same time, some measures for dispute resolution should be available to the MVAS players.

Standardisation of Short Code Services

- Does existing framework for allocation of short codes for accessing MVAS require any modifications? Should short codes be allocated to telecom service providers and VAS providers independently? Will it be desirable to allot the short code centrally which is uniform across operators? If yes, suggest the changes required along with justification.

We believe that it is highly beneficial to allocate short-codes centrally. This can be any agency (out-sourced/ in-sourced) which is under the purview of TRAI. This agency will accept requests for short-code allotment from MVAS providers, check for their availability, and instruct the telecom operators to allocate this number to the MVAS provider if available. The charges to cover administrative overheads, as well as telecom operator payments, etc. can be collected by the same agency and paid to respective stakeholders to serve as a single window for clearances.

- Should there be a fee to be paid for allotment of short code?

Yes, there should be an administrative fee for allotment of short-code. This fee can be used to cover the administrative overheads, as well as telecom operator payments, etc.

Open access to VAS

- Is there a need to provide open access to subscribers for MVAS of their choice? If yes, then do you agree with the approach provided in para 2.46 to provide open access? What other measures need to be taken to promote open access for MVAS? Suggest a suitable framework with justifications?

Yes, there is a definite need to provide open access to subscribers for MVAS of their choice. We also agree with the approach suggested by TRAI. Additionally, TRAI needs to ensure that such an access is provided to consumers in a seamless manner. However, operationalizing this would have to be taken due care of eg. Arrangement between the originating operator and the terminating operator, etc.

Utility MVAS (m-commerce, m-health, m-education & m-governance etc.)

- What measures are required to boost the growth of utility MVAS like m-commerce, m-health, m-education & m-governance etc. in India? Should the tariff for utility services provided by government agencies through MVAS platform be regulated?

We believe the following measures will be essential in boosting the growth of utility MVAS:

- Collaboration with other governments and NGOs which have successfully implemented relevant MVAS initiatives for public welfare such as Governments of Singapore, South Africa, and China, as well as multi-lateral development funds e.g. USAID, UNDP etc. to understand key challenges faced and critical actions required for success
- Effective partner search for relevant services in all parts of the value chain: telecom operators, application developers, and content providers (e.g. health care institutes,

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educational institutes etc.), foreign collaborators who have successfully deployed initiatives (e.g. Safaricom, Mxit, Commonwealth of Learning teams etc.) to co-create successful applications/models

- Ensure relevance of service
 - Leverage consumer data available with operators to ensure context based services
 - Leverage consumer data available with the Government records, such as literacy rates, health related information, etc.
- Ensure affordability
 - Making governance and basic services free/ nominally chargeable for end consumers through appropriate arrangements with operators (e.g. Singapore government mandates that operators cannot charge premium rates for governance services)
 - Setting of ceiling price for Utility MVAS services by the Government: This has to be done keeping in mind the cost structure of the operator. Key considerations would be the major costs in capex (network infrastructure) and marketing
 - Understand the present system cost the consumer has to incur and set a commensurate price point For e.g. Nokia charges farmers INR 60 for 2 months of continuous information regarding prevailing mandi prices which is more than commensurate for his transport cost of going to the mandi and opportunity cost of working
- Build consumer awareness: Spreading of education and awareness about Utility MVAS initiatives through TV, gram panchayat networks etc. (this will also reduce marketing cost of the operators). Success of the Pulse Polio Campaign is evidence of the results it could achieve
- Interoperability : Government may play a key role in encouraging open source based platforms For e.g. OperaMini works to develop applications which work across handsets

Any other suggestions with reasons thereof for orderly growth of mobile value added services?

- Already stated above.