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Sub: Consultation Paper (15/2014) on 'Delinking of the license for networks from delivery of services by way of Virtual Network Operators'

Dear Sir,

Mobility Vision Research (moVires) is pleased to submit its comments on TRAI Consultation Paper (15/2014) on Delinking of the license for networks from delivery of services by way of Virtual Network Operators.

We hope that our comments below will merit consideration of the Hon'ble Authority.

Thanking you.

Sincerely,

for Mobility Vision Research

Mayank Jain

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TRAI Consultation Paper

On

Delinking of the license for networks from delivery of services by way of Virtual Network Operators

Comments:

With the rapid advancement in the communications technology in recent times, there is need for service delivery through VNOs in our country. Introduction of new players in form of VNOs will result in better service and customer focus. VNOs can reach out to newer markets, offer differentiated service and help in faster customer acquisition. VNOs will be highly focused on service and not so much about infrastructure, maintenances and costs. Moreover, this is the right time for introduction of such services. With technology advancing to the next generation, VNOs can effectively and efficiently offer voice and data services to consumers with minimal infrastructure requirements.

The VNOs will complement the operations of NSOs. VNOs will foster innovation, bring about functional and economic advantage as long as they offer specialized service, customized plans for specific target markets. More customer centric and customized voice and data plans will be better for overall industry growth compared to standard, off the shelf and “one size fits all” type services dished out by NSOs at present. Better customer service and time to market will be the biggest plus points of VNOs.

There is a strong business case for VNOs to be present across voice, data and video segments. VNOs can target different segments with customized offerings as per their requirements. VNOs can attract niche segments with customized offerings in terms of voice/data plans. This in turn will increase utilization as more customers will be added. Moreover, with mobile technology advancing to 4G, there is a huge potential for attracting customers with faster internet speed. Rural segment which is predominantly voice centric market, VNOs can help in promoting data services targeted for the rural segment, which in turn should have a positive impact on the rural density.

Specifically, VNOs can be introduced in following areas, viz., Mobile (MVNO) – for service, pricing/offers; increase penetration; Internet services (Category B) – for better service support, customization for region/area; increase penetration; and VSAT – for better service. There is sufficient infrastructure (active and passive including access spectrum) available with the TSPs to share infrastructure for VNOs especially in the rural areas where tele density is low, and the TSPs can easily spare infrastructure.

The TSP's can share the infrastructure with VNOs on revenue sharing terms or fixed fee terms. VNOs should have the right to modify the infrastructure based on the (final) service requirement provided it has a strong business case or is essential e.g for the last mile

connectivity. VNOs should be able to modify the infrastructure in consultation with TSPs as TSP is managing the infrastructure at a broader level.

Local Cable Operators (LCOs) or Multi System Operators (MSOs) with cable networks should be permitted as these players are a value-add to the chain. They help in bringing better service to the end consumer and have a better understanding of the area compared to the larger player, so will help to bring in more number of customers, better utilization of resources and hence, lower the costs.

The existing UL has seen many modifications and changes in the past. Since the telecom scenario is rapidly evolving in India, it makes sense to chalk out a new license regime for VNOs that takes care of future advancements of technology but at the same time is easy to comprehend. This new license roadmap should be easily comprehensible and enable more participation. The new license should have clarity on coverage area, type of service, etc. There should be clear demarcation on the basis of services being provided, so providing any additional services can be included as a separate item without changing the entire licensing framework. The existing TSPs should be covered by the current UL regime. Any technological advancement can again be modeled on MNO & MVNO lines. Also, defining the service area should be seen as a separate matter. It should not be a deterrent in moving forward with the new licensing. Moreover, the existing licensees may be mandated to migrate to NSO & VNO based new licensing regime because following two types of framework will create more confusion. The license can be at national level as well as LSA with different cost implications. License at LSA would ensure more players and a fair competition. Finally, the license should not be linked to the license of NSO. It should be fixed for a tenure of 5 years and then extended upon review. And there should not be any cap on the number of VNOs. Let the market forces decide the number of players. However, both NSO and VNO need to be responsible for maintaining QoS.

As for restriction on the number of VNOs parented to a NSO, there should be none. If NSO has spare capacity then it should be allowed to engage with multiple VNOs. Additionally, one VNO should be permitted to parent more than one NSO per LSA as this helps in optimum utilization of resources and developing sustainable advantages. The NSO should be mandated to provide access to its network to a VNO in a time-bound manner to safeguard consumer interest and ensure there is no underhand dealing.

In order to safeguard consumer interest, the financial soundness of VNOs is a must. Eligibility can be based on equity structure, net-worth, financial track record for 5 years or so can be a yardstick. Keeping consumer interests utmost and to deter fly-by-night operators, these financial obligations should be met by VNOs. Additional authorization should be required in cases where VNO is delivering services for which it does not have access to spectrum. There should be cross-holding restrictions between a NSO and VNOs to avoid cartelization.

The Licensor should allocate separate numbering resources, network codes and LRN directly to VNO. Though allocation of numbering resources will be a challenge as per the differing requirements of VNOs but we can learn and follow the practices employed by other countries where similar models are employed. The LF and SUC applicable to the VNO should be

treated differently, based on usage. In cases such as MNP, it should be treated separately for VNO. The VNO should be responsible for CAF verification and number activation.

In the new model, VNOs should be treated equivalent to the NSO/ existing TSPs in meeting obligations arising from Tariff orders/regulations /directions etc. issued by TRAI from time to time. Also the M&A guidelines issued by the Government for existing players can be extended to cover these VNOs.

To summarize, with the next generation technology taking over, this seems to be the right time to introduce VNOs and leverage them to improve customer focus, enhance service, lower tariffs and increase tele-density further.
