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**NGN Regulatory Ecosystem for Emerging Markets-
Regulation 2.0**

Satya N. Gupta
Chief Regulatory Advisor
BT Global Services-India & SAARC



Agenda

- NGN Ecosystem - Introduction
- Regulatory Challenges for NGN
- Existing licencing regime - India
- NGN in India – SWOT analysis of present framework
- Regulator's consultation process-Findings
- Way forward
 - Unified Licensing
 - Phased Migration
 - Functional Separation - Wholesale concept
 - NGN Regulatory ecosystem for emerging markets-Regulation 2.0

NGN - Introduction

Next Generation Networks as the name suggests are the networks of future based on emerging technology of IP which is leading to convergence of networks, services and markets and providing efficiency and flexibility.

NGN are based on the layered approach wherein services provision is separated from the network infrastructure.

These are enabling the operators to increase their depleting ARPU by providing advanced value added services in addition to plain (vanilla) voice.

The incumbent operators are going for NGN by replacing their existing networks to compete on the technology front and being able to provide innovative value added services, cutdown on Opex as well as to make their network future-proof

Definition of Next Generation Network (ITU)

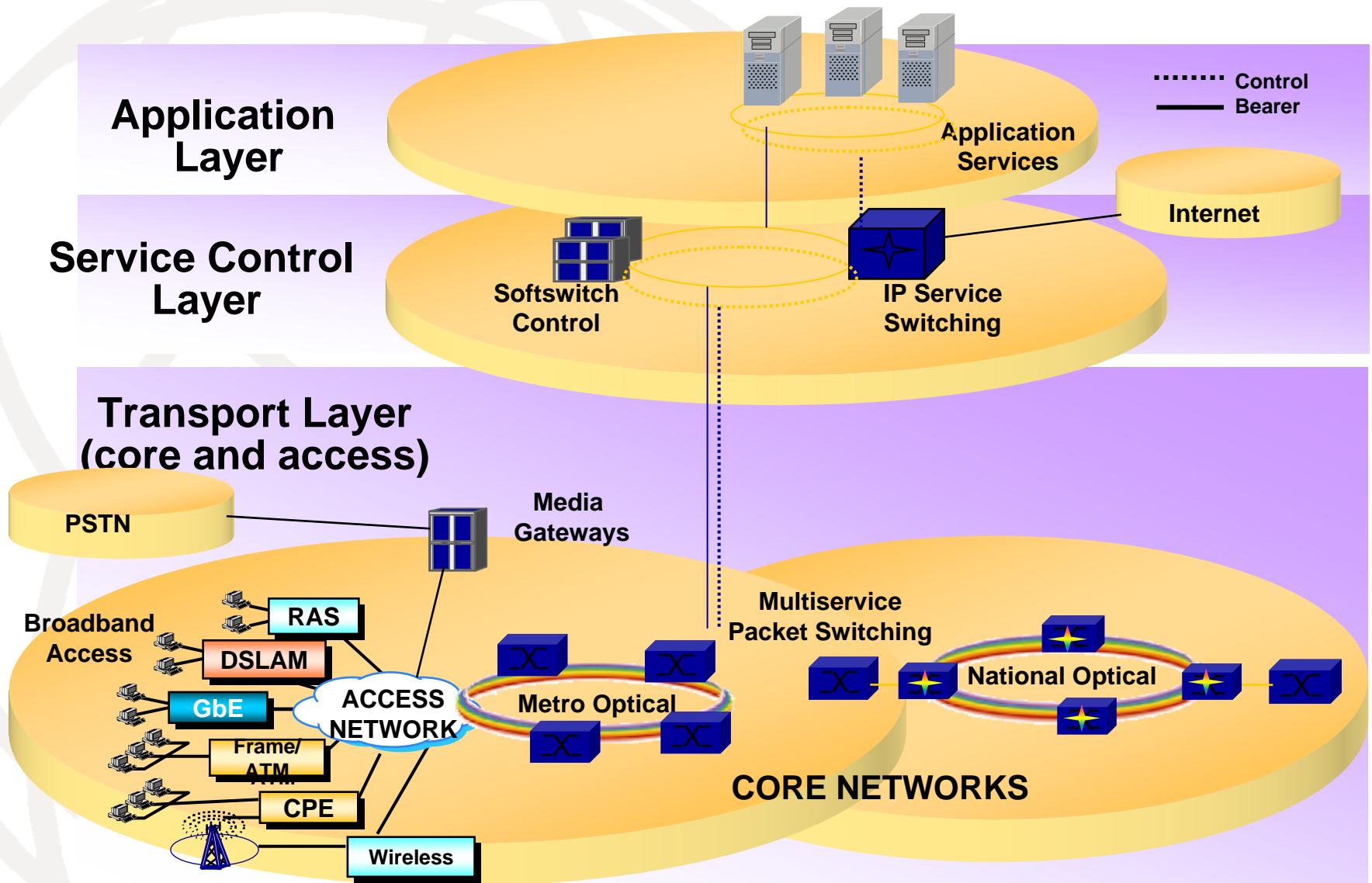
Next Generation Network (NGN) is a *packet-based* network able to provide services including Telecommunication Services and

Able to make use of multiple Broadband, QoS-enabled transport technologies in which service-related functions are independent from underlying transport-related technologies;

It offers *unrestricted access* by users to different service providers.

It supports generalized mobility which will allow consistent and ubiquitous provision of services to users.

NGN -Layered architecture distributed intelligence



Advantages of NGN

- NGN makes use of best of both the worlds (flexibility, efficiency & Innovativeness of IP and QOS, Security, Reliability, Customer-friendly features of proven PSTN)
- *Advantages for service providers*
 - Reduced CAPEX due to integrated and efficient IP-based technology (Packetise or Perish)
 - Reduced OPEX due to transmission cost saving, less power consumption, less space requirement, less O&M costs
 - Ability to offer increased range of services
 - More flexibility increasing market penetration by offering personal service customization and management
 - Single network layer for management
 - No need for separate networks for voice, data and video
- *Advantages for subscribers*
 - Reduced call charges
 - New innovative services at a fast speed
 - Single connection and bill for voice, data, video, mobile (Quad play)
 - Service Control in Hand

What is NGN Ecosystem?

- **Next Generation Services – Converged (quad-play-VOIP, data, video, mobile)**
- **Next Generation Access – High speed (Broadband) IP based connectivity (ADSL, VDSL, WiMax, Digital Cable TV, FTTH, PLC)**
- **Next Generation Transport – Carrier Ethernet, IP-MPLS**
- **Next Generation Architecture – Service oriented (SOA), Layered (transport, control, application)**
- **Next Generation Mobile – 3G+ (IMT Advance), All-IP**
- **Next Generation Internet – IPv6**
- **Next Generation Interconnect – Cost of Capacity and Quality based(CPNP,SKA)**
- **Next Generation Licensing – Unified & Class, Technology-neutral and Service- agnostic**
- **Next Generation Regulation – Converged, differentiated/asymmetric, facilitating, Light-handed**

Driving forces for NGNs

■ Emerging Markets Motivation

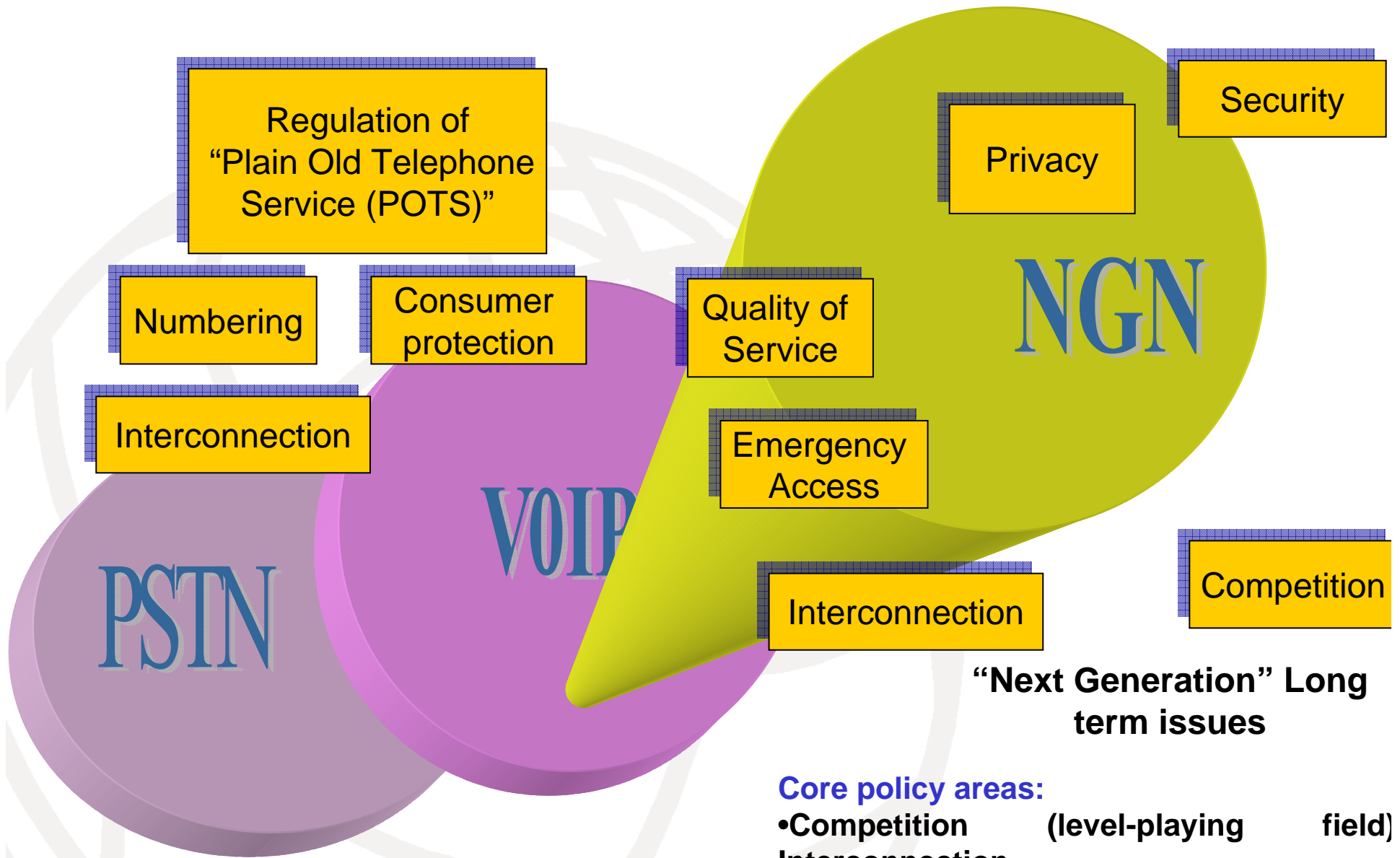
- **Operational cost savings, new services for increasing ARPU**
- **Predominantly mobile users, less investment in legacy infrastructure, Semi-Greenfield Environment**
- **Low tele-density and Broadband penetration**
- **Address space limitations,**
- **Government's / Regulator's NGN initiatives**
- **Roll-out of networks by more new entrants**

NGN- Regulatory Opportunity

As per ITU:-

“The move to NGNs represents an opportunity to establish in advance ground rules for ensuring the continued passage to effective competition and minimise damage during transition”.

It is in contrast to the regulation of the legacy network, which came after the networks were actually in place. That is why, NGN is different.



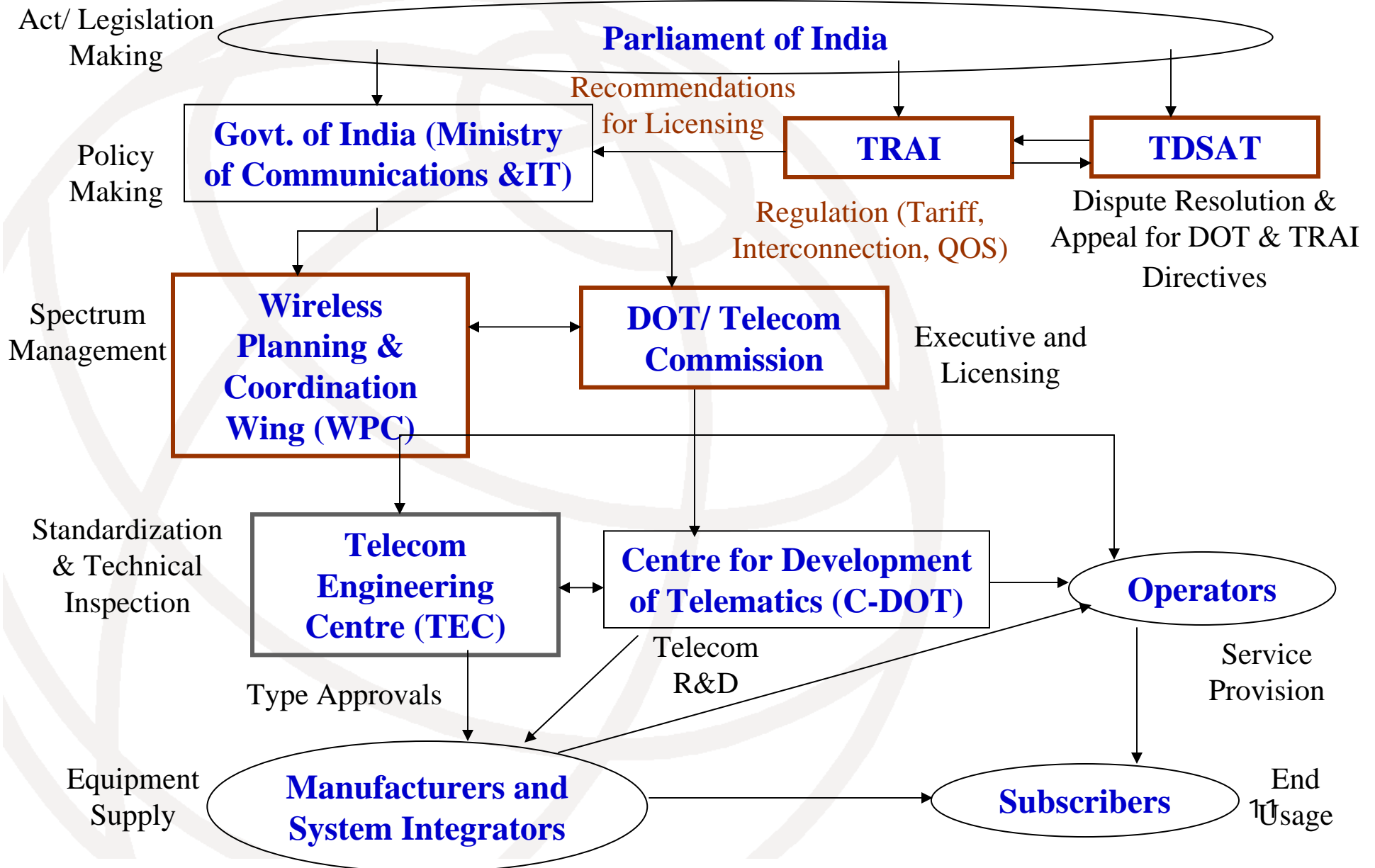
Regulatory implications of NGN

“Next Generation” Long term issues

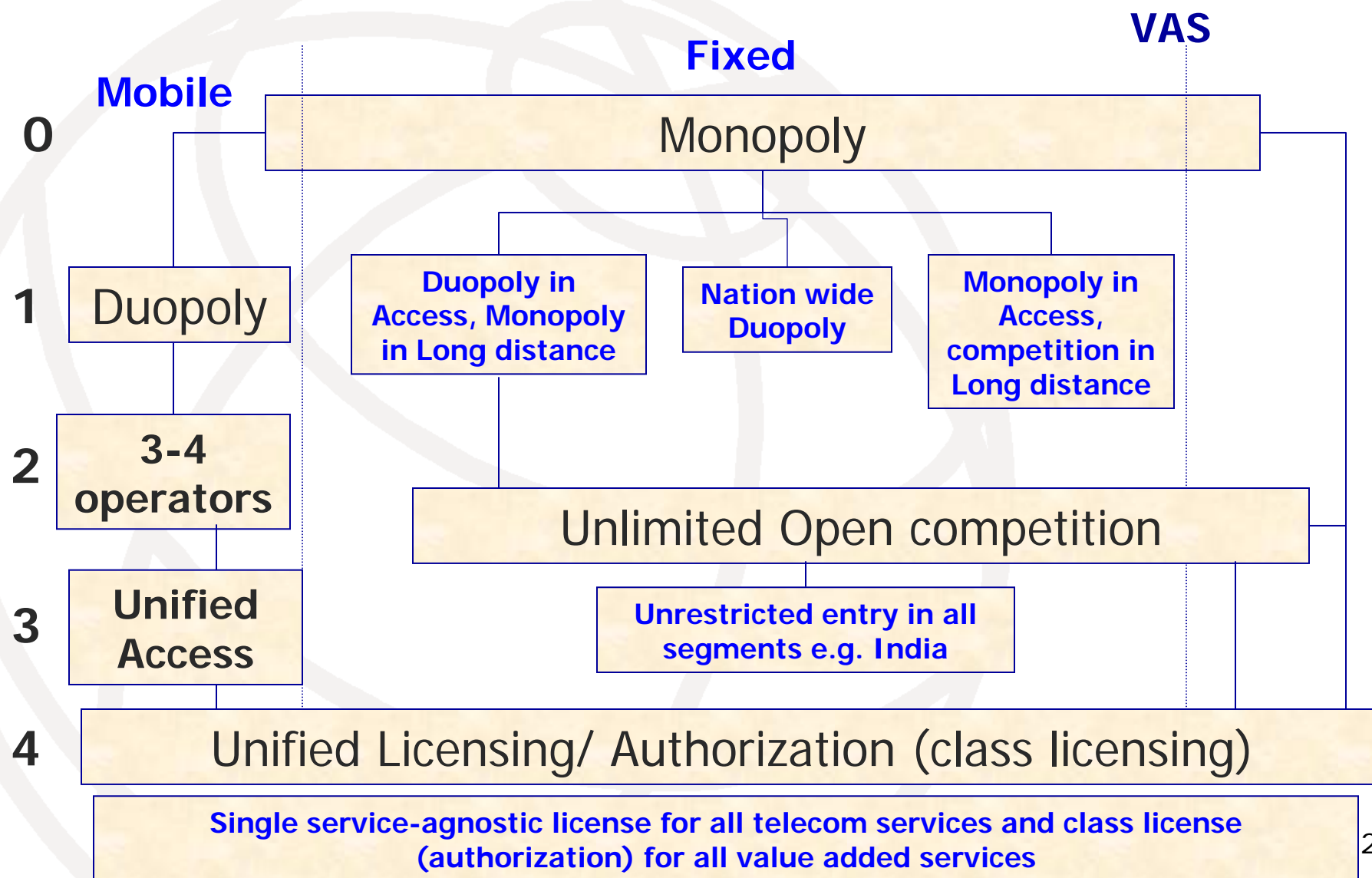
Core policy areas:

- **Competition** (level-playing field)
 - **Interconnection**
 - **Consumer** (QOS, privacy, emergency access)
 - **Security & legal interception**
- Scope for light-touch regulation**

Institutional Framework for the Indian Telecommunication



Promoting Competition in Phases



Service specific licensing in India

Type of Service	Service Area	Connectivity with PSTN	Entry Fee	Annual License Fee (% revenue share)
ILD	International	Full PSTN/PLMN Interconnection	Rs.25 million	6%
NLD	National	-do-	Rs. 25 million	6%
Unified Access (Fixed and Mobile) (UASP)	Circle	-do-	Different for each Circle (Rs. 16 billion for all India)	Type A - 10% Type B - 8% Type C - 6%
VSAT	National	No Interconnection	Rs. 3 million	6%
Internet Service Providers	National, Circle wise	-do-	Rs. 2 Million (All India)	Nil (6% for Internet Telephony)
Public Mobile Radio Trunked Service	City wise and Circle wise	Limited One way	Nil	5%
Infrastructure Providers Cat I	National	NA	Nil	Nil
OSP (Other Service Providers)	Site Specific	Application services	Nil	Nil

Salient features of existing regime

- Unified Access (technology-neutral) – coexistence of Mobile (GSM/ CDMA), Fixed, Voice, Data
- Very low symmetrical termination rates (< 0.5 cent/min) (same for fixed and mobile)
- Very low carriage charges (<1 cent/min)
- Very low mobile tariff (1.5 cent/min)
- Very low long distance tariff (2 cent/min)
- Very low ARPU (5 US\$/month)
- Very low Broadband charges (5 US\$/month)
- Low rural tele-density (< 20%)
- Highest Mobile additions per month- (> 12 million)
- Overcapacity for international bandwidth (17 Tbps/ 500 Gbps)
- Wide spread national backbone (12 lakhs Km, 35000 Pops)
- Dominance of wireless access (525 million mobiles vis-à-vis 37 million wirelines)
- Large cable TV homes population- (75 million)

NGN India – A SWOT Analysis

- **Strength/Drivers**
- **Weaknesses/Challenges**
- **Opportunity/ Benefits**
- **Threats/ Risks**

Strength of present licensing framework

- Open unrestricted competition in all segments (including mobile)
- Access service provision unified (broadband, triple play, internet telephony permitted in addition to voice, fixed/ mobile/ WLL)
- General technology-neutrality (technology option left to operators)
- General tariff forbearance (Except leased lines where competition is not enough)
- Broadband policy in place (Govt's mission to accelerate broadband uptake)
- Access network dominated by wireless (500 million out of 540 million)
- More than 12 million mobiles additions per month
- 75 million cable TV homes and 37 million wirelines
- Proactive regulator (initiatives on emerging issues like IP based NGNs, IPv6, Unified Licensing, Resale in IPLC, VOIP, MVNO, MNP, CPS through Calling cards, Abolition of ADC, Cost based MTC, CPNP, infrastructure-sharing, managed services, etc.)

Weaknesses/Challenges

- **Multiple regulatory agencies - licensor (DOT), spectrum management (WPC), technical regulation (TEC), interconnection, tariff & QOS regulation (TRAI), dispute settlement (TDSAT), Security Agencies, Competition Commission.**
- **Non-unbundling of local loop (no competition for DSL based broadband)**
- **Unidirectional ,Analog Cable TV infrastructure**
- **Legacy interconnection regime (Minutes of Usage, MOU based), CPNP (Calling Party Network Pays)**
- **General Resellers (non-facility based operators) not permitted**
- **Value-added service providers (ISPs) not treated as interconnection entity**
- **Unrestricted VoIP not permitted yet for ISPs**
- **No Functional Separation Regime for Unlocking the potential of existing Infrastructure**

Opportunity/ Benefits

- Large unmet demand for telecom services (telephony tele-density– 50%, Broadband penetration - 0.7%)
- Mobile coverage still 65% (semi-greenfield environment to expand)
- Rationalization of network resulting into simplicity and reduced OPEX
- Network expansion by using future- proof technology (NGN)
- EX-ANTE regulation for NGN to remove uncertainties
- Involvement of industry in various issues fully in a pro-active manner
- Bring Quad play services to rural area (bridge digital divide)

Threats/ Risks

- **Standards and interoperability issues yet to be settled**
- **Technical challenges in Emergency access/ Security monitoring**
- **High CAPEX without guaranteed corresponding increase in ARPU**
- **Project oriented risks due to huge scope and costs in migration**

NGN Consultation Process – India

Findings from Public Consultation

- Lack of awareness about NGN and need for training/ educational programmes
- Lack of enough infrastructure for considering any service based competition
- Need for a single licence to provide all services (data, voice, broadcast through same network)
- Need for detailed consultation on interconnection issues and QOS regulation in NGN environment
- Need for accelerating the Broadband penetration for access migration
- Need for deliberations on technical and standardization issues with special reference to interoperability, emergency access and legal interception and security monitoring
- Need for cross-industry collaboration under the aegis of regulator to deliberate upon time table for NGN migration as well as interconnection issues(NGN-eCO)

NGN Regulatory Challenges- Emerging Markets

- (i) Death of distance and blurring of the traditional boundaries between Access (local) providers and long distance carriers.
- (ii) VOIP as a “disruptive technology” putting a challenge for the regulators to perform a balancing act in maintaining level playing field.
- (iii) On-going technological developments causing drastic impact on the telecom scenario forcing a re-look at the service based licensing and geographical area based regulatory regime including Numbering systems.
- (iv) Level playing field issue between the licensed telecom operators and value added service providers.
- (v) Need for new interconnect products based on capacity and quality (V&V) in place of those based on distance and duration (miles & minutes).
- (vi) Access to emergency services like police control room, fire services, medical help etc. (PSAP, E 911 (US), 999 (UK), 100 (India))
- (vii) Security monitoring like legal interception & monitoring (LIM), wiretap, CLI etc.

Unified Licensing Regime - Recommended

Three categories of licenses:

1. Unified License - All Public networks including switched networks, irrespective of media and technology, capable of offering voice and/or non-voice (data services) including internet telephony. Examples: Unified Access Service, NLDO, ILDO, Broadcast (eg. DTH, FM Radio, TV Broadcast).
2. Class License- All services including satellite services which do not have both way connectivity with Public network. (The concept of niche operators is being included to promote growth of telecom services in rural/remote/backward areas from tele-density point of view).
3. Licensing through Authorisation - Services for provision of passive infrastructure and bandwidth services to service provider(s), Radio Paging, PMRTS and Internet Services.

Major operator's approach towards NGN

Five-fold Migration Approach

- Create nationwide IP-MPLS backbone network (Fiber-based, Packetisation)
- Create access agnostic Metro Area Networks (MAN) (subscriber access capable of convergent voice, video and data services over DSL, Optical Ethernet and Wireless technologies)
- Implementation of VOIP based Class 4 services (Packetize Trunk Switches)
- Implementation of Class 5 services over packet network (Packetise Access Switches)
- Offer Multimedia/ Triple play services including VOIP and IPTV to Broadband subscribers

Next Generation Network- Vision India

2005



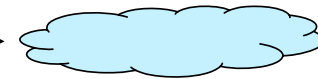
Phones: 125 million

2007



Phones: 250 million

**IP CONVERGED
NETWORK**

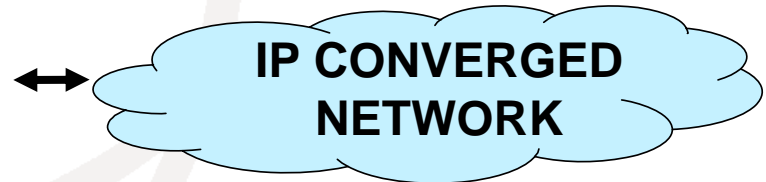


5 million

2010



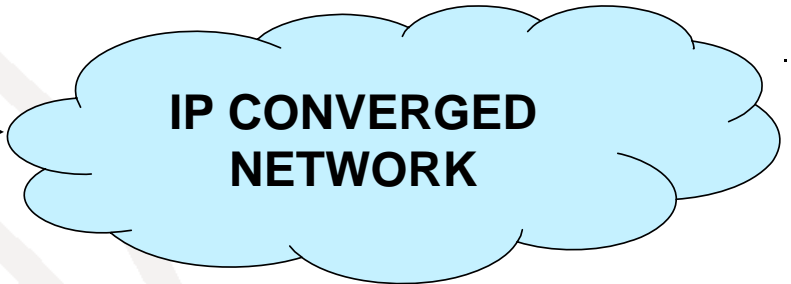
Phones: 600 million



20 million

India -Telecom Network Vision

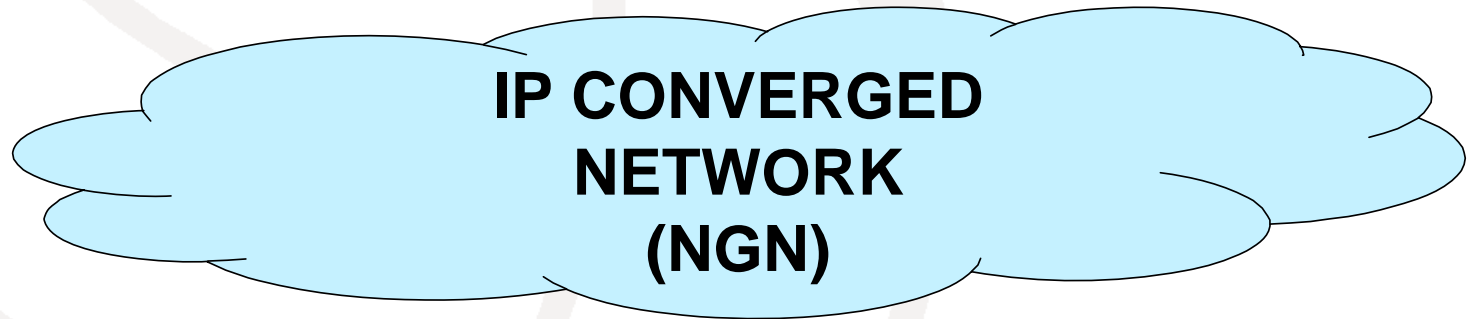
2012



Phones: 750 million

100 million

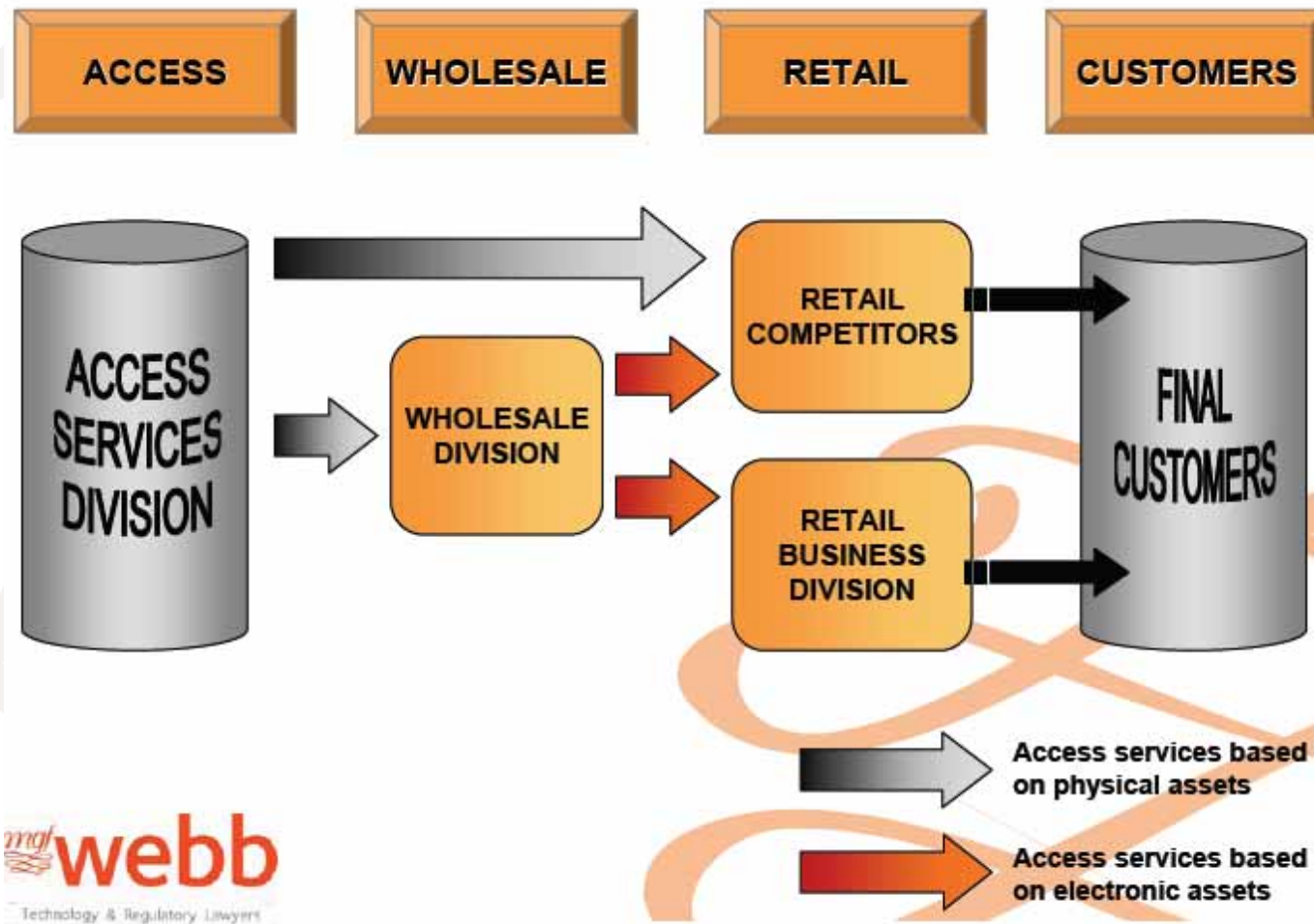
2015



Converged:

1 billion

Functional Separation – A new Wholesale Concept



NGN Regulatory Ecosystem for Emerging Markets-Regulation 2.0

A converged regulator for ICE (single regulator for Telecom, IT & Broadcasting, Spectrum, Licencing, standardisation, security approvals, competition)

A single technology-neutral, service-agnostic license (one license - one network – all services) to facilitate Efficiencies

A Class Licensing Regime (Authorisation/Registration) for Value Added Services to facilitate Innovation

A cost of capacity based, open access, interconnect regime and light handed regulation to promote Competition and Investments

Functional Separation to encourage full infrastructure sharing in open manner and to unlock the potential of existing assets to promote Co-Opetition, faster growth

Thank You

Satya N. Gupta

Satyen.gupta@bt.com