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CONSULTATION PAPER
ON
MOBILE VALUE ADDED SERVICES

To,

Mr. RajKumar Upadhyay,
Advisor (BB& PA)
Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan,
Jawahar Lal Nehru Marg, New Delhi-110 002
Tel. No.011-23237922 Fax No.011-23220442

Dear Sir,

Subject: Consultation Paper On “Mobile Value Added Services”.

I welcome the opportunity to respond to the Telecom Regulatory Authority of India’s (TRAI) consultation paper on “**Mobile Value Added Services**”. I appreciate TRAI for this excellent consultation which will help in development of the Value added services in India

Please find below my selective response to the consultation paper.

I would like to participate in any case any further opportunity is provided to discuss these issues. Also, I am available for discussions in taking some of these recommendations forward.

Yours Sincerely,

Jitin Sharma
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Symbiosis Institute of Telecom Management, Pune

Disclaimer: Please note that the views presented in the paper are of the student and not of the Institute.

4.1 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?

Answer :

The VAS products should be available at low prices for increasing their popularity and usage among the subscribers. Under the current license conditions there are no separate provision for the VAS products, due to which operators are charged on their overall revenue so the operator also charge heavily for the VAS products. In order to make the VAS products cheaper, there should be separate provision for the VAS under which operator has to pay less amount for VAS.

There are two sources of VAS: mobile and internet platform, the VAS are available at much cheaper rate on the internet platform, due to which many people download it from the internet rather than mobile platform. If the prices of the VAS products become low then people will prefer downloading from the mobile platform and it will lead to more revenue for operators and VASPs

4.2 Is There A Need To Bring The Value Added Service Providers (Vasps) Providing Mobile Value Added Services Under The Licensing Regime?

Answer :

The vasps should go through a mandatory registration process but there is no need to bring the value added service providers under The Licensing regime and this VAS space should be open for new players. The value added service environment is still very immature and it requires more VAS providers to enter into the market for more VAS products and ensuring competition, a licensing regime for VASP will discourage many potential entrepreneurs as the process of licensing will involve more frills and as stated in this consultation paper, there can be numerous vasps, covering each of them under the licensing regime will be very difficult. The licensing should be imposed only on those players who own the telecom infrastructure.

4.3 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.

Answer :

-----Not Applicable-----

4.4 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?

4.6 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?

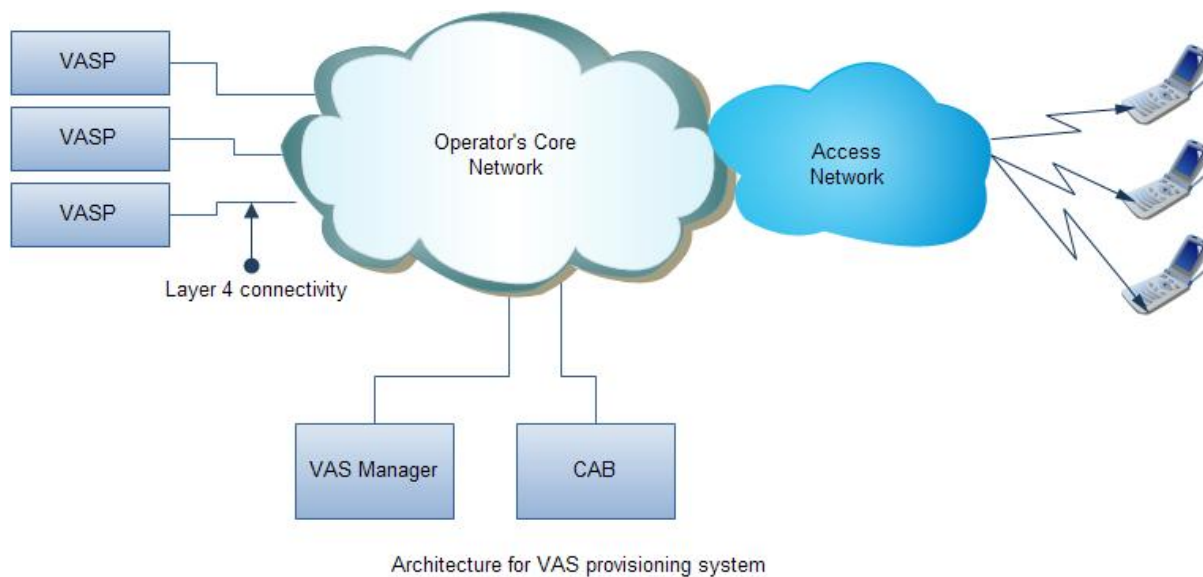
Answer :

*******Following is the combined answer for 4.4 and 4.6*******

To ensure that the VAS providers get their due revenue share , there should be a transparent billing system in which billing and accounting is done outside the operator’s premise so that it can be accessed by both operator and VASPs. Below is a recommendation for such a VAS provisioning system. In this system I propose that there should be separate billing for value added services.

We propose the following VAS provision architecture. In this architecture there will be three main entities: The mobile user, the network operator (NO) and the Value added service provider (VASP). There is no link between the VASP and user directly, user subscribes to any VAS through operator only.

This architecture also has additional modules: VAS manager (VASM) and Charging Accounting and Billing (CAB)



VASPs will be connected to the operator’s core network with **layer 4 connectivity**. Layer 4 switching uses transport layer information, e.g. TCP or UDP port numbers, to forward packets. This also allows collecting additional information about source and/or destination of a data frame.

VAS Manager is responsible for management of VAS database; it will be hosted in an IP network node outside the operator’s network. All the VAS should be registered in the VAS manager before they are available to the user. Service related records in the VAS database hold information including VAS network location, VASP identity, minimum terminal feature requirements for running the service and service tariffs. VAS manager can provide the web-browsing model for user where they can search for the service that they require.

The CAB system deals with the charging, billing and accounting operations induced by the service downloading and access procedure. There can be breakup of cost of a VAS-usage related chargeable event into two parts . The transport part, which is the basic, VAS -independent charge for the allocation and usage of the resources provided by the mobile operator and the service part, which is premium rate, VAS specific, charge for use of services provided by a VAS provider. The CAB calculates the service part of the charge using the VASDRs. While, the information provided by the operator for the usage of its network resources is used for calculation of the transport part of the charge. The accounting system apportions that revenue among the operator and the VAS providers. Both operator as well as VASPs can access the CAB unit. This architecture will enable the transparent billing, where VASPs will share as negotiated with the operator.

The charging process for a specific VAS session is initiated after the execution of a service in the terminal has begun.

This is for the second part of the question no4.4: Revenue sharing model should be left to negotiations between the VASPs and operator. A regulated revenue sharing model can have following problems:

1. There can be a number of VAS services like video streaming, audio streaming, gaming, CRBT, chatting, m-health, m-education, cricket score etc. Having a standard revenue model for each of these services can be very complex task.
2. In the present telecom scenario where there are so many operators, VASPs have many choices and authority to negotiate their share. This is also good for improving the quality levels in the VAS products, as for better product, a VASP will get better share.

4.5 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?

Answer :

We assume the existence of various tariff classes as well as different pricing models in the CAB system. In order the network operators to attract more subscribers, they offer more than one tariff classes and respective pricing models aiming to fulfil the different needs of each user. In addition, it is possibly that the tariffs and the pricing models (according to which the service charges are calculated) are different from VAS to VAS. So the pricing policies could vary for the same operator from VAS to VAS.

Yes as different types of MVAS have different levels of innovation and utility involved so revenue share should vary from VAS to VAS , this variation can be negotiated between the operator and the VASPs depending upon the type of the VAS offered.

4.7 (i) 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.

(ii) Should there be a fee to be paid for allotment of short code?

Answer :

(i) There should be a central body for allocation of short codes so that this process becomes independent of the operator. This will lead to fast allocation of codes at much cheaper rates. The process can be similar to internet for domain name allocation. Once the short code is allotted it will be uniform across all the operators. The central body should follow a numbering plan and should maintain a list of all the short codes with all the operators so that the service providers apply for available codes only.

(ii) Small amount of fees should be charged for allotment of short code.

4.8 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?

Answer :

Yes, subscribers should have open access for MVAS of their choice. The approach provided in para 2.46 is good for enabling open access of MVAS.

As I have discussed in the 4.4 and 4.6, the VAS provisioning architecture, the charging can be divided into two parts: charging for the actual service and charging for the infrastructure used in transporting the VAS to the end user. In this model the VAS provider will get its due share, irrespective of the location of the VAS (whether it is placed in its own network or other operator's network). This model will foster the open access for MVAS.

4.9 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?

Answer :

Following measures are required to boost the growth of utility MVAS in India:

1. In India, a major problem is low literacy levels, and in majority parts of India people are educated in regional language, so to promote the VAS services among masses VAS services should be in the regional language.

2. Relevant content is required, as India is a diverse country , need for VAS are different in different parts of the country, e.g. sea weather conditions are only relevant for the fishermen, also the information about crops has to be different in different parts of the country.
3. m-health, m-education & m-governance are for the welfare of the general public so these services should reach for free or minimum possible prices to the masses. For this government should pay to the VASPs and operators for providing these services.
4. For m-commerce, it is important to target the unbanked population, for this government should spread awareness and there should be facilities like low-frills account so that more and more people go for these services.
5. Awareness about these services is important; government should take initiative to spread awareness among masses through various mediums. Government should tie up with NGOs and companies which have a good reach into the rural areas to promote these services.