Internet And Mobile Association Of India

Introduction:

At the outset we would like to put on record our appreciation of the Authority's initiative to *suo moto* publish the Consultation paper under discussion. This Consultation Paper is a very evolved and mature paper and captures the nuances and issues faced by the stakeholders in the MVAS space comprehensively.

Our feedback given below is based on our discussions with our members who represent various shades of digital service providers from pure play Internet companies to pure play sms marketers and anything in between. Some have been offering purely market driven services directly to consumers through Internet and others have been offering services purely from the operators platform.

Most of our members are agreed on two cardinal points:

a. While they want to be a "recognized" player in the telecom value chain as legitimate providers of services and content, they are ambivalent about the implications of a licensing system.
b. Most of them would also agree that a there is the need for a more open and equitable access to telecom networks through a "regulatory framework" if this segment of the industry is to grow in a meaningful manner.

Given this, we are closely aligned to the suggestion for "open access" made elaborately in this paper see section 2:44 to 2.46 of this paper and as illustrated in figures 2.2 and 2.3. We believe that a "regulatory framework" to institutionalize "open access" as mentioned in the paper will be a positive development for all the stakeholders.

Our response to issues for consultation:

4.1 Whether the current provisions under various licences (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 licencing framework?

None of the above mentioned licenses have any provisions for Mobile Value Added Services. Under the current market structure, operators and VAS providers offer Value Added Services under mutually agreed upon commercial terms. This agreement between two commercial entities is outside the purview of the current licensing regime, as MVAS companies remain unlicensed companies.

However, in services where the operator provides access to infrastructure (billing etc.) to third party VAS providers (esp. D2C providers), access must be provided to VAS players on equitable terms to ensure greater consumer welfare and widespread adoption of services. This is an area where the Regulator should provide support through initiatives such as the premium number policy, detailed later in our response to questions 4.6.

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

No. International markets have witnessed significant growth in MVAS without licensing. These markets have been able to enhance growth of their share of non-voice revenues over the existing structural enablers such as more spectrum, higher internet and PC penetration and higher smartphone penetration. We believe that a policy framework without licensing and with market determined revenue shares is the best route forward for the MVAS industry.

Licensing by itself does not guarantee a solution. Additionally, licensing will result in high costs, increased overheads and reporting which can limit the growth of small VAS players.

We, therefore, recommend that MVAS be kept out of any licensing regime.

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.

NA. Please read our response to 4.2 above

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?

Revenue share has a direct correlation with the level of service innovation. MVAS providers with innovative and differentiated services are able to command higher revenue shares from carriers. Setting a minimum floor for revenue shares or regulating them can have an adverse effect on overall service innovation by unjustifiably forcing carriers to pay higher revenue share levels for services that do not deserve such remuneration. We believe that revenue shares are a commercial business decision and they should be left for market forces to determine.

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?

As detailed in reply to 4.4 above, we believe that revenue shares are a business transaction between two commercial entities and should be left to be decided by the value placed by the carrier on the differentiated nature and monetization potential of the services offered by MVAS provider. Such commercial models will help reward new innovations and offerings, while regular offerings are compensated differently.

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?

Yes. MVAS providers have often faced issues with operators on MIS reconciliation and payment timelines. This issue can be addressed by setting up a self-governing industry board that can help provide guidelines and establish best practices to govern this sector. This body can function in a way similar to the Advertising Standards Council of India (ASCI). Such a body can provide the industry with representation and a formal dispute redressal mechanism for supporting the ecosystem and addressing challenges of MIS reconciliation.

(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.

Yes, the existing framework for short code allocation needs significant overhaul. The current framework for short code allocation faces multiple issues, right from the first step of short code allocation to service deployment and management. Inordinate delays in request processing and allotment of short codes are common within the industry. In addition, since short codes are controlled by the carriers, situations arise where some carriers have allotted short codes, while others have not. In such a situation, services get delayed and sometimes don't get launched ever. Even once allotted and deployed, short code services face issues such as arbitrary pricing and blocking of services that are deemed 'competitive' by the carrier.

We believe that it will be desirable to allot the short codes centrally and mandate their implementation across operators within a specified timeline. A central short code (CSC) agency can be set up as a licensed agency under TRAI. Licensing of this agency will allow it to enter into agreements with other licensed entities (cellular service providers). This nodal agency can be the one stop shop for short code registration and allocation and can mandate that the short codes be integrated across all operators. A single number assigned to every content provider should work across all mobile telephone service providers. Terms and conditions may be decided upon by the Regulator and would be followed universally by all operators. The operators may then process the activation within set timelines, across all circles. The

framework can also determine the pricing of off-deck enablers, allowing VAS providers to choose the access services they need.

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

The central short code agency (CSC), governed by TRAI, can enter into agreements with other licensed entities (Cellular Service Providers). This agency could issue short codes to the MVAS providers at a pre determined price. Further, a "Rate Card" for the services provided by operators can be mandated by TRAI under the interconnection regime, in consultation with operators, on a cost+ model.

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?

We strongly suggest the provision of open access to subscribers for MVAS. From a technological perspective WAP/GPRS is the only channel on which services can be offered directly to consumers. TRAI recommendations have protected the open internet mobile model, which does not allow any carrier to block any particular portal. However lack of alternate billing/payment channels have been a significant factor in restricting the growth of off-deck VAS in India.

The CSC agency can issue a short code to an MVAS provider and the same will be accepted and integrated by all UASL licensees within agreed upon timelines. This will help save cost and time in integration for the MVAS provider. TRAI can further create a set of norms for premium number interconnection. A "Rate Card" which will include price points for billing, origination/termination charges etc. can also be mandated by the Regulator. This will also allow MVAS providers to decide the end user pricing of services. In addition the market driven commercial negotiations between an MVAS provider and an operator will ensure multiple options based on nature of services.

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?

Mobile commerce and utility services will have huge social impact. With increasing availability of quality data services offering scalable, technology enabled solutions to existing issues around

access to information, opportunity and infrastructure. Increasing adoption of data services and enhanced devices, there is an opportunity for service providers to offer better quality and further penetrate the semi urban and rural areas. Mobile health, M-education, M-Finances/banking will offer an easy option to replacement to expensive infrastructure. Mobile Internet adoption will result in proliferation of data enabled services and applications around video, advertising, community, entertainment and enterprise mobility.

We believe that regulation of tariffs at the initial stages is not beneficial to the overall market structure. Once the market is stable and competition has settled, the Regulator can consider regulating tariffs for access to utility services provided by government agencies.

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