Syniverse
Technologies

5th August, 2009

To:
Advisor (MN), TRAI
Mahanagar Doorsanchar Bhawan,
Jawahar Lal Nehru Marg,
(Old Minto Road), New Delhi-110002

**Subject: Syniverse Comments to
Consultation Paper on Determination of Port Transaction Charge, Dipping Charge and
Porting Charge for Mobile Number Portability**

Dear Sir,

With regards to the TRAI Consultation Paper on Determination of Port Transaction Charge, Dipping Charge and Porting Charge for Mobile Number Portability issued on 22nd July, 2009, Syniverse are requested to send our comments by 5th August, 2009.

Proposed Correction to the Consultation Paper

Original

Section 3.13 …"The Porting charge was initially set at HK$26 per porting activity in March 1999 when MNP was implemented. It was reduced to HK$17 in October 1999 and further lowered to HK$10 in November 2000. These were further revised from HK$10 to HK$2.5 on 30th May, 2002."

Proposed Correction
Porting Fee of Hong Kong is paid by the Recipient for each porting activity at each of the fixed-line operator. Since there were 4 fixed-line operators during that time, the figure of HK$26, HK$17, HK$10 and HK$2.5 per porting activity should be HK$104, HK$68, HK$40 and HK$10 in porting fee respectively.

Q1:- Whether the network elements, cost details and the cost structure considered for estimating the port transaction charges are appropriate? If not, give reasons.

Please refer to the submitted document of Port Transaction Charge calculation submitted to TRAI along with this document.
Note: The attached sheet for Port Transaction Charge is Syniverse Proprietary and Confidential and is for TRAI only for reference.

Q2:- Do you agree with the factors affecting the number of porting as discussed above? Please indicate if any additional factors are required to be taken into account.

Comments:-
Following are the additional factors we feel should be considered affecting the number of porting:-

- The growth rate of subscriber in coming 5 years should be different for Zone A and Zone B from the perspective of MNP. Different zones have different mobile subscriber penetration rate. This may cause big variance in terms of subscriber base and therefore volume of ports per year.

- The current TRAI regulation of 90 days of non-porting period, outstanding invoice full payment, long porting period, may probably results in low porting rate. We request TRAI to further look into this, so that subscribers are excited for porting.

Note: Please refer to answer of Questions 3 for additional comments.

Q3:- Whether the projection of the subscriber base and annual rate of porting as explained in the paper for the next 5 years is reasonable? If not, give your estimation of annual porting rate along with the reasons.

Section	Comments
General	Clarification:- • Syniverse would like to know how much the Active Subscriber Base is. The high growth in subscriber base may not be fair in estimation of porting rate proportionally. The higher the subscriber base, the higher is the inactive subscriber proportion. Due to the lifetime validity plans, the proportion of inactive subscribers can be high. (Please refer section 4.6.1) • Syniverse would like to know if TRAI has any statistics on the reasons of churn and any survey result whether this group of users has the intention to keep their mobile number at the expense of the porting fee. (Please refer section 4.6.2) • The Number of Access Carriers may not be directly related to high porting rate. For example, there are 8 operators by April 09 in Brazil and Germany has 7 operators by Sep 08. (Please refer 4.6.3)
Section 4.7.2 - Table 11	Clarification:- The calculation of RoCE (239 Rs in M) is not clear to us as the return in this business model 239/2606=9.2% in 5 year is extremely small.

Section 4.7.2 – Table 11	Comments:-
	- The RoCE model has a main issue that it does not count the interest factor of funding. So we have to use FV (Future Value) of CAPEX to derive the expected RoCE in 5 years. That will give a more reasonable return for the investment of fund.
	- In deriving the RoCE, 1 month working capital is not enough. There may be delays of payment in practice and fluctuations of port volume each month. We suggest using 6 month working capital instead.(Please refer to document of Port Transaction Charge submitted to TRAI along with this document).
	- In working out the Average Porting charge:
	○ Tax/year shall also be added into the average cost per year.
	○ Also license fee, bank guarantee interest should be included in the total cost.
	○ Again, we shall add the cost of fund to the depreciation cost to reflect the associated interest factor of funding.
	○ The other costs (OPEX/TAX) incurred shall have some mark up to reflect the risk of business and margin. We cannot just spend cost without any markup for a business to operate.
	○ The per port charge in each year will be the value that is required to recover the actual cost, the RoCE return and the cost of fund/risk/margin of the cost components.
	○ Since we launch the service in 2 phases and that it takes time to ramp up the porting usage, the first year port volume is anticipated to be much smaller. Therefore, a much higher per port charge is required in the first year.
	○ As mentioned earlier, we will do some review on port volume and price when the actual port volume data becomes known and becomes stabilized.
Section 4.7.2 – Table 11	Comments:-
	While calculating the Average Porting Charges per subscriber, the average porting per year of 5.2 million should not be considered for

	first year.
	Recommendation:-
	The cost should be calculated for 5 years whereas numbers of ports should be calculated for about 4.3 years or less and then divided to get the porting charges.

Q4:-Based on the cost details, what is your estimation of per port transaction charge. Justify your estimation and supplement it with the worksheets.

Please refer to Question – 1.

Q5:- What should be the time period for review of per port transaction charge?

In our early submission to TRAI we submitted 18 month as the period. This is 3 times in the first 5 years. It cannot be too frequent as it consumes effort/resource from various parties to review, resubmit and adjust price. Due to the high uncertainty of porting percentage, it is recommended as of now to do it at every 18-month interval. Since it is also important to ensure the sustainability of the MNP business in India, if the port volume turns out to be drastically lower than forecast, the MNP licensee shall have the right to call for ad hoc price review given 1 month notice to TRAI.

Q6:- What is your estimation about the number of voice/SMS/MMS dipping which may take place in the MNP service provider's Query Response System?

Syniverse's estimation has been out-lined in the Consultation Paper already.

Q7:- What should be the factors which may be considered for the estimation of the Dipping charge.

- Other than the 3 bullets stated in 4.8.2, additional factors that affects the dipping charges are:
    1. Protocol to be used - IP-based or SS7-based
    2. Number and Type of Interfaces - IP-based or SS7-based
    3. Rack space required by customers' equipment, if any

- Company other than the MNP licensees shall not allow to provide dipping service. If it is allowed, one shall be regulated with the same license requirement as defined in the MNP license to ensure fair competition (incl. QoS). (Please refer section 4.8.6)

![Syniverse Technologies logo]

Additional Comments

1. Number Reversal Fee

Comments:-

Another category of charge should be included, i.e. when the mobile number it to be returned to Number range owner – Number Reversal Process.

Recommendation:-
The Number range owner should be chargeable in this particular scenario.
E.g. Charge will be applied for Ports Request, Termination, RN Audit and RN Update commands.

2. Ad-hoc Data Download Fee

Comments:-
To avoid excessive use of data download service, TRAI should have regulation on the limit of the number of free usage of Ad-hoc RDB Download Service. If the number of free usage of Ad-hoc RDB Download exceeds the limit it will be chargeable to an operator.

E.g. For each year, an operator will be provided 2 times NP File Download free of charge (counted as either 2 Full or 2 Partial, or 1 Full plus 1 Partial NP File Download). Charge will be applied after the 2 times/year usage.

~~ End of Comments~~

We look forward for you to give due consideration to above comments and please feel free for any clarification required.

Yours Sincerely,

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Sanjay Kasturia, Director
Syniverse Technologies (India) Pvt. Ltd.