

Research ICT Africa!
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Competition: carrier selection & number portability

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Pro-competitive policies

- Measuring concentration
- Ladders of investment
- Carrier Selection
 - Carrier Pre-selection
- Number Portability:
 - fixed
 - mobile
- Conclusion

Measuring concentration

- Herfindahl-Hirschmann Index (HHI):
 - sum of the square of the market shares
 - requires the power to get the necessary data
- Significant Market Power (SMP):
 - European Union approach
 - initially an arbitrary 25% market share
 - changed to competition law definition:
 - dominance
 - much higher threshold
 - solid jurisprudence from EU courts

Ladders of investment

- Only a metaphor
- Originally for voice telephony:
 - enter at international gateway
 - build out to major exchanges
 - build out to local exchanges
- Re-applied to consumer broadband:
 - unbundled local loops
 - bitstream access and wholesale line rental
- A different ladder again for business VPNs
- Generally not applied to mobile

Carrier (Pre-)Selection

- Associated with liberalisation of international gateway licences
- Carrier Selection (CS):
 - call by call choice of operator for:
 - international
 - long distance
 - local
- Carrier Pre-Selection (CPS):
 - change of default operator
 - customer can still use CS

Billing

- Some countries have imposed an obligation on fixed incumbent operators to provide billing on behalf of rivals
- Overcomes the barrier of having to create a new billing relationship with customers

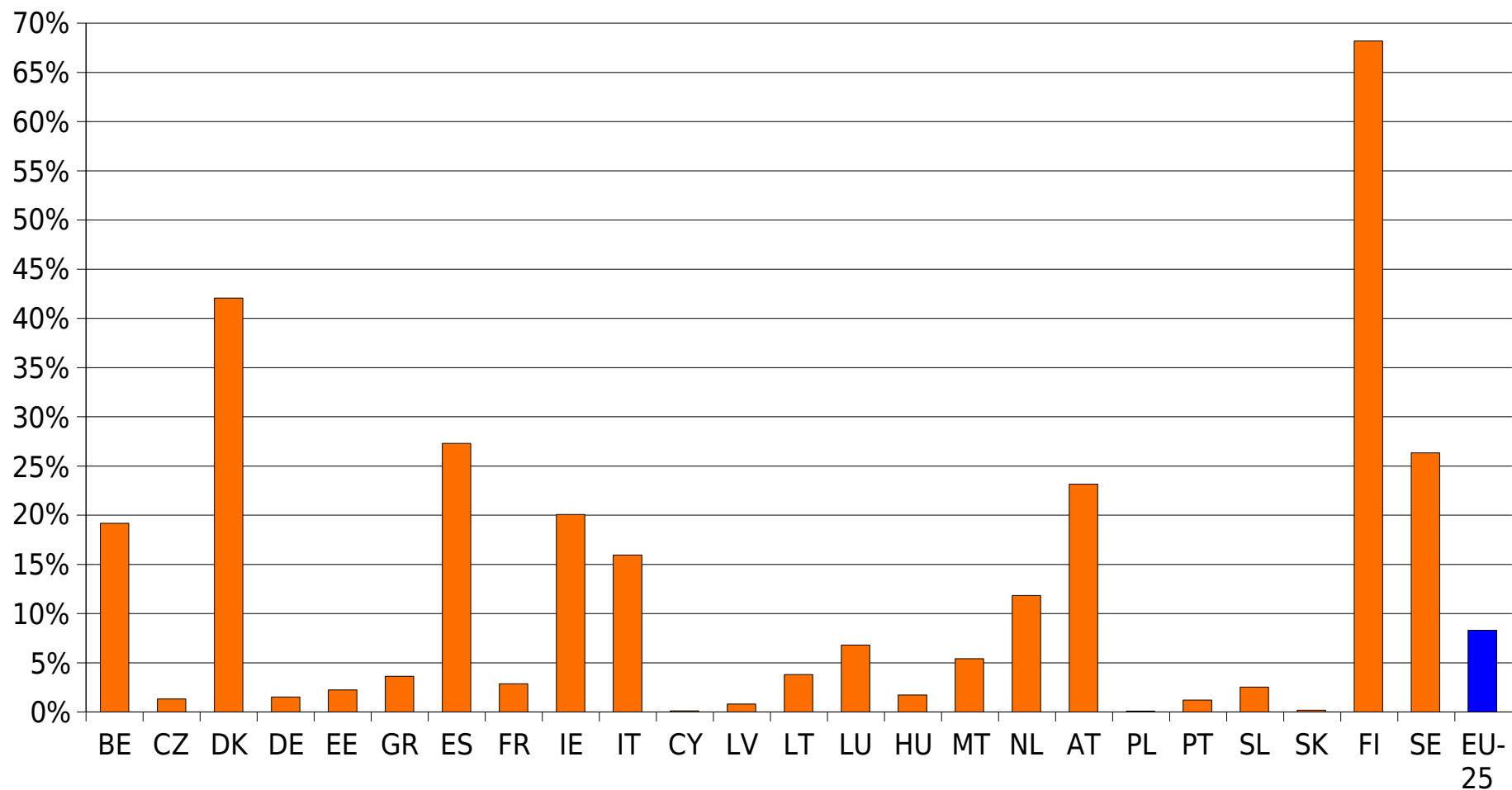
Number portability

- Value of numbers is created by customers, by their dissemination:
 - letterheads, signage, lorries, etc.
- Other people's numbers are embedded in our mobile phones, organisers, etc.
- A major barrier to switching operator:
 - loss of number = loss of business
- However, if you have 5 SIM cards on 3 operators it may not be so important

Implementing portability

- Operators have consistently resisted
- Even when imposed, they make it tough for customers
- Their aim is to lock in customers
- Hong Kong SAR:
 - implemented in spring 1999
- Turkey:
 - operators refused to bid for UMTS licences
 - waiting for MNP to break the hold of Turkcell

EU cumulative MNP to Oct/07



Mobile networks

- CS/CPS have seldom been implemented
- High concentration can be addressed:
 - introducing additional operators
 - limited mobility services
 - Mobile Virtual Network Operators (MVNOs)
- Market entry can be facilitated:
 - national roaming
 - mast sharing
 - MNP

Conclusions

- CS & CPS are relatively “easily” enforced, since it is primarily the incumbent operator
- Introducing CS & CPS to mobile would generate fierce resistance:
 - it might well still be worth it
 - would need a positive impact assessment
- Number portability:
 - 3D: Deny, Delay and Degrade
 - better on version 2.0 or 3.0
- Measures to ensure competition
- Technologically straightforward

Thank you

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