

Subject: Response to Consultation Paper on Differential Pricing for Data Services
Advfea1

To,
The Advisor (F&EA),
TRAI

Mam,
Please find my response below on consultation paper

Question 1: Should the TSPs be allowed to have differential pricing for data usage for accessing different websites, applications or platforms?

Concept of differential pricing has close link with widely debated topic of Net Neutrality, however my views are focused on today's discussion on differential pricing.

There is a need to understand patterns from the past and avoid taking a myopic view on existing issue in hand. Looking at history, Indian telecom industry has gone through a major innovation in past decades. There was decade of '80s when wireline players were in dominance or rather monopoly in many countries not to mention billions they were earning.

Then came revolution of mobile communications and disrupted the landscape. This disruption was due to faster way to communicate and at ease. Questions were then asked about basic need to have mobile phone and answer was luxury. Then came tariffs war in mobile industry which led to exponential growth of mobile subscribers.

Slowly, traditional revenue stream of wireline players started shooting downwards due to competition from wireless players. Adding to that, wireline players were slow to cater to customer need including lucrative international calling market wherein wireless players provided customer will better international calling rates. TSPs underestimated the need of customers to connect across the globe at cheaper rate especially in a highly globalized world. There was need in market and TSPs continued with exorbitant calling rates on international roaming and calling. India witnessed high IT/ITeS boom in 2000s with many international traveler to and from India. TSPs were slow to provide them with right services and at right rate. There was huge volume in terms of target market.

So here enters new age application or 'Apps' as they are called in today's generation which started offering innovative services over data to customers who are majorly benefitting from the same. TSPs in India were still basking in hay days while Apps slogged to continue improving on their service parameters, immediate recharge, offers, etc, thereby TSPs missed golden opportunity to capture the market which Apps/Platforms took from them.

History in telecom world clearly shows the importance of being customer centric, because if TSPs won't, then someone else be eating up that share and in this case it is Apps/Website/Platforms.

TSPs need to look inwards to create futuristic marketing strategy without blindly trying to cash money by using differential pricing just because particular App has strong usage base. It is important to regulate the same in case TSPs don't work in favour of customers. My answer to differential pricing is mentioned as answer to next question below.

Question 2: If differential pricing for data usage is permitted, what measures should be adopted to ensure that the principles of nondiscrimination, transparency, affordable internet access, competition and market entry and innovation are addressed?

I would equate differential pricing scenario with our existing road infrastructure in India. Not long ago, state of our roads including national highways was in dismal shape. Obviously, Indians and tourists were not happy with experience driving on roads. Then came concept of Toll roads, wherein highways were widened(read mobile data). Indians were happy to see improvement of road conditions of course at a cost known as Toll. Things were fine till Toll continued but there were many highways which were in bad state despite of Toll been charged. The point is that customer was still charged but getting poor under-maintained highways and roads. Now, govt has asked many such road players to first improve/widen the road condition and then only increase Toll charges.

Same is true with our telecom landscape in India. Opening of wireless industry in India obviously made consumers happy wherein at a little higher cost they could make voice calls and at extra charges access data on mobile too. However, with time, QoS of wireless services has started getting deteriorated, but consumers are still been charged. Data QoS is in worse shape despite of high 3G service charges wherein many 3G subscribers are mostly latched on EDGE network.

These same subscribers are expected to access data heavy apps over so called dismal 3G data connections not to mention 2G/Edge network. How fair will it be for TSPs to ask an additional cost from subscribers for accessing data applications? There has to be controlled mechanism with defined SLAs for TSPs in case they want to provide differential pricing else TSPs will stream bandwidth for Apps for which they are getting more money and imagine the fate of other platforms been run on data.

Lets face the truth, the reality is TSPs are looking for differential pricing only for Next Gen Apps and not for other Websites or platforms.

For ex, OFCOM UK allowed charge to be levied by TSPs for preferential pricing for apps requiring faster bandwidth. However, QoS standard for wireless service is way far ahead in UK than India. Indian TSPs are nowhere close to even minimum speed being provided in UK and it won't be fair to ask for extra bit without providing basic data driven telecom infrastructure for other applications.

There is still some time before TSPs reach maturity in terms of better data QoS before they command control for differential pricing.

In case differential pricing is permitted, talking in terms of operator technical eco-system and transparency to customers, there are network related issues which TSPs face due to new OTT Apps getting added in IT eco-system. Some of these Apps cause network outages also due to excessive data usage in network. TSPs need to put smarter network analytics in place in order to identify such apps and stop/reset them in order to provide enhanced customer experience and data usage.

Traffic management practices however, have scenario beyond the above, wherein TSP may be blocking OTTs merely due to competition it face from them. Providing slower bandwidth speed to competitive OTT is another area of concern.

TSP need to adhere to approved policies when it comes to check what is permitted in terms of content and what is not. This is where TSPs need to play self-regulation hat and act what is in best interest of its subscribers. With Full MNP rolling out soon, customer will be happy to switch to TSP which provide them with more transparent data platform.

It is also observed that when it comes to customer centric regulations then TSPs submit their view about their helplessness due to 'technical challenges' but when it comes to areas where they face competition they have 'all technical solutions' to block/regulate any competition. Lately, poor Indian mobile consumer was told through consultation paper on Mobile Broadband QoS that TSPs can't commit on minimum speed which subscriber can expect after paying high price for 3G pack.

Indian consumers are smart enough to find out themselves about smart traffic management techniques which TSP may apply to control competition. However, fair and transparent published techniques will provide better connect with its customers.

Question 3. Are there alternative methods/technologies/business models, other than differentiated tariff plans, available to achieve the objective of providing free internet access to the consumers? If yes, please suggest/describe these methods/technologies/business models.

Also, describe the potential benefits and disadvantages associated with such methods/technologies/business models?

I would like to start with business & profit model in mobile data business. For Rs. X one gets 2GB of mobile data, but typically consumer is using only 600-1GB of that pack. So there is huge 50% margin in terms of MBs for TSPs. There is hardly any loss today for TSPs in data services and with increasing day data usage is going up. Network cost by default is getting recovered through each MB been used. TSPs need to enable improved customer experience to ensure maximum adoption of GBs by consumer thereby increasing profit margin.

Moving ahead, view of Free internet is – 'Its a farce'. It is a myth that India desperately require Free Internet as claimed by many industry stalwarts and visiting CEOs of Silicon Valley based internet companies who in turn also have profit angle to their thought (not in \$ but in terms of billion users)

Indian wireless industry has grown from Zero to more than 100% mobile density without single free minute (please note there was always minimum amount required

to keep SIM active and continue free incoming). With growing Indian economy and mobile been an important catalyst for the same, Indian users including rural areas are more than happy to pay for 'Quality' data services. Supporting fact exists is growth of data usage due to likes of WhatsApp, etc even in Tier 3 towns, interiors and villages. This also grew without any Free internet. Therefore, I started my comments in this document with linkage to Net Neutrality. Today, TSPs are looking to stop Net Neutrality by using concept of 'Free Internet' and then partnering with profit making listed entities who will introduce their business objectives in disguise of free internet by making profits and denying competition a fair chance. This is also expected to impact innovation in Apps eco-system.

Instead of competing head-on, TSP today need to partner with Apps to ensure revenue maximization of their network expenses. Ex, today customer has to take full data plan even for accessing only WhatsApp, why not TSP provide only WhatsApp pack to customer at less cost (or free for particular recharge pack) and still make money. But for same scenario, if TSP start blocking/slowing bandwidth of competitor Apps for same subscriber, then market is surely not regulated and with fair play.

We also need today is an environment to enable more 'Make in India' OTT apps. This new Apps eco-system should be used to provide economic solution to India specific problems be it education, travel, finance and so on. Ex Ola Cabs, Autowale wherein they created an App simply riding over data services which help commuters today with cabs/autos at their door step increasing employment and customer convenience and also increasing data usage of telcos.

For ex, our agricultural industry is so much in dire need to connect farmers with best technology for farming and mobile is only medium to enable them with information. There exists a huge opportunity for TSPs to partner with other industry players and become backbone of data connectivity and also become preferred TSP for the end customer due to differentiating services and therefore not need any differential pricing.

TSPs need to 'partner' rather than 'compete' with anyone and everyone who rides on their network. It is an open field for TSPs to capture huge opportunity since they have much higher edge in terms of network ownership and technical expertise to increase revenue from the Bottom of the Pyramid in India.

Let innovation by Apps create new means for utilizing data for betterment of consumer. Imagine a scenario, TSPs go ahead with heavy investment with 3G and 4G and there are not many appealing Applications for consumer to utilize data for, these data investment of TSPs might be struck by slowdown.

Market forces are strong enough to control the price of services, therefore regulating subscription charges for various Apps and Platform is not recommended especially for fast changing and growing OTT space. New innovation will itself fuel data usage therefore providing ample space for TSPs to play profit with regular data plans

In case we want to go ahead with differential pricing assuming maturity of TSPs of providing best QoS and non-competitive traffic management & analytics techniques, Fair and transparent published techniques will provide better connect with its customers.

There is another angle to subscription charges. OTT eco-system is pure product lifecycle driven wherein there is a need for right financial influx to companies at various point of time. While many OTT apps are riding on advertisement driven model, there are many like WhatsApp who has refrained from putting ads. So if customer is fine to pay a premium for non-ad driven OTT app, it should not be constrained by regulatory challenges of keeping price in a range. Cheaper or controlled prices necessary don't result in better services. However, a larger and more open range maybe thought over in case it is felt that Indian customers are being over-charged by OTT companies.

Question-4: Is there any other issue that should be considered in the present consultation on differential pricing for data services?

Today, TSPs themselves has changed their focus from ARPU to ARMB(Average Revenue Per MB) and as we agree that data and not voice is the future in telecom world, it is time we agree that customer need quality and not necessary 'Free' data. There has been govt schemes wherein Free Laptops have been distributed and there is no proof or supporting evidence that free laptop in anyway contributed to growth of computer literacy. Similarly, Free Internet is more of a hype than any realistic need. Chargeable data at much better QoS and higher speed will give far more data usage than 'Free' data at slower rate of 56/256/512 kbps that too for dedicated apps.

From:

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