

To: Telecom Regulatory Authority of India

Consultation Paper on Differential Pricing for Data Services

Question 1:

Differential pricing for data usage should be disallowed based on the source of the content. All content should be equally priced irrespective of its source. The data connection pricing should always be based on the quantity, speed and/or time consumed - or any other factor relating to the data transmission.

We don't believe in setting artificial boundaries to the internet, effectively promoting only a small group of apps or companies within the boundaries. No matter what is said about the openness of such arrangements, they cannot be open for all content providers. They cannot provide same access for all content providers, may hamper transparency and may create effectively a monopoly for brokers managing the platform and boundaries. In addition, they will mix boundaries between content and transmission, moving power to bigger companies and conglomerates as well as hamper innovation and competitiveness of local content ecosystem and smaller companies.

More importantly, consumers lose their freedom to choose their content and are influenced or limited by brokers, who select whose content is free of charge and whose is not. This can never be in the best interests of the consumers. Consumers will face a narrower choice, a less competitive offering, and are more prone to select content influenced or paid by a mass advertiser or the broker hosting the free content initiatives.

Furthermore, such arrangements do not help TSPs to monetize the data traffic or get adequate return on their infrastructure investments. That will make the data transmission capabilities be inferior and limit the speed of Internet adoption in India.

Example 1: Two streaming video services, both offering the same video content and in this case both offering it free of charge. The cost to watch a video, or the same video, should not be different from one to another - due to one being zero-rated and another not.

Example 2: Two chat services that are different, both again free of charge services to consumers. One service is for voice only, the other with both voice & video capabilities. The latter consumes more bandwidth, thus the cost to use the service would be higher - either based on bandwidth use or based on data consumed (more data within same length of session). Any of the chat services should not get preferential treatment due to being zero-rated while the other is not - as it would create in-optimal results.

Example 3: Differentiated (dynamic) pricing. The cost of using the two streaming services in Example 1 above can however vary depending on the time of the day, day of the week, or other promotional element. The logic for such variation is effective utilization of TSPs current network assets, meaning TSPs need to be allowed to price the traffic differently in congested hours. This may and can be applied also in such a manner that consumers benefit through lower prices too. Similarly, the services in example 2 may be applied for differentiated pricing based on same attributes. Fundamental is to have pricing changes agnostic to content and be transparent & same for all content - or it would risk creating monopolies for content and services.

It is worth to note that short term sponsored data campaigns should be allowed, as long as they are clearly part of a defined and limited marketing campaign that can also be part of an event (say Cricket World Cup) or free introduction period for new smartphone and data users. These sponsored data campaigns or events should be clearly limited in scope and duration to drive benefit for consumer where the sponsor can offer free of charge data to those participating the event, potentially linking this free data to the event URL, results information etc. as the case may be.

For avoidance of doubt: all content providers are naturally free to price their contents freely and innovating on content business models and pricing should be encouraged. The examples 1-3 here refer to brokers and connectivity, which should not discriminate one content provider to another. As examples illustrate, the zero-rating would cause serious competitiveness issues and limit consumer choice.

The main open question still remains: how to offer affordable internet to all? We revert on that in answer to question 3.

Question 2:

Please see above.

Question 3:

Yes, we at Comptel FWD have alternative solution already commercially available: FWD, the Digital Sales Channel. It is a solution targeted to bring the billion consumer connected to Internet, simply and affordably.

For reference, please see FWD launch video in <https://www.youtube.com/watch?v=eB3Wg3gKzrA>

This solution offers for consumers Full Internet access in small chunks, very affordably and very simply - being easy enough to cover all consumer segments. The time based access is very easily understandable and can be as short as 1 minute, or as long as desired, and enables all price points for all consumers (including free).

The white label, cloud based FWD solution is available for TSPs. It consists of:

- An app in the device for consumers
- Web based management tool for TSPs
- Solution backend server (OS) in the cloud

The backend is integrated to relevant operator network elements. The one-off integration project lasts typically up to three months. After that, TSP can create and edit time based Internet connections freely in a matter of a minute, and launch them immediately without any changes to network. TSP can also change and update prices with immediate effect.

Please see below a short intro video of FWD's basic functionality from consumer perspective:

<https://www.youtube.com/watch?v=PhcPpTud4GE&feature=youtu.be>

What this means for consumers?

1. Lowering the price points and making access to data affordable to vast majority.
2. Easily understandable and transparent time based packets, e.g. 30 minutes instead of e.g. 50 MB, encouraging use
3. Removal of bill-shock and risk of bill-shock without any data leakage
4. Easy access to Full Internet when and where consumer wants
5. Opportunity to get 3rd parties to sponsor or cover cost, for example cheap or free data
 - a. Sponsored data
 - b. Potential subsidy models for data (or top up data balance)

What this means for TSPs?

While consumers have the freedom TSPs have fair control on costs and prices.

TSPs are able to provide extremely low price points, fulfill needs for all segments and target all consumers effectively - and without diluting their own margins. They can monetize the data fairly, invest in improving the connectivity (and services) and get sustainable business to offer sustainable and innovative services for consumers.

TSPs can also create different campaigns for their customers. For example free Internet access to certain segments, for certain time periods, for certain locations. Through dynamic pricing TSPs will also be able to optimize the utilization of their existing network assets e.g. happy hour campaigns during off-peak hours.

What is the business model?

FWD solution is offered as a service (SaaS) without any CAPEX components. The pricing model consists of Active Monthly Users and Channel Commission.

What this means for Affordable Internet in India?

The solution can be launched by any TSP, to offer simple and understandable prices to make millions of consumers get online immediately. With simple time based offers and short packets with very affordable prices, more people in India can access full Internet without walled gardens.

It also enables the content players innovate on content (and its pricing, business model etc.) so that consumers get the benefit.

Finally, besides the described FWD solution there are other approaches that can help to make Mobile Internet affordable, and sometimes free, that can be used. Whether sponsored data or moving basic consumer subsidies and parts of social security to mobile wallets or prepaid balances, or innovative advertising options these are seen complementing solutions to described FWD solution. We strongly believe those in conjunction to driving full access Internet to Indian consumers to drive innovation, adoption for the benefit of consumers and India.

Question 4:

To summarize, all content providers are naturally free to price their contents freely. Innovating on content business models and pricing should be encouraged.

The examples 1-3 under Question 1) refer to brokers and connectivity, which should not discriminate one content provider to another.

As the examples illustrate, the zero-rating would cause serious competitiveness issues and limit consumer choice.