

PoV on Differential Data Pricing

Dharmendra Misra

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1 Executive Summary

This document is a Point of View on Differential Data Pricing in India in response to request for views on consultation paper on Differential Pricing for Data Services dated Dec 9, 2015

The PoV is an attempt to understand the need for various data pricing structures to make decision making more informed and enrich guidelines for policy making.

2 Context and Relevance

Growth in mobile broadband is attracting new market players and new business models. Most of these models are disruptive in nature and may have significant impact in overall data services eco-system. Therefore it is essential to have clear approach towards such business cases to provide an environment for consumer protection while retaining healthy competition in market and supporting proliferation of the innovative business models in data oriented futuristic growth models.

Any approach accepted needs to consider

- 1- Opportunity for under privileged population to access services of choice (not only imposed services)
- 2- Opportunity for small and emerging players to have a level playing field
- 3- Opportunity for service providers to have sustained and growth oriented business
- 4- Opportunity for consumers to make decisions about service consumption
- 5- Opportunity for legal framework to safeguard interests of consumer

3 Response to Questions

Following response may be considered for the questions listed in consultation paper.

3.1 Question 1

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

3.1.1 Response

TSPs need to work along with OTT players and content providers. Therefore TSPs need an attractive business model to compete and business model can be based on collaboration. Therefore it may be suggested that TSPs should have opportunity to decide their own business model based on any collaboration format that they may wish to use.

But there is need for a check and balance to protect interest of new entrants in content as well as Data service area. There is also need for some checks to make sure that consumers are not adversely affected.

Therefore it may be recommended that TSPs should have some obligations towards non-preferred data services and TSPs should also make sure that they can differential price certain content to reduce the price but they cannot differentially price any content to increase consumption price.

To elaborate further. It may be suggested that TSPs need to have a common price plan for all other services and differential price plan at reduced rate for services of choice of TSP but total usage of data in the network of TSP for common price plan cannot be less than 75% (an example) of total data usage on the network of TSP. It may also be said that any differential pricing cannot be less than 20% (an example) to common price plan. There may be some other method to put checks and balance.

Such kind of approach will force TSPs to allow traffic from non-preferred services to flow into the network at reasonable rate.

3.2 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?

3.2.1 Response

There is need to have some obligation of service support towards non-discrimination services. As mentioned in response above, service providers may be forced to make sure that their total data usage of discrimination driven traffic cannot more than a fixed amount of data usage in network. Without some strong compliance measure any discriminatory pricing should not be recommended because it'll directly impact small content players, specially Indian content providers because most of the large content and OTT providers are non-

Indians. Not only OTT players but e-retailers and e-commerce based innovation will also get hampered because any new player who may be even an individual will have to either join any such association or invest heavily to make access to his content free or cheaper.

Therefore a free flow of discriminatory services is bound to adversely affect interest of Indian business and it will also provide gateway to large players to impose their content on Indian society with no opportunity for Indian players to counter and such content flooding.

3.3 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?

3.3.1 Response

There may not be any need to rely much on differential tariff plan based business models because the attractiveness of such model is going to substantially reduce with rapid decrease in data tariffs that is expected to happen with proliferation in 4G services and adoption of more access oriented business scenarios.

Moreover India is a very diversified nation therefore service consumption pattern and related intelligence provides goldmine for analytics based business case that non-telecom industries are looking for. Discretionary services may act as a big obstacle in this.

Therefore it is important to look at growth in service penetration and create opportunity for everyone to subscribe the service at much lower rate than solely relying on Differential pricing for internet penetration. There is no free lunch and therefore all differential models are based on some intrinsic business interests that may not always be in interest of India. India has its own work environment and its own problems as well as opportunities. Since prices of broadband are destined to drop rapidly therefore it is short lived idea to promote differential pricing in a big way. Moreover all such services need to use same network bandwidth. It needs to be made sure that quality of service follows net neutrality and provides free treatment in QoS parameters in network.

It is not only pricing that will come under consideration but there is high chance that other services will be provided poor treatment in network and therefore slowly end the competitive content.

3.4 Question 4

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

3.4.1 Response

The consultation should not be restricted to differential pricing but should consider overall service availability and service quality.

Any differential pricing should not affect towards basics of freedom of Internet and it should always follow principles of Net Neutrality.

Any consultation should look at overall interest of the nation and social fabrics because internet access requires some basic qualification and desire unlike pure voice. Consultation paper should focus on Indian social aspects and relevance of services in the interest of all industries.

Consultation must provide opportunity for innovation, freedom to launch new service without baggage of big contracts and support for IT services organizations.

4 Appendix

4.1 Author Details

DHARMENDRA MISRA

EMAIL:- CTODMISRA@GMAIL.COM

Author is communication business consultant providing consulting services to global players in communication domain.

4.2 Disclaimer

The document is personal point of view and approach of author without any financial or non-financial benefits. Neither it reflects any views from any of organizations with whom author has worked or is working.