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To

Ms Vinod Kotwal

Advisor F and E A

TRAI

New Delhi

Sub: Response to TRAI Consultation paper on differential pricing for Data services

Please find attached my response to the consultation paper on differential pricing for Data services. I have 20 years experience in telecom and 15 years experience in handling the data services in 2 continents in about 6 telcos and am interested in the consultation.

Yours sincerely

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Q1 Should the TSPs be allowed to have differential pricing for data usage for accessing different websites, applications or platforms?

TSP's should be allowed to offer toll free access to content on certain websites, however no other differential pricing should be allowed to access content in the same website unless it is premium content and the premium charging methodology is approved by both TSP and Content service provider (The latter would get revenue share for the premium access).

However as correctly noted in the paper, TSPs offering free access are charging for photos and videos via the default data plan which can result in a "bill shock" to the consumer. Hence TSP's offering free access to certain sites must either make all content including videos/ photos free or bar access to paid content unless a subscriber selects a nominal data plan of his choice.

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

In the case of **B2C services (Consumer)**, telcos should not be allowed differential data prices (except for categories/data packages where the rate decreases based on the increase in package amount and other such plans)

B2C Data Tariffs should have a ceiling mandated by TRAI and filing of tariffs with TRAI to be made mandatory before implementation of differential tariffs

Free access should be allowed under the guidelines specified earlier i.e TSP's offering free access to certain sites must either make all content including videos/ photos free or bar access to paid content unless a subscriber selects a nominal data plan of his choice.

TSP's should not be allowed to differentiate only on quantum of content (MB/GB) and not type of content (eg. Differential pricing for VOIP data packets should not be allowed- pricing should be type agnostic)

In the case of **B2B (Enterprise services)** telcos should be allowed to differentiate on data plans based on ticket size of business, service level promised, future business prospects, term contract or exclusive contract. This is the international practise and based on the above mentioned variables, telcos should be allowed to offer variable discounts on the list price of data plans at their discretion.

Enterprise customers are mature enough to protect their interests and forbearance is recommended for B2B data tariffs.

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?

There are many models. I propose 2 models to start with

MODEL A : SMS based free credit top up of certain amount to be used for free internet use including video and photos (Promo Credit on IN Platform)

Benefits:

SMS is available to anyone

Free credit top up is simple to administer as all TSPs have state of the art IN platforms today. Allowing promo configuration only for Data will require a bit of work.

Disadvantages:

TSPs are not altruistic so free top up will only cater to content providers who can offer some subvention. However there is no free lunch and it is a business rule that one needs to have sufficient funds to start a business. If a Content service provider has a great idea and an USP , it will surely get funding . VCs and Angel investors create a level playing field

MODEL B: Calling a toll free number to listen to advertisement jingles and getting top up credit valid for free internet usage irrespective of content accessed

Benefits:

- Available to everyone: Can revolutionise the industry and be a game changer increasing data penetration to more than 75%
- Consumer product companies will sponsor this model as it gives dedicated userbase (Subscriber profiling can lead to targeted advertising)

Disadvantages

- Needs some backend configuration in the IN/ billing systems.

Question 4:

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

Data currently offers high margins to TSPs and along with VAS cross subsidises the extremely low voice call rates.

However data pricing is increasing unreasonably and needs some regulation.

However care has to be taken by the TRAI to ensure that while data pricing does not exploit consumers, the pricing also has to be high enough to offer sufficient margins to the TSPs.

Due to the reintroduction of the failed auction system (Out of the 42 licenses issued under NTP94 under the auction scheme, only 9 licenses have survived in their original form – 2 belong to Airtel and the balance to Reliance): 2G, 3G and 4G spectrum have been bid for at unreasonable high prices which will result in the business case of most telcos becoming unviable. We can already see high call drops and poor services as TSPs cannot afford to lay the best possible infrastructure. Till the time that sanity prevails and the telecom industry can go back to the successful “One Time access fee and revenue sharing model” (Introduced under NTP 99), the TRAI needs to strike a fair balance between protecting the needs of the consumer and ensuring that telecom companies make sufficient profit to be viable.