

# **Comments on Consultation paper on Mobile Value Added Services (MVAS)**

23-Aug-11

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Subject: Comments on the Consultation paper on “Mobile Value Added Services (MVAS)

Dear Sir,

We welcome the opportunity to submit comments on the Consultation paper on “Mobile Value Added Services (MVAS). Please find our comments for the same. We would like to participate in any further opportunity to discuss these issues and looking forward to the further comments on the same.

Yours Sincerely,

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Please note that the views presented below are solely of the students and not of the Institute.

**Q1. Whether the current provisions under various licenses (UASL, CMTS, Basic and ISP) are adequate to grow the MVAS market to the desired level? If not, what are the additional provisions that need to be addressed under the current licensing framework?**

Response: License condition should need to be uniform under all license regimes.

**Q2. Is there a need to bring the Value Added Service Providers (VASPs) providing Mobile Value Added Services under the licensing regime?**

Response: Yes, there is a need to bring the Value Added Service Providers (VASPs) providing Mobile Value Added Services under the licensing regime. There should be two types of licenses namely

A) Individual Level

B) Company Level

**Company Level License** should be made compulsory for those VASP who satisfy the following conditions:

1. Employee strength of the VASP greater than 100, and
2. Having Revenue of equal or more than 5 Crore

**Individual Level license** is issued to those who do not fulfill the above given condition

For Individual, there should No fee charged and Application submission should not be complicated

For Company, there should be nominal fee charged and application should be submitted along with the financial report that should be submitted on yearly basis.

Note: As from the conditions above specified there no **Company Level license** is required for the start up companies or the new entrant in the market as they do not earn any revenue for that financial year.

**Question 3: If yes, do you agree that it should be in the category of the Unified License as recommended by this Authority in May 2010? In case of disagreement, please indicate the type of license alongwith the rationale thereof.**

Response: Yes, it should be included in the unified license as well as VASP license like CMTS, NLD, Basic license etc.

**Question 4: How do we ensure that the VAS providers get the due revenue share from the Telecom Service providers, so that the development of VAS takes place to its full potential? Is there a need to regulate revenue sharing model or should it be left to commercial negotiations between VAS providers and telecom service providers?**

Response: Yes there is a need to regulate revenue sharing model between VAS providers and telecom service providers i.e. we are suggesting a revenue share model so that the entire revenue gets properly distributed in the entire value chain consisting the Telecom Operator, Aggregator/ enabler, Publisher/ provider.

On – Deck model: A telecom operator is doing the following things:

1. Branding
2. Billing
3. Provisioning

The content provider gets a platform for showcasing its contents and at the same time gets a large subscriber base along with branding of its content done by the service provider itself. But still the competition is large as he is not the only player whose branding is done by the service provider but a whole lot of players is there in the VAS market and the content provider has to be competitive and comeup with innovative contents to maintain an edge in the VAS market.

**Table 1**

	SMS		GPRS	VOICE/VIDEO	
On-Deck content	Access	Content	Content	Access	Content
Telecom operator	80	35	35	40	40
Aggregator/ enabler	20	25	25	20	20
Publisher/ provider	0	40	40	40	40

Note: As operator is charging for data plan. So, the operator is earning extra revenue over & above the distribution shown in the table

Off – Deck Model: Assuming Telecom operator handling the Billing Part, whereas Branding & Provisioning is done by the Aggregator/Enabler.

**Table 2**

	SMS		GPRS	VIDEO
Off-Deck content	Access	Content	Content	Content
Telecom operator	20	20	20	25
Aggregator/ enabler	80	30	30	35
Publisher/ provider	0	50	50	40

Adding to the above for the Voice Calling in Value added services an operator should charge for the call and 20% on the remaining amount for their billing services (as we know in GPRS a customer is already charged for the Data Plans over the above specified revenue by the Telecom Operators).

In Case Telecom Operator just acting as facilitator in providing the access to service through its network, without actually taking part in any other activity (like branding, billing etc.). Then Telecom operator would not charge anything to VASP other than its normal usage charge which means it works as a pipeline for providing service. Also they should not do any unreasonable discrimination and blocking of service as done by FCC in United States.

**No blocking:** Fixed broadband providers may not block lawful content, applications, services, or non-harmful devices; mobile broadband providers may not block lawful websites, or block applications that compete with their voice or video telephony services.

**No unreasonable discrimination:** Fixed broadband providers may not unreasonably discriminate in transmitting lawful network traffic. We believe these rules, applied with the complementary principle of reasonable network management, will empower and protect consumers and innovators while helping ensure that the Internet continues to flourish, with robust private investment and rapid innovation at both the core and the edge of the network. This is consistent with the National Broadband Plan goal of broadband access that is ubiquitous and fast, promoting the global competitiveness of the United States.

Also with the above Revenue share model there should be some concession or elimination of fees & Taxes (Spectrum Charges, License Charges, contribution towards USO funds etc.) that are levied on telecom operator on their AGR. As these taxes are not charged from the ISPs. This

will bring both the ISP & Telecom Operator on a level playing field, which would enhance the growth of MVAS industry in India.

**Question 5 at the same time, how do we also ensure that the revenue share is a function of the innovation and utility involved in the concerned VAS? Should the revenue share be different for different categories of MVAS?**

Response: Yes there is need for revenue share be different for different categories of MVAS as explained in response to question 4.

**Question 6: Do you agree that the differences come up between the MIS figures of the operator and VAS provider? If yes, what measures are required to ensure reconciliation in MIS in a transparent manner?**

Response: Yes, there is difference in MIS figures of the operator and VAS provider. To overcome this difference we can have two options:

1. To setup an independent mediatory industry body to maintain the information recorded in Management Information System which can help in arriving to the revenue accrued through provisioning of MVAS.
2. To setup a common third party audit body.

The above suggestion would come into picture if the MIS figure difference exceeds 2% then either of the two parties go for any one of the above two options, if the figure is less than 2% the conflict can be resolved internally between the two parties.

There should be a transparency between both the parties; they must disclose the network management practices, performance characteristics, and terms and conditions of their services.

**Question 7: (i) Does existing framework for allocation of short codes for accessing MVAS require any modifications? Should short codes be allocated to telecom service providers and VAS providers independently? Will it be desirable to allot the short code centrally which is uniform across operators? If yes, suggest the changes required along with justification.**

**(ii) Should there be a fee to be paid for allotment of short code?**

Response: (I) Yes the existing framework for allocation of short codes for accessing MVAS require modifications. Short code should be allocated centrally by DoT which should be uniform across operators in all circles. These short codes should be monitored on a continuous basis by DoT so that the Short code is properly utilized by Telecom Operators and VASPs, in order to put a check that Telecom Operators and VASPs should not accumulate these Short codes with themselves and a continuous, uninterrupted service is rendered on these short codes.

(ii) Yes a nominal fee should be charged by the short code issuing authorities

**Question 8: Is there a need to provide open access to subscribers for MVAS of their choice? If yes, then do you agree with the approach provided in Para 2.46 to provide open access? What other measures need to be taken to promote open access for MVAS? Suggest a suitable framework with justifications?**

Response 8: Yes there is a need to provide open access to subscribers for MVAS of their choice as well as the content available on the mobile operator's platform as suggested in Para 2.47. With this Semi walled garden Approach customer will get more options in terms of Content & services provided by the VASPs and if we talk about the operator perspective it will give better opportunity to serve their customer as they know their customer better & can offer customized services to them. It will also be beneficial for small content developers to go directly to the Telecom Operators which can help them to avoid the process getting the short codes numbers and roll-out their service as well as it also work as an extra distribution channels for those who are already working as independent VASPs.

**Question 9: What measures are required to boost the growth of utility MVAS like m-commerce, m-health, m-education & m-governance etc. in India? Should the tariff for utility services provided by government agencies through MVAS platform be regulated?**

Response 9: The MVAS market in India is in nascent stage primarily due to the reasons like Low awareness, Value for money provided by that service, low reliability, availability of suitable content etc.

The following measures can be taken to boost the growth of these services:

**m-commerce:** Main issue related to m-commerce is that customer perceives these transactions are insecure.

**m-health:** The content provided by these services need to be authorized by the suitable agency and also communicated to the customer about the service & content.

There is no need to regulate the tariff for utility services provided by government agencies through MVAS platform. As pricing depends upon the quality of the content which means if government agencies regulate the prices it is also regulate the quality which is not good for the growth of the MVAS industry.

**Question 10. Any other suggestions with reasons thereof for orderly growth of mobile value added services?**

Response: The following suggestions can be adopted to boost the growth of MVAS in India:

1. TRAI should facilitate to safeguard new innovative ideas by process such as patents and copywrites etc. TRAI should make provisions to provide patents and copywrites and make the entire process hassle free and fast.
2. Tax benefits should be given to the MVAS providing players
3. More of regional content should be developed.
4. TRAI should push government bodies to priorities the implementation of MVAS services; e.g. RBI for m-banking, m-governance, m-health and m-education etc with their respective government bodies.
5. Payment should be in time bound manner so we are suggesting that billing cycle should not be of more than one month.