

# Report

## Individual Value Added Services Consultation

### Final Statement on the Consultation for the Individual Value Added Services License

Report Issued by the Telecommunications Regulatory Authority

9 July 2008

**Purpose:** To report on the responses to the consultation on TRA's proposal to issue a Draft Value Added Services License.



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### 1. Background

- 1.1. This report summarizes all the responses received on the draft Individual Value Added Service License (“IVAS”) Consultation issued by the Telecommunications Regulatory Authority on 19 March 2008 (“Consultation”). The deadline for responses was 17 April 2008.
- 1.2. The draft IVAS license was intended to allow an IVAS license holder – a provider of value added services - to obtain the rights, which according to the Telecommunications Law (Legislative Decree No. 48 of 2002), could only be assigned to holders of individual licenses, including a right to acquire numbers.
- 1.3. TRA received comments from:
  - a) Bahrain Telecommunications Company B.S.C. (“Batelco”);
  - b) Menatelecom W.L.L. (“Mena Telecom”);
  - c) Lightspeed Communications W.L.L. (“Lightspeed”), and
  - d) 2Connect W.L.L. (“2Connect”)
- 1.4. The Consultation sought comments on the possibility that TRA issues such a license and its possible effect within the current market.

### 2. General Comments

- 2.1. The comments received generally expressed the views regarding the obstacles that issuing the IVAS license were expected to create upon licensed operators.
- 2.2. Respondents agreed that issuing another type of Value Added Services License will not serve the market and the competition among the market players.

### 3. Specific Responses

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- 3.1. Lightspeed considers that issuing an IVAS license is premature and does not serve the market's needs, in light of the economic position and other obligations that are imposed upon the existing operators within the Kingdom of Bahrain. Furthermore, Lightspeed is also of the view that operators will not gain any economic advantage arising from issuing such a license, specifically emphasizing the costs of obtaining a license, Quality of Service ("QoS") obligations, and annual licensing fees that should be a part of the licensing requirements. Lightspeed does not agree that the current VAS service providers should have their own numbering in order to stimulate competition. Lightspeed considers that there are enough VAS service providers in the market and questions whether a market of the size of Bahrain could support more operators providing such services. Additionally, Lightspeed suggests that VAS service providers are not eligible for number allocations and reservations under the Telecommunications Law and does not see any reason to change such market status.
- 3.2. Batelco does not consider the proposal of issuing an IVAS license is justified because it considers that:
- a) The proposal provides only narrow benefits;
  - b) Issuing an Individual VAS license is an extension of regulation or re-regulation;
  - c) The proposed license (IVAS) is unnecessary;
  - d) The likely beneficiaries of efficiency gains are a small class;
  - e) The proposed IVAS license overturns long established differences between types of operators which tend to promote investment;
  - f) The proposed IVAS license introduces a material degree of complexity which would appear to significantly outweigh the benefit;

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- g) The unstated and therefore presumably unintended consequences of the proposed change are of greater significance than the numbering issue identified; and
- h) The proposed license appears to be unlawful, based on section 29 (e) where individual license shall be standardized as far as practicable and any differences shall be for objectively justifiable reasons. Batelco noted that the proposed license (IVAS) does not include provisions for tariffing of licensed services, billing and interoperability and technical standards, instead it includes additional conditions relating to numbering, directory information and interference and technical standards, whereas TRA has not given any reasons for the differences between the proposed individual license and Batelco's VAS class license.

3.3. 2Connect highlights that number ranges are a scarce resource that should be monitored and maintained by the regulator. According to 2Connect, a new possibility to obtain numbers would damage the telecommunications market in the Kingdom and will be unfair for the license holders who applied and received number ranges in the old format. 2Connect strongly expresses its opposition on the proposal of issuing an individual VAS license as it decreases that difference between what 2Connect considers being serious license holders and others who are merely interested in turning up a quick profit.

3.4. Menatelecom states that issuing an IVAS license will constitute an inefficient utilization for resources on the part of the regulator and the market players due to the following:

- a) TRA's intention to issue a unified license at a later stage in this year, and it would be more appropriate to resolve related matters through that project instead of issuing a new type of license now. Approaching the related issues with the unified license will mean less confusion for the market.
- b) TRA did not explain in its consultation whether once the proposed IVAS license is issued, it becomes mandatory on all current Value Added Services Licensees to obtain the IVAS

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license. If that was the case it would be a needless cost on operators.

- 3.5. Kalaam considers that issuing the IVAS license is unnecessary and that TRA should wait for the Unified License on the basis that the Unified License will be implemented shortly and that the competition will not be affected in such relatively short time.

#### **4. TRA's Comments on Responses to the Consultation**

- 4.1. TRA has considered all responses and has taken into account the main concerns that were submitted by the abovementioned stakeholders.

- 4.2. Each of the stakeholders have responded with specific concerns, however 2 have expressly stated that, based upon TRA's stated intention to establish a Unified License regime, issuing an IVAS license would create confusion amongst the licensed operators and the new entrants to the telecommunications market, whereas others have pointed out that introducing the new license would create further confusion to the licensing regime without producing obvious benefits.

#### **5. Conclusion**

- 5.1. Having consulted with the stakeholders in the telecommunications industry in the Kingdom of Bahrain, and having considered the observation that issuing an IVAS license now may add unnecessary complexity to the licensing regime given that TRA is intending to issue a Unified License regime in the near future TRA has decided not to proceed with issuing the IVAS License at this point of time.

- 5.2. As it is for this consideration that TRA will not be issuing an IVAS license, TRA does not consider it is necessary to comment upon the other responses to the Consultation. It is

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sufficient to note that the other reasons raised by the respondents did not convince TRA not to issue the IVAS license.

- 5.3. TRA reserves its rights to consider issuing an IVAS license or any other license granting similar rights in the future.