



Date: May 7th, 2009

Mr. Alan Horne
General Director
Telecommunications Regulatory Authority
The General Director
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Dear Horne,

Subject: Local Loop Unbundling (LLU) Consultation

Please find enclosed with this letter the response of Zain Bahrain to the public consultation issued by the TRA on the above subject dated 26th March 2009.

Should you require additional information or clarification, please do not hesitate to contact me.

Sincerely,

Jaffar Abdulla
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Zain Bahrain Response to the TRA Consultation on the

“Local Loop Unbundling (LLU)”

Issued by the Telecommunications Regulatory Authority on 23rd March 2009

May 7th, 2009

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This response to the consultation is submitted by:

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Please find below Zain Bahrain's comments on the LLU consultation issued by the TRA on March 26th, 2009:

Comments on Draft Determination of Dominance in Wholesale Broadband Markets

(Reference: MCD/03/09/017)

- **Question 3:** Zain Bahrain agrees with the TRA's point of view that the NFWS should be excluded and that this should be based on commercial deals, for several reasons:
 - o The technology is not mature yet for wholesale proposes, specially the point-to-point and point-to-multipoint services which is the main interest of OLO's.
 - o The bandwidth on the NFWS is limited compared to that available on copper lines, especially if one takes into account the current and the future demands of the OLO's and the consumers' demands for higher bandwidth.,
 - o The capacity needed/requested by OLO's should be planned based on the location of the particular request. As the TRA is aware, the base stations owned by Zain Bahrain are used to support three different types of technologies GSM, UMTS and WiMAX. In addition the towers at these same stations are used to support the antennas for the microwave links for connecting the sites. This prevents Zain Bahrain generally from adding more equipment on the towers for other services.

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- Any NFWS operator, who has copper lines available and wishes to wholesale the NFWS local loop, will definitely offer a more competitive price compared to the local loop available in the market, which is offered by the incumbent and regulated by the TRA.
 - Most of the OLO's and ISP licensees are targeting the corporate customers and most of them are allocated in high rise buildings (for example: corporate offices in Al-Moayyed Tower or Word Trade Center). As the TRA might know, there are some technological restrictions in providing the NFWS services in these buildings. For example, the provision of dedicated internet bandwidth requires the installation of an outdoor antenna (CPE) on the top of the building (on the roof) by the service provider; that installed CPE. Where this roof installation is successfully done, it will suffer still from high frequency interference, because it will be installed on a higher elevation level than NFWS's towers/base-stations, which are designed to propagate to elevations less than 35 meters from the ground.
- **Question 16:** Zain Bahrain agrees with the TRA point of view that Batelco is dominant in the wholesale broadband access market. Zain Bahrain believes that although the NFWS licensees (Zain Bahrain and MenaTelecom) have managed to grow the number of their customers since the launch of their commercial services, Batelco also has been adding more customers to its broadband customer base, thus ending up with Batelco having the biggest share of the broadband market. This is proof that the Bahraini market has a big potential for the broadband services and by determining Batelco as the dominant in this market, this potential can be realized.

Comments on Appropriate approach for the implementation of Local Loop Unbundling (LLU) in the Kingdom of Bahrain (Reference: MCD/03/09/020)

- **Question 3.1:** Zain Bahrain agrees with the TRA's proposition to implement only full LLU, as the LS will create confusion to the end-user customers. LS will also require a lot of coordination between the operators. For example, which of the operators who share a copper line will monitor the alarming system? In case of faults on the shared line, which operator will be responsible for fault reporting to Batelco? It will also be more complicated to port-in



or port-out customers, if number portability is introduced in a case where customers are on LS.

- **Question 3.2:** Zain Bahrain agrees with the TRA's proposition not to implementing the SLU.
- **Question 3.3:** Zain Bahrain agrees with the TRA that the incumbent should provide the final drop only if the distance between the distribution point and the customer premises is reasonable (e.g. not greater than 500 meters). Otherwise, the OLO has to carry out the civil works required for the final drop to reach the customer premises. For example in Durrat Al-Bahrain, where Batelco does not yet have the capacity to deploy the end-to-end connectivity, should an OLO wish to address this area/location, with Batelco showing no interest in addressing this same area/location, then the OLO can build their own final drop.
- **Question 4.1:** The maps showing the MDF and the coverage area should be available in soft-copy which can be used in computers for network planning purposes (digital maps), also these maps should not be made available free of charge by Batelco, for the below reasons:
 - o Batelco has purchased these maps with a huge amount of cost. As an example, Zain Bahrain purchased a simple type of the same map showing the physical address (buildings number, street/roads numbers and blocks number) and it cost Zain Bahrain around BD 17,000. That was a simple map which is not as sophisticated as ones used by Batelco.
 - o These maps can be used also for other commercial purposes and not only for telecom network planning. It can be used by the OLO's for it ads, planning for its marketing campaign and targeting the incumbent existing customers, for example.
- **Question 4.3:** Zain Bahrain agrees with the TRA on having the suggested capacity workshop on the LLU as mentioned in point 74.
- **Question 5.1 & 5.2:**

The fixed broadband which can be provided by the copper line circuit and the NFWS considered being close substitutes, as these products compete directly with each other and the



positional demand side substitution between them constrains their prices to the competitive level.

There are two active NFWS operators in the Kingdom, Zain Bahrain and MenaTelecon with two years and one year of operation, respectively. Both of the NFWS operators invested to build wireless networks to provide the broadband services in a liberalized broadband market as planned by the TRA. It is a fact that the NFWS network requires capillary masts and transmission backbone to address the end users. The return on investment (ROI) has not been achieved yet by both operators taking into consideration the short periods since the launch of service by both operators.

Zain Bahrain believes that the LLU product/services should be available in the market, but the fees for the entry of OLO's to utilize the LLU should not be set low. In its mandate to protect consumers, the TRA should also protect the investment of the NFWS since, in terms of their broadband market shares, both should be considered as small operators. A level playing field for all operators whom would like to utilize the LLU should be established by having the entry price to the LLU equivalent to the cost that NFWS are currently paying for providing the broadband services over the WiMAX. Otherwise, it does not make business sense for Zain Bahrain and Zain Group (as owners) to invest in the WiMAX technology as long as the LLU can provide the same services or maybe even better at lower cost. For the mobility/portability part, Zain Bahrain will continue to offer this through its current HSDPA technology and through the coming LTE technology which is expected to be available within 18 months.

- **Question 6.5:** Zain Bahrain supports the TRA views on implementing "Use it or Lose it Rule". The TRA mentioned in point 105 that the OLO's should use it within 3 months, but the TRA have not mentioned what the sufficient usage should be. Zain Bahrain believes that OLO's should have at least 50 customers on the LLU of each OLO's network within 3 months for this to be considered sufficient usage, in order not to lose the allocated space.

- **Question 6.6:**
 - o Zain Bahrain agrees with the TRA's proposition to allow an end-user to sign a document authorizing an OLO to perform all the necessary actions with the incumbent for having his or her line unbundled. The fixed number portability should



be in a different document as the number portability should have its stand-alone process and should not be mixed with the LLU process and procedure.

- Customer's contract with Batelco: That might create another problem, in which the black-listed Batelco's customers might escape from paying their current debts to Batelco by joining/subscribing to OLOs and enjoying the service without paying their old debts to Batelco.

- **Question 6.9:** The forecasting should be done by both the OLO's and Batelco together, as that is a mutual business for both operators. The OLO's will benefit from acquiring and having more end customers/users and it is a wholesale business for Batelco at the same time. Zain Bahrain believes that the forecast should be conducted by both operators and no penalty should be imposed to OLO's in case of forecasting tolerance found in any circumstances.

- **Question 6.10:** As the OLO's will pay for a service and will have a commitment to its customers, like service delivery time, fault repairing, the OLO's should have a set of KPIs in place with Batelco, as Batelco is not providing the LLU service for free for the OLO's.

- **Question 7.1:** Zain Bahrain support the TRA's point of view that Batelco should publish its KPIs and also Zain Bahrain suggested that Batelco send each OLO's the KPIs related to the switches coverage area which each OLO have a service in. What will publish in the websites is the average of all switches around the Kingdom. But the OLO's is concerns about the switches that they are connected to and the other switches that they are planning to connect to. Hence, Zain Bahrain recommends having the reported KPIs at the switch level and not on the LLU network in general. Zain Bahrain would like also to have some penalties on Batelco, payable to the OLO's, if they have not matched these sets of the KPIs.

Sincerely,

Jaffar Abdulla

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