

Number Portability

CTU Caribbean ICT Roadshow

**Hilton Hotel, Port of Spain,
Trinidad**

10th February 2011

Julian Wilkins

Digicel – Head of Group Telecoms Public Policy

Digicel

The Bigger, Better Network.

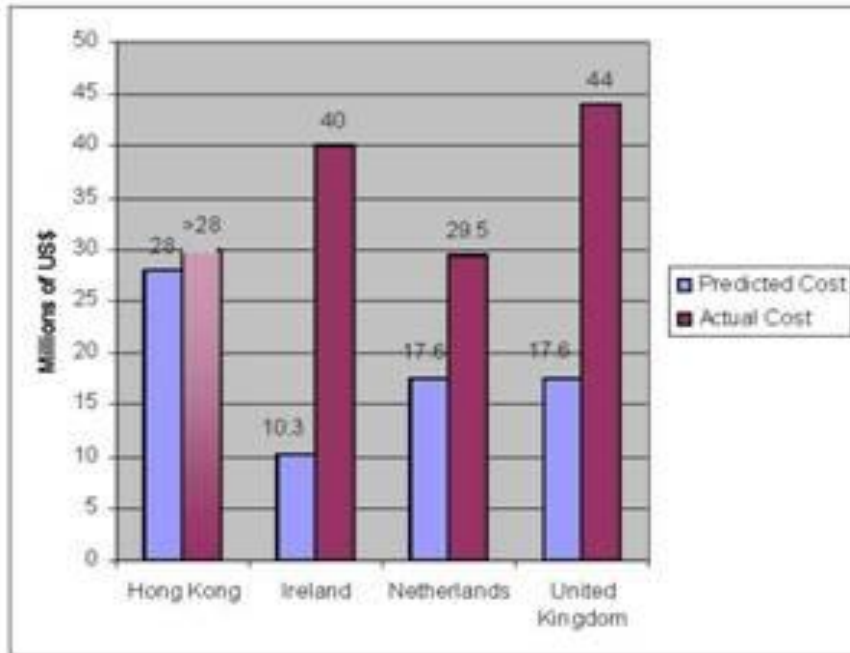
Number Portability

- NP appears attractive at first glance;
- Recent evidence from Independent consultants have cast doubt on potential benefits particularly for smaller countries.

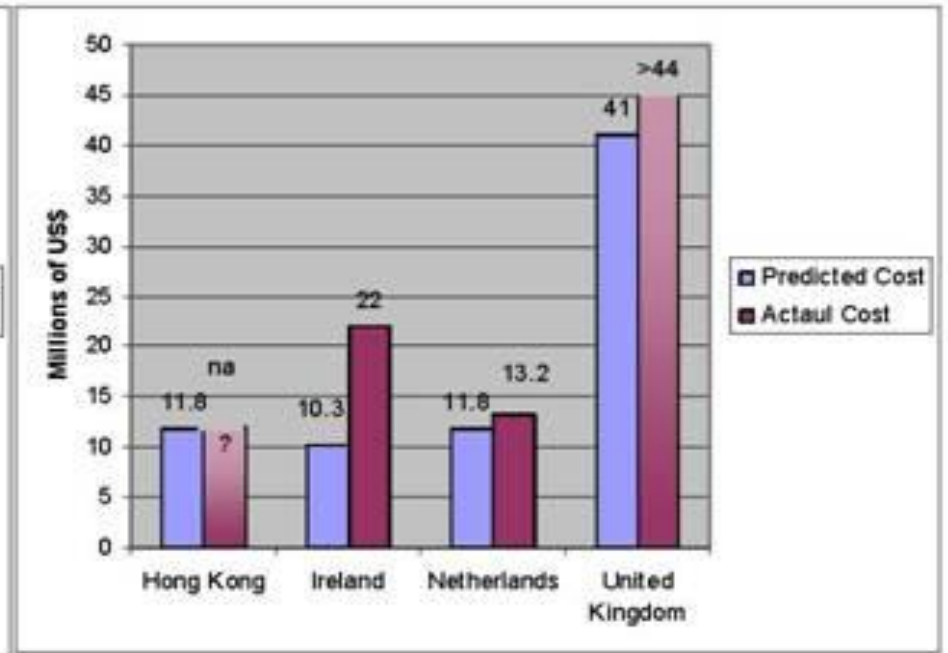
NP Costs

Operators who have implemented NP have often underestimated the cost; difficult to get reliable cost predictions (Source: Ovum).

Predicted and Actual Set-up Cost of Mobile Number Portability



Predicted and Actual Porting Cost of Mobile Number Portability



Argentina to have MNP in operation by December 2011

- MNP regulation was passed by the telecoms ministry (Secom) in August last year. The cost for mobile operators to implement the required MNP systems is expected to top **US\$40million** and will be entirely met by operators.

(Source: Global Mobile Daily 24th Jan 2011)

Cost of NP for Mobile Operators (1)

Solution and development costs

- Preparatory work needed before NP can be implemented in practice is lengthy and highly resource intensive;
- Technical issues are highly complex. Example - in the UK and Switzerland the process took 17 and 29 months respectively;

Cost of NP for Mobile Operators (2)

- Data base costs - for small islands the database may be off-shore. Example – figures from vendors for an off-shore central data-base option would incur annual costs in the order of US \$370,000;

Cost of NP for Mobile Operators (3)

Licensing costs

- For small islands Vendor licensing costs per annum can be approaching US \$500,000.

Potential Benefits

- Cost-benefit studies have shown that these benefits are now understood to have been **OVERSTATED** due in part to insufficient account being taken of the increasing ease with which private users can notify their circle of callers of any number change (e.g. through email and SMS).

Level of Benefits

- Ecuador – less than 0.5% of the subscriber base ported their number in the first year (*Source: Supertel, Regulator for Ecuador, Nov 2010*);
- According to Supertel subscribers were able to port their numbers twice a year for free - low demand;
- Peru implemented MNP in January 2010; in the first year there was less than 0.4% take up (*Source: Global Mobile Daily 31st Jan, 2011*).

Level of Benefits – Substitutes for NP

- Many users in the Caribbean have active SIMs with both Digicel and C & W;
- **Multiple handset ownership is a substitute for NP;** therefore reduces the demand for porting numbers;
- **MNOs in the Caribbean lock their mobile handsets** to their respective networks so that handsets can be sold at less than cost (e.g. Postpaid). NP customers could face additional handset switching costs which would reduce the demand for NP.

Cross- Portability

- There would also be a reduced quality of service. Mobile subscribers expect certain services to be available , SMS/MMS, roaming etc. Where a customer switches from mobile to fixed and retains their number , the functionality will not be replicated on the fixed network;
- To the best of our knowledge, there has been no implementation of fixed-mobile NP anywhere in the world where Calling Party Pays regime exists for the aforementioned reasons.

Reducing benefits of NP for Mobile Users

- Easy for Mobile users to transfer numbers between mobile phones and to simply save new numbers into their phones when called;
- MNO can utilise SMS text messaging to notify a change of a particular number;
- MNO can provide callers to the old number a message about the person's new number;
- Emails can be used to notify a change of number;
- Messenger and social networking sites e.g. Facebook;
- The **'culture' of mobile users** is to store names on the handset rather than remembering the actual mobile number.

NP - What the experts say

- Local market circumstances should be taken into account;
- NP to date had mixed results and has been disappointing in many countries (*Source: INTELECON, Jamaica regulator consultant*).

NP - What the experts say

- The delays experienced in implementing MNP illustrates the complexity of both legal and technical issues that have to be addressed before MNP can be introduced;
- We believe that the adoption rates for MNP have been disappointing in all countries other than Hong Kong (*Source: Ovum*);
- NP creates serious technical challenges for the industry. While NP benefits subscribers it presents service providers with significant complexity and additional costs (*Source: GSM Association*).

Where are we now with NP

Jamaica Regulator Consultant (Intelecon: July 2010)

- Hong Kong - best implementation - small operators lost subscribers to large operators;
- Ireland - little effect on market initially but increasing as shares become more even;
- Australia - overall less effect on market than expected;
- South Africa - very low porting rates, handset subsidies more important to customers it appears;
- No clear evidence that it helped competition in any of the other countries;
- "MNP does not create competition, it helps it - not a big effect".

Conclusions

- MNP not implemented anywhere in the English speaking Caribbean;
- Why is this?
- Expensive - who will pay for this?
- Resource intensive (Cayman started to plan since 2004)
- Mobile 'culture'

Thank you for your attention!

julian.wilkins@digicelgroup.com