



Office of the Director of
**Telecommunications
Regulation**

MEDIA RELEASE

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Monday 31st July 2000

Telecoms Regulator clears the way for more Competition in the Mobile Market

Etain Doyle, Telecoms Regulator, today (Monday 31st July 2000) issued two key papers that should clear the way for more competition in the mobile market. The first of these concerns the issue of new players entering the mobile market by gaining access to the networks of existing mobile operators. The second concerns the design of the 3G competition in a manner that will maximise the level of competition in the provision of mobile services.

According to the Regulator “ Access to the mobile networks has the potential to stimulate greater competition in the mobile market by providing consumers with more choice and possibly lower prices. If there are more players in the market, experience shows us that it is the consumer who benefits as companies compete to win business.

She continued “the current legislative framework provides a basis for the commercial negotiation of access agreements and there are no regulatory barriers to network operators concluding such negotiations. In the event that there is failure of commercial negotiations the Director will, on a case by case basis, consider taking action in accordance with her powers, under dispute resolution or otherwise, to facilitate competition and ensure that the benefits of competition can be maximised for end users.”

The first report “ The Regulatory framework for Access in the Mobile Market – A Report on the Consultation ODTR00/53 outlines the Regulator’s conclusions on a range of access issues including airtime resellers, indirect access providers and mobile virtual network providers.

With regard to specific forms of access, the Director concluded the following:

- **Airtime Resale** – Whilst welcoming competition at the retail level, the Director considers that this is a commercial issue for the operators concerned. She noted the views in response to the consultation that the benefits to consumers from simple resale are limited in nature and concluded that regulatory action was not warranted. However, resellers are free to negotiate commercial terms with mobile operators.
- **Indirect access** – In order to provide this service, third parties must negotiate interconnection agreements with one or more mobile network operators. All mobile operators with SMP on the mobile market¹ are obliged to negotiate interconnection with appropriately qualified organisations, and operators designated as having SMP on the national market for interconnection² are obliged to apply cost oriented rates to interconnection.
- **Mobile virtual network operators (MVNO’s)** also require interconnection and therefore the same provisions as described above apply. In addition MVNO’s must have access to the mobile network air interface. This is likely to involve a form of roaming.

The Regulator today also issued a second document today, a public consultation on the design of the competition to award 3G mobile licences. This consultation will address, amongst other things, access issues on both current 2G and 3G networks.

She said “In the context of the introduction of 3G services into the Irish market, the added introduction of alternative providers such as MVNOs would enhance competition.”

¹ Currently Eircell and Esat Digifone

² Currently Eircell

The Director is considering a number of steps in the design of the competition.

Firstly if existing 2G operators gain 3G licences, they are likely to enjoy market benefits over new entrants. In order to maximise the level of competition in the provision of 3G services the availability of national roaming between 2G and 3G networks will be necessary. Therefore the Director is considering making access to the comparative selection process conditional upon a commitment to permit national roaming.

Secondly on the more general issue of offering access on mobile networks to third parties, the Director is considering:

- requiring all applicants for 3G mobile licences to agree to provide such access as a pre-qualification criterion for entry into the competition for 3G licences, and/or
- inviting all applicants for 3G mobile licences to offer commitments to provide access to their networks, including access for MVNOs. These commitments would be assessed as part of the comparative selection procedure for licence award;
- inviting applicants to offer commitments on inter operator pricing.

She added that further work would be conducted in the area of mobile number portability which would allow customers to move from one mobile provider to another yet retain the same mobile number. A report on this topic will issue later in the year.

Copies of both papers are on the ODTR Website www.odtr.ie

Extending Choice ...Opening the Market for Third Generation Mobile Services – Consultation Paper – 00/52. The Consultation period will run from Monday 31st July 2000 to Friday 15th September 2000.

The Regulatory Framework for Access in the Mobile Market – Report on the Consultation - ODTR 00/53

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Note to Editors

Interconnection is the term describing the connection of one network with another.

Significant Market Power - The SMP designation is required by European directives that have been transposed into Irish law. An operator designated as having Significant Market Power in the mobile market must comply with certain legal obligations by adhering to the principles of non-discrimination in the following broad categories: interconnection, access, quality of service and accounting separation. This category currently includes Eircell and Esat Digifone. For the mobile operators designated as having SMP in the interconnection market, there is the further obligation of cost orientation. Eircell are designated with SMP in this market.

Independent Service Providers (ISPs) are a category of airtime resellers. ISPs resell airtime that they purchase wholesale from network operators to their contracted customers. . The customer's contract is directly with the ISP itself rather than the mobile network operator.

The category of **Virtual Network Provision** includes players who, while they do not have a network or infrastructure of their own, create a "virtual" network by entering into agreements with network operators (mobile and/or fixed). They then provide a service to customers based on the management of the combination of network elements they have purchased. This "virtual network" can be managed by the provider themselves or by third parties.

One method of providing a virtual network is using **Indirect Access**. The service provider obtains a carrier selection code and it is by dialling this that the customer accesses the service. The call is originated on a mobile network and routed according to the agreement between the indirect access provider and the mobile network provider. The indirect access provider pays the mobile network operator for the network elements used. This is similar to indirect access over fixed networks. Under this scenario, the customer retains his or her contract for connection to the network (similar to line rental in fixed networks), and has a second contract with the indirect access provider for the call service.

Mobile Virtual Network Operators (MVNOs) are also included in this category. The additional characteristic is that the MVNO in effect purchases from the mobile network operator the network elements to enable the MVNO to provide both connection/rental and call services directly to customers. The analogy here is to an operator with access to unbundled local loops of a fixed network operator. Customers of MVNOs have only one contract directly with the MVNO who then has full control over the customers' subscription services and call services. MVNOs provide their own SIM cards and billing and are likely to also provide their own 'Home Location Register' (HLR) systems requiring a new level of interconnect with the underlying physical network operator. Logically these MVNOs could operate either through independent service providers or the network operator.