



Policy On Indirect/Equal Access In Barbados

Policy in accordance with sections 4(2)(b) and 4(2)(f) of the Telecommunications Act 2001-36.

1. INTRODUCTION

With the full liberalisation of the international telecommunications market in Barbados, it is necessary for consumers to have the ability to choose a provider of their choice for actual competition to start. The provision of Indirect/equal access service is an obligation that the regulator can place on the dominant fixed service provider to promote competition. This service gives the consumer the ability to choose an international service provider of their choice by mandating that the dominant provider allow equal access to their network.

This policy document outlines the principles involved, and the benefits to be derived from the provision of this service.

2. INDIRECT ACCESS

2.1. DEFINITION

The Telecommunications (Numbering) Regulations Act 2003, S.I. 2003 No.96 defines indirect access as follows:

“indirect access” means the method whereby customers are able to select the services of any licensee who uses a public telecommunications network to provide telecommunications services through any form that allows customers to direct their calls to be routed to a licensee without the use of an access code or other alternative dialling arrangement and without an unreasonable post-dialling delay.

Indirect access in effect allows new service providers an indirect method of accessing customers, and vice-versa; it allows customers the opportunity to benefit from the services offered by these new providers.

Alternatively, direct access would require the new provider to build new Access Network or infrastructure. This is a costly option and would be a barrier to the entrance of new providers, thus significantly reducing the benefits of competition.

3. EQUAL ACCESS

3.1. DEFINITION

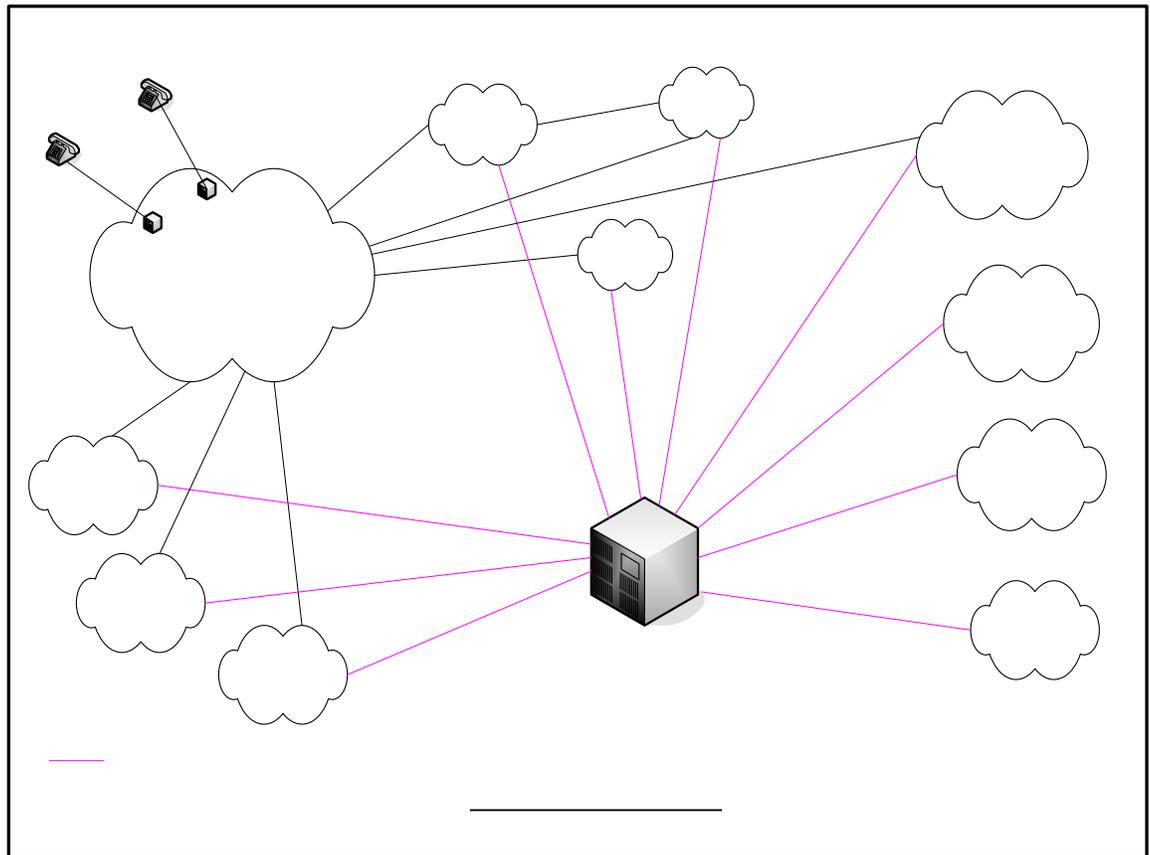
“equal access” means there should be no difference in the methodology used to choose one indirect access operator over the other. Hence, any new service provider should have equal access to the network of the dominant service provider.

Equal access is critical to creating a competitive environment that is fair and non-discriminatory towards the new entrant into the market

4. IMPLEMENTATION

4.1. NETWORK

Figure 1 shows one possible method of providing indirect/equal access. It involves the installation of an “Access Tandem Switch” to which all international calls from fixed and mobile telephones would be routed. The choice of international service provider used would be determined by the customer through the dialling of an access code, or using a pre-selection process as follows:



4.2. INDIRECT ACCESS CODES

This method requires the customer to dial an access code belonging to the indirect access international service provider (usually a four digit code called the Carrier Identification Code, CIC), before dialling the international number in the usual way. The tandem switch would then route the call to the new provider's network.

This method is also known as call-by-call selection, allowing the consumer to choose a carrier each time a call is made. The call would be carried by the incumbent network if no code is dialled. An "Autodialler" can be used to automatically add a code to choose a service provider.

4.3. EQUAL ACCESS

This method is called Carrier Pre-Selection (CPS) and gives customers the option to direct their calls to the provider of their choice without having to dial an access code. The customer is asked to select an international provider, afterwards, all of these calls are normally routed to the provider that the customer has chosen. The customer is said to be "presubscribed" to the provider selected.

The "owner" of the access tandem switch could be the existing dominant provider and could be an existing or new switch provided for this service. Alternatively, it could be a new "access network operator" who would:

- a) Provide the switch;
- b) Introduce the service;
- c) Manage the service (delivery/service management/operator change control);
- d) Offer service to operators at a non-discriminatory rate (including the dominant provider)

4.4. INTRODUCTION OF SERVICE

A determination should be made of the process taken to introduce this service into the market. Some countries have introduced call-by-call selection for an interim period before introducing CPS. Whereas others implemented CPS directly and subsequently introduced call-by-call selection to increase the flexibility of the consumer.

There are significant impacts on billing and collection services between the dominant provider and the new entrants, regardless of the route taken for its introduction to the market.

5. COST-BENEFIT ANALYSIS

Section 7 (1) of the Telecommunications (Numbering) Regulations Act 2003, S.I. 2003 No.96 states "the rules referred to in subparagraph (4)(c)(iv) of regulation 3

may require carriers to offer indirect access to other carriers after a cost-benefit analysis has been carried out by the Minister and where the Minister concludes that the benefits to consumers arising from those rules outweigh the costs to all parties complying with those rules.

An analysis should be completed prior to a determination made on the implementation of this service. Some of the factors to be considered include the following:

5.1. COST

Direct access to consumers would require that new entrants invest in network infrastructure that is expensive and takes time to construct. The introduction of competition into the market using the method of indirect/equal access is feasible and necessary. However, there is a cost associated with the provision of this service.

5.1.2. Cost Of Provision Of Service

The obligation to provide access by the dominant provider would mean increased costs to provide this service. Hardware, software, and data-management upgrades may be required. How will this service be funded?

Assuming that costs would not be passed to the consumer, there are generally three sources of funds.

5.1.2.1. Access Deficit Contributions

Arrangements could be put in place for the dominant provider to levy contributions from the new service providers. The costs should be apportioned between all the providers, including the dominant one, dependent upon the market share of each.

5.1.2.2. Universal Service Fund

Some countries have determined that indirect/equal access fall under the category of universal service, and therefore can be funded by the USF, see S.I. 2003 N0.97 the Telecommunications (Universal Service) Regulations, 2003.

5.1.2.3. Reference Interconnection Offer

The cost of providing this access can be specified by the dominant provider in its RIO as one of its services.

5.1.3. Cost To Consumer

Ideally there should be no cost to the consumer initially for the provision of this service, with a nominal fee to change providers when required. The costs involved should not be prohibitive otherwise the customer would not change, thus reducing competition.

This issue has been addressed differently in some countries as follows:

- Consumers can change operators without charge, sometimes with a limitation on the number of changes that can be made in a specified period;
- There is a flat rate per request no matter how many categories of change a consumer requests

5.2. BENEFITS

There are significant benefits to be derived from the provision of indirect-equal access services. The major benefit being that it allows for immediate competition in the market on full liberalization, customers cannot benefit from competition without its implementation. There are other benefits to be derived.

5.2.2. Benefits To New Service Providers

These include the following:

- Enables a new entrant to immediately attract customers and therefore start to earn revenue quickly. This would enable him to recover his capital which could be used for further expansion of the network;
- Allows network service providers and resellers to indirectly access customers;
- Increased revenue due to network externalities, expansion of the network increases its usage;

5.2.3. Benefits To Consumers

Indirect-equal access promotes competition and is good for the consumer. Benefits accrue due to the providers attempting to gain some competitive advantage in the market. These benefits are significant and include the following:

- Increased flexibility. The consumer would have the ability to choose another operator and have the freedom of choice to select the one he considers most beneficial;
- Ability to comparison shop. The consumer can make a choice based on price or service quality;

- Lower prices. Price reductions generally occur in a competitive environment as service providers seek to maintain or increase their market share by keeping their prices competitive. Larger customers would have the ability to negotiate better rates.
- Improved quality of service (QoS). This generally improves as providers seek to differentiate between each other. Service levels Agreements (SLAs) to the consumer usually contain reduced times for outages and provision of service;
- More service features. Service providers would utilise the latest technologies to offer improved/advanced services and features, thus further developing the network.

As a direct response to the increased pressure placed on them as a result of competition, the incumbent operator would also increase his level of service to the consumer. Hence, the provision of indirect-equal access service is a necessary step in the liberalisation process.

6. DELIVERY OF SERVICE

There are a number of issues associated with this service that may require regulatory intervention to ensure that the necessary benefits are derived from competition.

6.1. ADMINISTRATIVE PROCEDURES

Some difficulties have been experienced between the dominant provider and new entrants where indirect-equal access service has been introduced. These administrative issues should have the following characteristics:

- Timely. Delays have been experienced in the delivery of service to customers after carrier selection has been implemented. Some regulators have set a maximum period of 3-10 working days for delivery of service. The imposition of economic penalties for non-delivery of service in a specified time should be considered. Quantification of this penalty should be determined;
- Easy procedure to change providers. This should be as easy a process as possible with a confirmation step included. This could consist of two steps:
 - a) Contact chosen operator directly by voice/mail/form;
 - b) Confirm choice with dominant provider.

Significant problems have occurred on this issue with consumers having their provider changed without their knowledge, this is known as “slamming” and procedures need to be put in place to minimize its occurrence;

- Cheap. The process to change should not be cost prohibitive. In some cases the consumer can change without charge or the chosen provider may reimburse consumers;
- Flexible. The consumer should not be tied to an operator for an extended period. He should be able to choose dynamically to take advantage of any marketing offers made by any operator.

7. SUMMARY

Access to the customer is critical for the new entrant to earn revenue and provide the customer the opportunity to enjoy the benefits of competition. This access can be achieved directly through network infrastructure investment. Licences for fixed wireless networks have been granted to enable competition in this area, as the overlay of another fixed copper network (or fibre optic network) is expensive and undesirable. Direct access can also be achieved through local loop unbundling which is currently under consideration, see consultation document “*consideration of full local loop unbundling*”.

Competition in the lucrative long distant/international market has been achieved through the issue of additional satellite and fibre optic licences. However, these operators (and resellers) do not have direct access to all of the fixed or mobile network customers. Indirect-equal access service is necessary for these types of operators to start to earn revenue immediately, and thus promote competition in the international market. This revenue would then be available to expand into the fixed or mobile markets where possible.

Prepared by
Telecommunications Unit
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