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## Extract From India Telecom Analysis: February 15 2006– March 15 2006

Tonse Telecom brings you monthly update on key developments in Indian telecom industry with analysis from industry experts. Tonse Telecom is a technology research, analysis and marketing services organization with a team of industry experts onboard. This publication covers technology, new products and services, M & A, alliances and strategy, regulations and policy.

### Mobile Number Portability

**Good for Subscribers, Encouraging for good operators and Great for vendors!**  
**March 08**

If all goes according to plan, India will see introduction of the Mobile Number Portability from next year. Portability benefits subscribers and encourages quality of service among operators - something woefully required in current Indian mobile scenario where the only thing increasing is subscriber base (basically everything else is dropping: call through put, ARPUs, customer service and service quality!). Blame it on spectrum (or lack of it), poor Inter-connect agreements, USO pressures, hopeless infrastructure, severe competition and a host of other factors, yet fact remains that mobile service quality is hitting new lows every quarter. In the most recent findings from a TRAI study, it revealed that in many circles, call completion rate was below 15% (effectively, as call fail rate was about 80%)!

But none of this should matter to telco valuations as the Sensex has quietly brushed this under the carpet in its raging bull run beyond 10K. And with more overseas operators looking to empty their war chests in Indian soil in a great hurry, one hopes that some one looks to fix the ugly side of this pretty duckling. This, the TRAI has so unflinchingly done, is obvious to any observer of the Indian telecom arena. In a master stroke, during what could be his last few weeks in office, Mr. Baijal (please see **People on the Move** in this edition) has once again raised the bar of competitiveness as an unbiased regulator of Indian telecom.

Welcome to one more brilliant recommendation from TRAI: Let's go Number Portability!

#### High-lights of the recommendations are included here:

1. Recommendation to Government approval to actual launch of service: 12 months and therefore the service of Mobile Number Portability (MNP) should be available by April 01 2007
2. Implementation is recommended in phases from metros and A category cities to smaller towns.
3. All Call Query method to be implemented for MNP
4. Mobile operators will work with a neutral 3<sup>rd</sup> party to set up a centralized Number Database with multiple regional nodes. The cost of this shall be borne by operators in proportion of subscriber base.
5. Customers shall approach the Recipient operator for porting and only recipient operator shall be permitted to charge a fee for successful porting.
6. Common set up costs for Number Portability Admin Center NPAC, Clearing House will be borne by operators based on subscriber market share as of Jan 01 2007.
7. Fixed Number Portability not recommended at this time for a variety of reason

According to TRAI's analysis, even if the entire cost of infrastructure, porting, number administration is charged to the porting customer, the cost should work out to a single time charge of Rs. 200 (\$4.5) enabling the operator to recover the cost over a three year period.

#### Additional Recommendations:

1. Porting time should not exceed 3 working days from date of request of porting by customer
2. One-step process should be adopted: this means the customer should simply approach the recipient operator with request to port. Not the Two-step process where the customer first has to request cancellation from current service provider and the service provider tried to 'win-back' with a better offer or delays the process for a variety of reasons..

**Estimated Capex and Resulting Opportunity:**

Expected Capex coming up from mobile operators as a result of the implementation of MNP is listed here:

An approximate indication of the kind of costs involved for operators that have their own SS7 signaling infrastructure but not the STP / SCP and regional databases and those operators that have their own SS7 signaling infrastructure with their own STP / SCP and regional database has been done by TRAI. Operators could also chose to switch their SS7 traffic via SIGTRAN to IP links and further reduce signaling infrastructure costs. A brief of the main cost items is included here:

<b>MNP Implementation Estimates - All Call Query Model</b>		
	Using SS7	Using SS7/ IP via Sigtran
Total Cost for set up pan-India	<b>\$208.6 Mil</b>	<b>\$182.97 Mil</b>
<b>CO upgrades</b>	\$175 Mil	\$156.4 Mil
Switch Upgrades		
Switch software Upgrades		
Additional Signaling circuits		
<b>Software Costs</b>	\$22.5 Mil	\$22.5 Mil
Order Management Sys Upgrade		
Provisioning and Billing		
Database Upgrades		
<b>SCP / STP costs</b>	\$10.4 Mil	\$4 Mil
Total cost set-up pan-India Rs cr	938.7	823.4
TRAJ MNP / Tonse compilation mar 06		

**Resulting business opportunity for the following category of vendors is clear:**

- SS7 hardware Vendors
- SS7 / IP – SIGTRAN gateway Vendors
- STP / SCP solution Vendors
- Telco Billing and Provisioning Vendors
- Carrier class database solution vendors
- Large multi-carrier NPAC / Clearing House operators / system integration houses

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