

Suruhanjaya Komunikasi dan Multimedia Malaysia
Malaysian Communications and Multimedia Commission

COMPETITION (4): Mongolian Scenarios

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Basic facts (1)

Fixed telephony market

- The fixed telephony service is carried out by 2 operators such as Mongolia Telecom Co., Ltd. and Railway Authority. Mongolia Telecom Co., Ltd., is an incumbent operator in the fixed telephony market of Mongolia.

- Revenue proportion**
Total revenue: 29863,9 million tugs
Ulaanaabaatar city -78,8 %
Provincial Telecom offices - 21,2 %

- Penetration rates**
- Mixed but relatively low

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Basic facts (2)

Mobile telephony market

- The cellular telephony service is carried out by 2 operators. Mobicom Co., Ltd is the first cellular telephony service provider in Mongolia and has started its service in 1996. Skytel Co., Ltd, the second operator of the cellular telephony service has started its activities in July, 1999.

Cellular telephony market share by the number of subscribers

Operator	Market Share (%)
Mobicom	81%
Skytel	19%

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Basic facts (3)

First internet service is provided by Datacom Co., Ltd and it has started its service in 1994. At present, 6 ISPs are engaged in data services.

- Micom
- Mobinet
- Datacom
- Bodicom
- ??S???
- Railcom
- CSMS /Erdemnet –education sector network

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Current competition strategy (1)

- Telecommunications sector regulation is targeted towards developing the free entrance into the market of providers to enhance the sector in broadening service coverage by promoting a competition and private investment, lowering tariffs, improving the quality.
 - The radio frequency bandwidth utilization service shall be granted the spectrum usage license and depending on spectrum reserves, the number and quantity of consuming shall be restricted.
 - By calling off the monopoly of LDD service, it is allowed to have several international gateways starting from 1 January 2002. Moreover, the financing of the universal service obligation shall be taken from providers of LDD and IP services.

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Current competition strategy (2)

- Assure free entrance conditions for new providers of Domestic call services
- For city services, spread out new services including WLL. Based on nondiscrimination of rural and remote areas networks investment, develop opportunity for utilization of the universal service obligations fund.
- Assure opportunity for data communications of connecting with fixed networks and expanding them, freely issue licenses for international gateways.
- Consistent with technological development, there will not be maintained the distinctive policy or direction between data and voice communications.

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Possible competition scenarios ?

TRADITIONAL ROUTE

- Fixed to fixed competition ?
- Mobile to mobile competition ?
- ISP to ISP competition ?
- Postal to postal competition ?
- Railway to railway competition ?

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Fixed to fixed competition ?

- Mandate unbundling the local loop
- Set up interconnection regime
 - mandate interconnection
 - Regulate interconnection
 - Set up interconnection prices based on LRIC
- Identify bottleneck facilities
- Break up incumbent to smaller companies

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Mobile to mobile competition ?

- Mandate domestic roaming
- Set up interconnection regime
 - mandate interconnection
 - Regulate interconnection
 - Set up interconnection prices based on LRIC
- Identify bottleneck facilities
- Allow for market pricing and market diversification
 - Post-paid and prepaid
 - Do not regulate prices
- Issue new licences

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ISP to ISP competition ?

- Allow IP telephony
- Allow use of wireless spectrum on 2.4GHz for wireless ISP services
- Allow for market setting of prices
- Issue new licences

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Do we want to confine ourselves ?

- Think out of the box
- Adopt technology neutral strategy
- Let multi-sectoral players cross sectors
- Perhaps apply step by step process

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Competition scenarios ?

- Competition as market entry for
 - Fixed to fixed markets
 - Mobile to mobile markets
 - IP to IP markets
- Recommendation for implementing competitions in Mongolian context
 - Try facilities based competition
 - Try service based competition

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Apply concept of technology neutrality to cross sector applications

- Level the playing field
- Principle of competitive neutrality
- Remove the distortions
- Where do you start ?
 - IP telephony
 - Allow ISPs and telcos to provide the service

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Current approach to licensing

Current licenses issued are service-specific and technology-specific.

These may restrict competition into narrow markets and might not allow licensees to move freely into related and adjacent activities.

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Consider reorganising the market

Issue licences that are service-neutral and technology-neutral.

Licensees can compete in either four economic markets, i.e. Facilities, Connectivity, Applications, and Content Applications OR

Two economic markets, facilities based and services based.

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Licensing Migration Path

The old licenses that were issued based on specific technologies, and specific services map onto New technology-neutral and service-neutral licenses

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Service specific licenses, e.g. for the provision of telecommunications or broadcasting services are no longer issued.

The activities -based licensing should cater for any future convergence services that are not on the market today.

As an example, a company wishing to provide facilities -based telecommunications services will be issued with individual NFP, NSP, and ASP licenses.

This company will not require separate or additional licensing if it wishes to provide new services employing new technologies, e.g. 3G.

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Possible Market – Service-Delivery-Structure

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Allow for greater business flexibility

Wider range of business options

New Horizontal Licenses

Vertical License issued

Depending on specific license conditions, horizontal license holders may enter the market currently occupied by a vertical license holder.

Unless the licensee migrates, however, the vertical license holder cannot venture into new business areas that are not already specified in the existing license conditions.

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Industry/customer relationship

Content Applications Services

Applications Services

Network Services

Network Facilities

Many applications and content applications services providers

Several network services providers

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THANK YOU

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