Panel Discussion: Business and regulatory solutions and strategies that will promote sustainability of the ICT ecosystem

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OTT vs Service providers

Over-the-top' (OTT) operators provide a cheaper substitute for telcos' traditional voice and text messaging services.

- But the resulting surge in data use is not translating into proportionally higher EBITDA for service providers as data services have lower margins than traditional services they replace.

- Markets including India, Indonesia and Sri Lanka are currently less exposed as voice and text pricing is relatively low and smartphones have yet to reach significant penetration

Ratings agency Fitch

Approach that can be followed

High-risk markets, traditional strategy: Accepting that OTT messaging will experience strong growth, and working to maximize revenues. In this approach, carriers should capture a base level of SMS revenues using fixed-fee bundles, while metering data according to usage.

Moderate-risk markets: In moderate risk markets, the carrier should attempt to protect core SMS volumes while sharing in the OTT upside. This can involve bundling SMS and data in tiered quantities to reduce cost arbitrage incentive, while avoiding data-only plans. Acquire OTT Players

Low-risk markets: Carriers in low-risk markets should focus on maximizing SMS revenues before OTT pressure begins to rise. Or Partner OTT Players

High-risk markets, aggressive strategy: An alternate approach is to confront OTT players head-on. (own IP communication applications, privileged access to a carrier's address book) Metering specific types of data separately. (risk of net neutrality); dipping charge

Options available for Service Providers

These can be broadly categorised into two:

- Commercial Options
  - Offering their own OTT client
  - OTT Termination rates
  - Personalization of products
  - Traffic Differentiation [Data caps; Application-agnostic congestion management; Prioritization; Differentiated throttling; Access-tiering; Blocking]
  - Reduction in the voice/ SMS tariffs.
- Technical Options
  - Effective use of LTE's PCRF (service differentiation)
  - Use of layered segmentation (Split network and application layer)

Options available for Service Providers

In a zero regulation environment in some countries, following models of discriminatory networks have emerged:

- Non Price based mechanisms for discrimination
- Price based mechanisms for discrimination

Some Regulatory measures followed in some countries for non-communication OTT

SECTOR	Regulatory Issues	Measures
Media Like OTT Video etc.	Copyright issues; Legacy laws regarding ownership.	Implementation of digital watermarks and limited distribution options.
E-Commerce like Flipkart, Snapdeal, Amazon etc.	•Illegally accessing user data •protection of consumer information •Availability •The convergence of communications and financial services	•Surveillance (legal intercept). •???
Cloud services	• Risks due to •Outsourcing of data storage •Use of Software/Infrastructure as a Service •Data protection is another issue.	•Access to the cloud by third parties must be prevented, •Cloud services are often offered by providers in another country requiring adaptations in commercial law.

Some Regulatory measures..?

SECTOR	Regulatory Issues	Measures
Social Media	•Users are voluntarily disclosing personal data (photographs, preferences etc.) which are then mined to serve targeted advertisements. •concerns about privacy, ownership of data and longevity of data •Hacking of social Media	
Others	•The service providers simply host the site in "friendly" nations. •Due to the absence of any consistent worldwide standards, anyone is able to access the website of his/ her choice – irrespective of the laws prevailing in their country of residence.	

Thank you