Mission Report

TAL Workshop: Software Application of TAL Cost Models to Estimate Costs and Tariffs for Telecommunication Services in Caribbean countries

25-28 November, 2003

**Port of Spain
Trinidad & Tobago**

General

The workshop was hosted by, and at the kind invitation of, the Telecommunication Services of Trinidad and Tobago (TSTT).

1. Purpose of workshop:

(i) To conduct workshop on the use of the COSITU software to apply the TAL Interconnect and Access Cost Models to estimate interconnect and access costs.

(ii) To explain the details of the Spectrum Pricing Model for Developing Countries.

(iii) To demonstrate the use of quantitative methods to calculate elasticity of demand for telecommunication services and some other important parameters involved in telecommunication market analysis.

2. Main Activities and Results:

a. Discourse on expectation of the participants regarding the workshop.
b. Presentation of the TAL models.
c. Presentation on collection and collation of data to implement the TAL model using the COSITU software.
d. Group session re: hands-on exercise using data from a mobile company to calculate interconnect costs, access deficit and undertake simulation exercises.
e. Hands-on exercise re: using the software to simulate different USO policies.
f. Workshop evaluation and recommendation.

All the sessions of the workshop were conducted by the BDT consultant for the region.

The highlight of the workshop was the successful inter and intra group work of the participants. Using the data provided on CD ROMS, each of the six

groups successfully manipulated the software using the TAL principles and attained results for unit costs, tariffs and access deficit. They were able to undertake 'what-if' policy simulations regarding cost-based and cost-oriented tariffs and using the different USO policies of their respective countries. They also calculated universal service funds and how such policies could impact costs and prices of the services.

3. Principal Problems:

The principal issues were properly articulated in the expectations of the participants. These issues articulated by the country representatives, include:

I. The need to fully understand how the TAL model is reconciled in the COSITU software and how useful that combination can be as a tool for calculating costs and tariffs in their respective organizations.

II. A comfortable understanding as to how the model can be used to make quantitative and qualitative policies for the development of the telecommunication industry in their countries.

III. Establishment of a tangible link between the model and real operational situations whereby a clear connection can be made between cost and price of telecommunication services.

IV. To appreciate the critical features of the TAL model, how it can be refined, how to manipulate the data to populate the model, etc.

4. Recommended Solution:

Most of the expectations/problems of the participants were met/solved. However, they all understood that one session could not prepare them fully to form the teams necessary to pursue costing exercises among themselves. They therefore feel that, subsequent to the amendment of COSITU to fully integrate the TAL models, a follow-up workshop on COSITU is imperative.

Given the time constraints on the workshops and that most of the time allotted for the workshop was spent on the costing exercise, sufficient time was not spent on spectrum pricing and market analysis. In the circumstances, a strident request has been made to the BDT for inclusion of those two topics in any workshop for the region in 2004.

Strong views were expressed that the document "A guide on Data Collection Requirements for the Application of COSITU" does not do justice to the intent of the subject since it is simply an explanation of the help file in COSITU. The participants have recommended the development of a spread-sheet to inform on and guide data selection to run the software.

5. Follow-Up Action:

There is overwhelming consensus that:

(i) The TAL model and COSITU are compatible and BDT should proceed apace to amend COSITU to accommodate the full integration of the TAL model into COSITU software. This action is recommended.

(ii) BDT should allocate resources to adjust the TAL Access Cost model from its current facility based orientation to a service based orientation (in addition to access facilities the model should include local and trunk calls) for inclusion into COSITU.

(iii) Identify approximately four persons for training and functioning with the Centre of Excellence re: COSITU application in the Caribbean region.