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PRESENTATION

**FEEDBACK TO REGULATORS FROM PRIVATE
SECTOR**

**Jennifer Bosworth
CompassRose International**



Feedback to Regulators from the Private Sector

Jennifer Bosworth
CompassRose International

CompassRose International, Inc.

888 17TH STREET NW SUITE 900

WASHINGTON, DC 20006

Phone: +1 202 833 2390 Fax: +1 202 467 4717

jbosworth@compassroseintl.com – www.compassroseintl.com

Overview of the Study

- Study provides private sector views of regulatory practices and environments, examining their impact on operators' market entry and expansion decisions
- Report includes views of 18 telecommunications operators and associations
 - varied services
 - geographically diverse
 - varied histories and roles in the market
 - varied sizes and revenues
- Methodology – modified case study approach

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Foundation of the Study

Profitability and assessment of risks drive companies' market entry and expansion decisions. *The study examines the regulatory factors companies use to forecast profitability and weigh risk, and the means by which they evaluate these factors.*

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Study Themes

- The ways in which companies view regulatory environments
- The ways in which companies process regulatory information for business decision making
- The overall regulatory environment: private sector views of transparency
- Key regulatory factors in business decision making
- Interactions with regulators and regulators' business savvy

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Ways in which Companies View Regulatory Environments

- In business decision making, regulatory issues are not viewed in isolation
- Regulatory environment is a key consideration
- Regulations are most often viewed from a market-by-market rather than regionalized or harmonized perspective

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Ways Companies Process Regulatory Information for Business Decision Making

- Corporate Structures and Mechanisms:
 - cross-functional teams
 - regular reporting mechanisms
 - incorporating regulatory factors into business case analyses
 - quantifying overall regulatory environment as a risk factor or quantifying effects of specific regulations
- Monitoring:
 - Companies watch closely for regulatory changes that could be detrimental to them once they are in a market
- Reacting:
 - Companies react quickly to new regulations or changes in a market that are viewed as detrimental to them, or proactively seek to change them

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Overall Regulatory Environment: Private Sector Views on Transparency

- Companies used “transparency” as umbrella term for openness, access and public availability of information
- Transparency matters to all types of companies in the communications market; transparency sets the tone for all players in the market
- Rules and regulations alone do not equate to transparency for many companies
- Companies’ views on transparency are most often shaped by regulators’ treatment of incumbents versus new market entrants
- A “transparent” market may still be very difficult to navigate

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Key Regulatory Factors in Business Decision Making

Issues most easily quantifiable have the greatest impact on business decision making:

- Licensing challenges, especially “extortionately high” licensing fees, were key factor that would quickly eliminate a particular market from consideration
- Foreign ownership restrictions and local partner requirements also influenced market selection
- The impact of tax issues on profitability could also eliminate markets

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Interactions with Regulators and Regulators' Business Savvy

- Most companies feel that regulators could improve their understanding of new technologies, practices, business law and means of promoting a competitive marketplace
- Many companies believe that regulators lack a strong understanding of business decision making
- Most companies feel that regulators would benefit from experience in industry prior to serving in regulatory agencies
- Companies cited rapid turnover in many regulatory agencies as a particular challenge for ongoing communications and information flow
- Communications with regulators prove most challenging during times of transition

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Conclusions

- Companies view their inputs as part of a collaborative dialogue, not a list of demands
- At the end of the day, **profitability** and **potential profitability** drive companies' business decision making, and regulatory factors figure prominently in those analyses
- Reduced "regulatory risk" increases operators' interest in markets
- "Regulatory risks" that are too high keep operators out of markets

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