





Cost-Based vs. Value-Based for Numbering Charging Models

**WORKSHOP ON EXPERIENCES AND CHALLENGES
IN CHARGING FOR TELECOMMUNICATION
NUMBERS**

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Agenda

- 1 General Overview
- 2 National NNAI Resources
- 3 Charging Mechanisms
- 4 Cost-Based vs. Value-Based
- 5 Advantages and Disadvantages
- 6 Preferable Actions





General Overview

- Numbering, Naming, Addressing and Identification (NNAI) resources represent one of the main pillars of the components of telecommunications and information networks.
- Due to their extreme importance and scarcity, the International Telecommunication Union has devoted a large amount of attention to them.
- ITU-T Resolutions and Recommendations have been published regarding NNAI from the Telecommunication Standardization Sector.





National NNAI Resources

- As is known, the Union allocates these resources in two methods:
 - ✓ Direct allocation to Member States
 - ✓ Direct allocation to Sector Members
- The Union has published set of Recommendations to regulate the assignment processes for both methods.
- The assignment of national NNAI is a matter determined by Member States following the general guidelines in ITU-T Recommendations.





Charging Mechanisms

- There are several approaches adopted by Member States to price NNAI resources.
- Some countries do not impose specific fees for NNAI resources and include them within the general licensing fees (upfront – annual)
- Some other countries adopt a policy of imposing specific fees for different types of NNAI resources (upfront – annual or both)





Cost-Based vs. Value-Based

- In general, countries usually follow two methods for pricing NNAI resources, especially the related ITU-T E.164 Recommendation resources:
 - ✓ The equal cost method for resources, whereby an entire range is assigned at a uniform price to all operators.
 - ✓ The value-based method, whereby the most distinctive numbers are excluded and assigned directly to subscribers directly





Cost-Based vs. Value-Based Cont..

- Regulators might set different prices higher than the normal prices for “valuable” MSISDNs, or even offer them in a public auction to be assigned directly to those who wish to take the number.
- Some Member States have recently resorted to study the process of allocating numbering resources in a public auction to operators, as they do for the frequency spectrum.





Advantages and Disadvantages for Cost Based Method

Advantages:

1. Lower prices included into service costs.
2. Ease of Numbers' Management (Recycling).

Disadvantages:

1. Less revenues to the regulator (might taken by operator).





Advantages and Disadvantages for Value Based Method

Advantages:

1. More revenues to the Regulators

Disadvantages:

1. Difficulties in Numbering Management.
2. Higher Costs of Services





Preferable Actions

1. Criteria for assignment
2. Block size
3. Number length
4. Open Numbering Plans
5. Reclamation





Thank You

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