

**OPEN CONSULTATIONS OF THE COUNCIL WORKING
GROUP ON INTERNATIONAL INTERNET-RELATED PUBLIC
POLICY ISSUES (CWG-Internet)**

INTERNATIONAL TELECOMMUNICATION UNION



Saudi Arabia (Kingdom of)
National Committee for Information Society (NCIS)

Public Policy considerations for OTTs

1. What are the opportunities and implications associated with OTT?

OTT represents all services delivered over the internet, i.e. internet services or applications. In that sense, OTT has become a key driver of the development of society, affecting economic growth, technological advancement, etc.

For telecom operators, OTTs will drive the demand for broadband. By becoming data-centric and re-balancing data offers, operators can monetize the explosive traffic growth and compensate the loss of revenue from legacy services. For example, data-intensive applications such as video streaming consume a considerable amount of data, and communication applications often require non-stop connectivity, both of which will lead users to purchase more data allowances. Furthermore, OTTs allow operators to develop new products and services that create a digital ecosystem and generate more revenue streams.

On the other hand, the rapid growth of OTT services creates several challenges:

- OTT Communications substitute legacy telecom services (e.g. SMS and traditional voice), putting extra revenue pressure on telecom operators
- International nature of OTT service complicates the compliance of OTT providers with local laws (e.g. taxes, privacy and security)

2. What are the policy and regulatory matters associated with OTT?

Traditional telecom regulation is in many instances not covering OTT services given their different nature. The following are some of the key regulatory matters that should be considered:

- **Privacy and data protection:** OTT players impose their own privacy and data protection rules, which do not necessarily comply with the requirements imposed in the country of usage. Whether OTT should comply with the local privacy and data protection rules is one of the most important matters for OTT regulation.
- **Licensing:** licensing of OTT services can be an effective way to ensure OTT players comply with local laws and regulations, especially in developing markets.
- **Emergency services:** OTTs actively penetrate the market and they are used not only for communications within contacts group, but also for emergency calls. It creates new requirements for OTT such as providing the identity and location of the caller.

- **Jurisdiction:** OTT services usually do not require physical presence in the country and many OTT service providers are based outside the country's jurisdiction. It creates several regulatory challenges:
 - **Taxation of OTT players** – lose of taxes creates unfair competition with local OTT services
 - **Legal investigation** - local authorities are facing challenges to access data of certain OTT services.

3. How do the OTT players and other stakeholders offering app services contribute in aspects related to security, safety and privacy of the consumer?

OTT service providers are subject to standard consumer protection laws or regulations regarding security, safety and privacy. OTT players should cooperate with governments to ensure high consumer privacy standards without affecting national security.

4. What approaches might be considered regarding OTT to help the creation of environment in which all stakeholders are able to prosper and thrive?

The four key stakeholders affected by OTT are the following:

- Telecom operators
- Government
- OTT players
- Society

The current unregulated situation puts at risk key stakeholders' interests and heads towards a lose-lose outcome:

- Telecom operators benefit from data traffic increase but at the same time it shows significant cannibalization potential of their legacy services
- Tax income is at the same time affected although availability of OTT is critical for the prosperous development of the economy
- OTT players want to have open access to the global market
- Society wants to benefit from OTT, but can't put their data privacy and security at risk

To properly create an environment in which all stakeholders are able to prosper and thrive, several elements should be considered for a long term partnership with defined levers such as infrastructure agreements, personal information treatments, emergency services, licensing and taxes.

5. How can OTT players and operators best cooperate at local and international level? Are there model partnership agreements that could be developed?

There are many opportunities for collaboration between operators and OTT players, which can significantly benefit both parties:

- **Commercial partnerships**
- **Co-investment in infrastructure**
- **Research & development**