



BADAN REGULASI TELEKOMUNIKASI INDONESIA
INDONESIAN TELECOMMUNICATION REGULATORY AUTHORITY

INDONESIAN TELECOMMUNICATION TARIFF & INTERCONNECTION

5 J G 5 L J G 5 7 S A N D R E V J E W

Meeting of ITU-T SG3RG-AO and Related Seminar

Bali, May 28th 2012

- Regulation of Interconnection
- Regulation of Tariff
- Consideration of Charges
- Current Issues
- Telco & Broadband Figures
- Regulation Review
- Near Future Challenges

- **Cost-based interconnection**
 - Since 2006, by Ministerial Decree
 - Calling party pay termination charges
 - FL-LRIC model
 - Encourage effectivity and efficiency
 - **Control of the dominant operators**
 - Imposed certain regulation
 - Fair, transparent, equal treatment
 - Opportunity for 'rather new' operators
 - Enhance competitiveness
 - **Sustainable growth and investment in capacity as well as services penetration in rural areas.**
- 

REGULATION OF TARIFF

- Encourage operators to lower retail tariffs;
- The regulator of Indonesia determines the formula but not the tariff;
- Periodic tariff evaluation;



- More **affordable** tariff without compromise of service quality;
- Increase usage of Telco and ICT services in people activities nationwide;
- Maintain sustainable growth and investment.

CONSIDERATION OF CHARGES

INVESTMENT

SERVICES

- Promote self-build investment
- Penetration to un-served areas
- Excessive capacity in service areas

- Increase operators' incentives for customer acquisition
- Increase customer value
- High services tariffs

- Low traffic / Minute of Usage
- Low network congestion
- High Quality of Services
- Competition in level of network

Cost based

- Lowering the return of investment in some non-economic areas
- Tendency to use other operator's network rather than building own networks
- Maximum capacity usage

- Lowering operators' incentives for customer acquisition
- Decrease customer value
- Low services tariffs

- High traffic / Minute of Usage
- High network congestion
- Low Quality of Services

- Low penetration to un-served areas

- Digital divide

TELCO & BROADBAND FIGURES



Bakrie Telecom



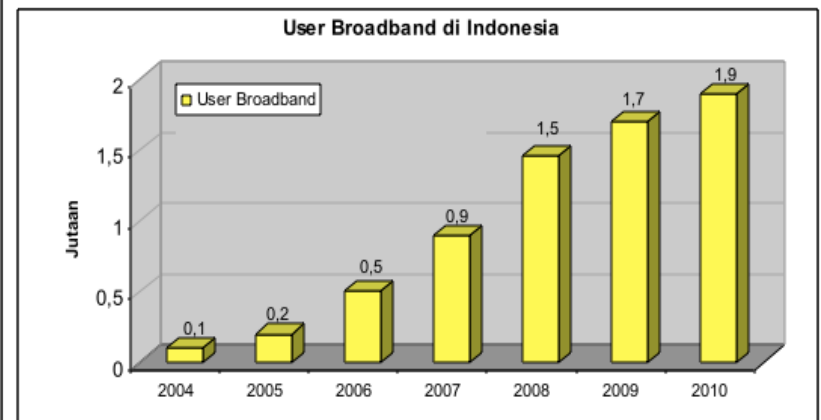
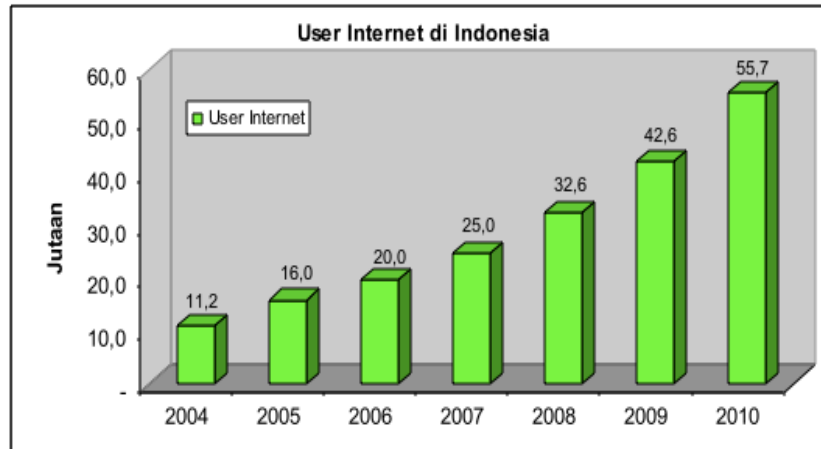
smartfren



Penetration (End of 2010) :

Cellular : 171.400.000 (72,1 %)

FWA : 27.500.000 (11,6 %)



- Price War



- Tight competition;
- Penetration more than 100% in dense areas ;
- Price sensitive market, with high turnover customers, due to lower price new SIM card;
- Upper mid-class people usually have 2 or more mobile phones with service from different operators.



Free SMS Promotion



Cuma sekali SMS,
gratisnya
20 hari.

SMS-an sepuasnya ke mana aja terserah



Unggahan & Kualitas
Terluas Terbaik

Nelpon
RP **0**

GRATIS
5000 SMS!
+
Facebook & Chatting

Pilih yang Paling Murah. Beli Kartu As!

TELKOMSEL



PAKE HP NOKIA AXIS
PASTI HEMAT!

GRATIS SMS
SEPUASNYA
SELAMA 1 TAHUN
KE SEMUA OPERATOR

RP 239.999

Nokia 1280

+ GRATIS
HEADSET STEREO

Tinggalkan yang lain
pindah ke AXIS sekarang!

AXIS



Beneran Murahnya

Nelpon

0
Rp
0
Paling Pertama

BIKIN

HEPI

GRATIS
1000
SMS

GRATIS
BlackBerry-an
di luar negeri

Beli **Walu** dan cek *123#

BlackBerry

- Intensive promotion : Negative impact of SMS for Free

Sender Keep All → Gratis
→ **SMS Spamming, Broadcast**



+6283139065813

Aug 24, 2010 10:18:47

Tlg belikan dulu mama pulsa simpati 50 ribu dinomor baru mama. Ini nomornya.081219333344 Skrng ya.penting Mama skrg di rumah sakit.Nanti mama ganti uangnya.

Increase of cyber crime and fraud through SMS

•Cost-Based SMS Termination Charge



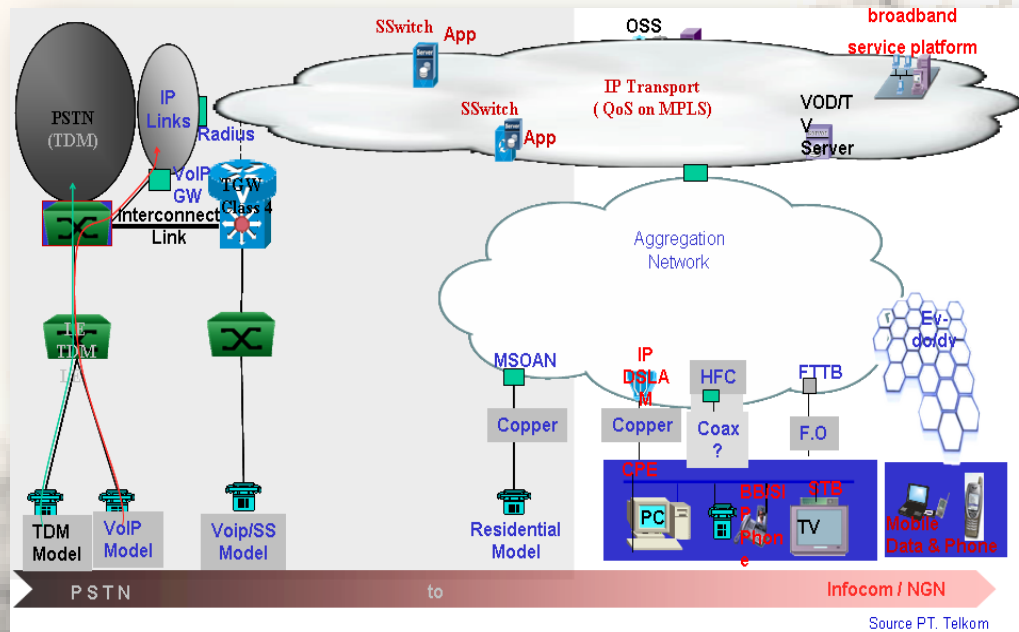
- Initially, Sender Keep All scheme;
- Unbalanced terminated SMS;
- Spam and fraud SMS;
- Regulator imposes termination charge for SMS;
- Effective by end of May 2012

Updating Interconnection Charges



- Determine dominant operators;
- Evaluate the Reference Interconnection Offers;
- Evaluate the costing model;
- Calculating / updating interconnection charges

• Migration from Legacy Network to NGN

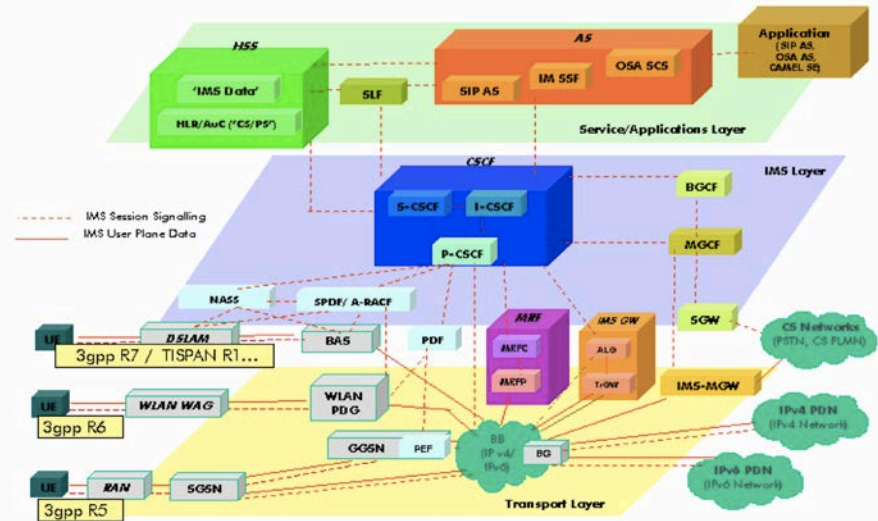


- Migration of transport/core backbone from TDM (PDH/SDH) to full IP network;
- Migration of Service control from TDM to Softswitch;

- Migration from regional (PDH/SDH) to Metro ethernet network. Development of metro access using metro ethernet;
- Upgrade from service control to IMS framework. When the standard is ready, the infrastructure architecture should be able to adopt the Service Oriented Architecture (SOA).

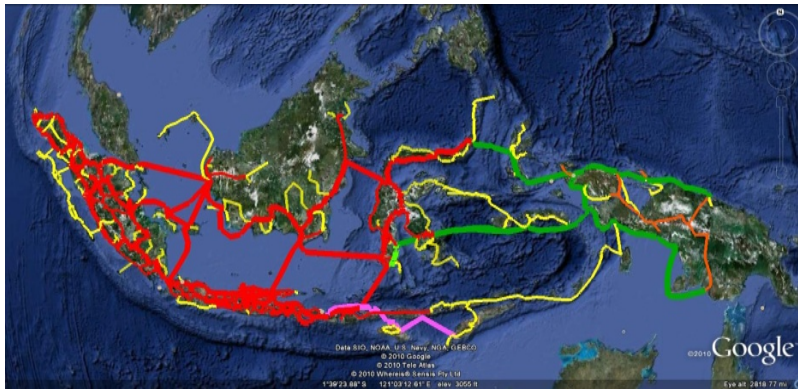
• Cellular Migration to IMS

- In core level, network implementation in local switch with separation of connection and control layer (softswitch) for all technology (GSM, 3G, etc) with TDM, ATM and IP bearer;
- Application layer based of IP platform on top of core network;
- In access level, GPRS and EDGE will be activated with dynamic capacity in all radio access network.



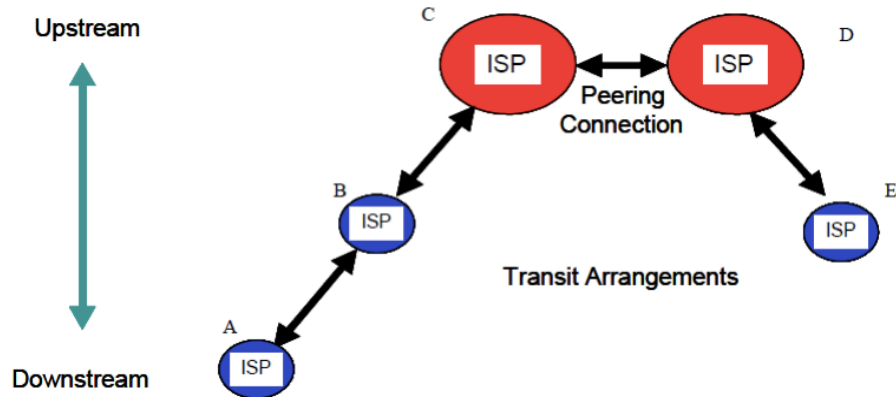
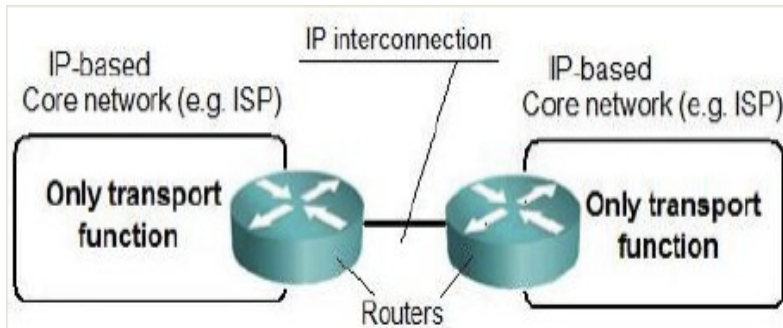
- **COSTING MODEL ?**
- **COMMERCIAL PAYMENT ARRANGEMENT?**
- **WILL IT BE BILL AND KEEP? OR VOLUME/CAPACITY BASED? OR?**

NEAR FUTURE CHALLENGES



- Deploy broadband network nationwide;
- USO Fund & ICT Fund;
- Open Access Network Regulation;
- IP for interconnection platform

BRTI



- Over the Top Services;
- Killer applications;
- Tight competition in applications, light regulation;
- Limited competition in network layer, tight regulation.





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THANK YOU

- Regulation:

1. Republic of Indonesia Telecommunication Act Number 36 year 1999
2. Government Regulation Number 52 year 2000 : Telecommunication Services
3. Ministerial Decree Number 08 year 2006 : Interconnection

- Reference for Illustrations:

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