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Communication & Regulations
In The Convergent Environment

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Communication & Regulations In A Convergent Environment.

- Role of Regulations in Communications?
- Convergence?
 - Challenges
 - Advantages
 - Operators
 - Regulators
 - Consumers
 - Government
- Musings of A Regulator



What is The General Role of Regulations?

- Regulation Should Only Be ***Employed As A Surrogate*** To Market Forces.
- Hence Regulators Must **Scale Back** as Environments Evolve From Monopoly Thru Oligopoly To Near Competitive Structures.
- Market Imperfections will Necessitate ***Continued Employment of Regulations***; Clearly an Ironic Twist.
- Enhanced Competition Gives Rise to Greater Regulations Albeit of A Light Handed and Focused Variety and Fosters Emphasis on ***Ex-Post Vs Ex-Ante Regulations***.



What is The General Role of Regulations? Cont/d

- This Beautiful Irony will Persist as long as The Grab For Space and Dominance, Is The Mantra of Businesses, and Rightfully So, Particularly When The Space is Keenly Competed For By Both Existing and New Entrants Due To:
 - Sweet “Destructive Technologies”
 - Enhanced Liberalization & Privatization
 - Seismic Shifts in Structural and Delivery Mechanisms and
 - The Need to Balance The Interests of Multiple Stake-holders: Consumers, Governments, Investors and Operators
 - Assurance of Universal Service/Access.



Essential Requirements For Good Regulatory Environments

- Clear and Consistent Public Policies
- Enhanced Capacity of Regulators
- Focus on Fair Competition
- Transparent and Clear Rules of Engagement
- Level Playing Field
 - Interconnection
 - Essential Facilities Criteria
- Speedy Dispute Resolution Mechanisms.
- Sustained Investor & Consumer Confidence
- Execution of Public Interest Mandate To protect Consumers and Enhance Their Life Styles and Productivity.



What Is Convergence?

- ITU Definition:

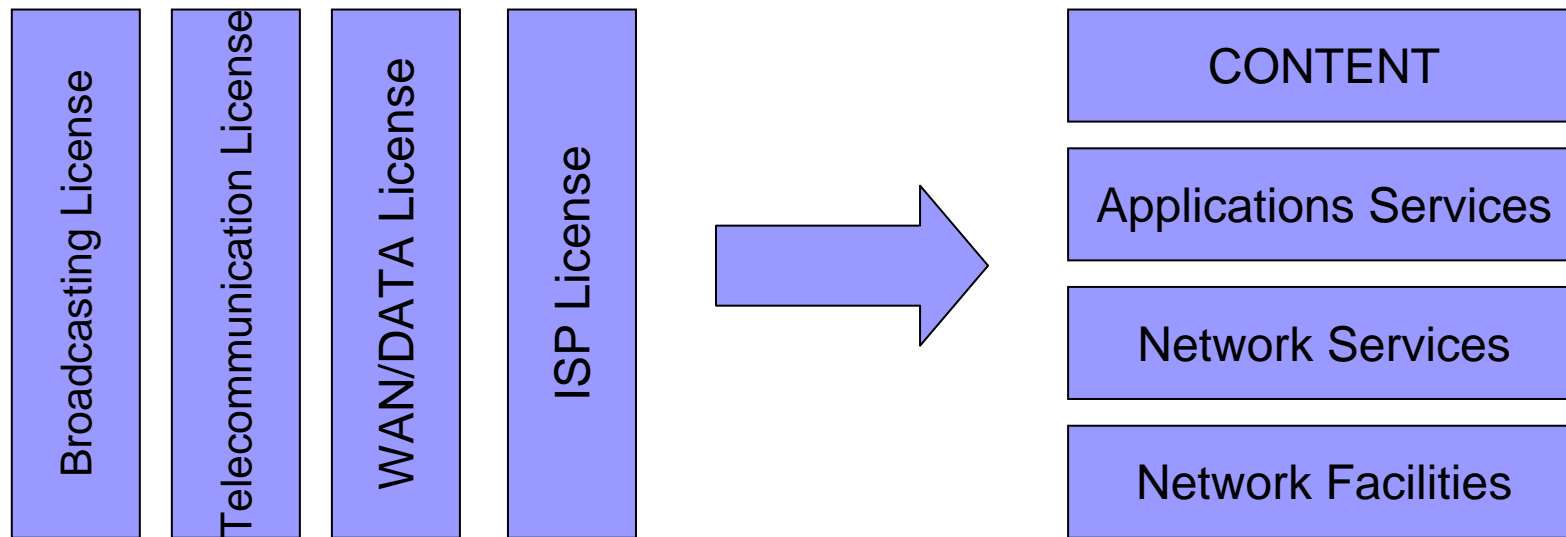
- “The Technological, market or legal/regulatory capability to integrate across previously separated technologies, markets or politically defined industries. IT, Telecommunications, Broadcasting.”



Key Drivers For Convergence

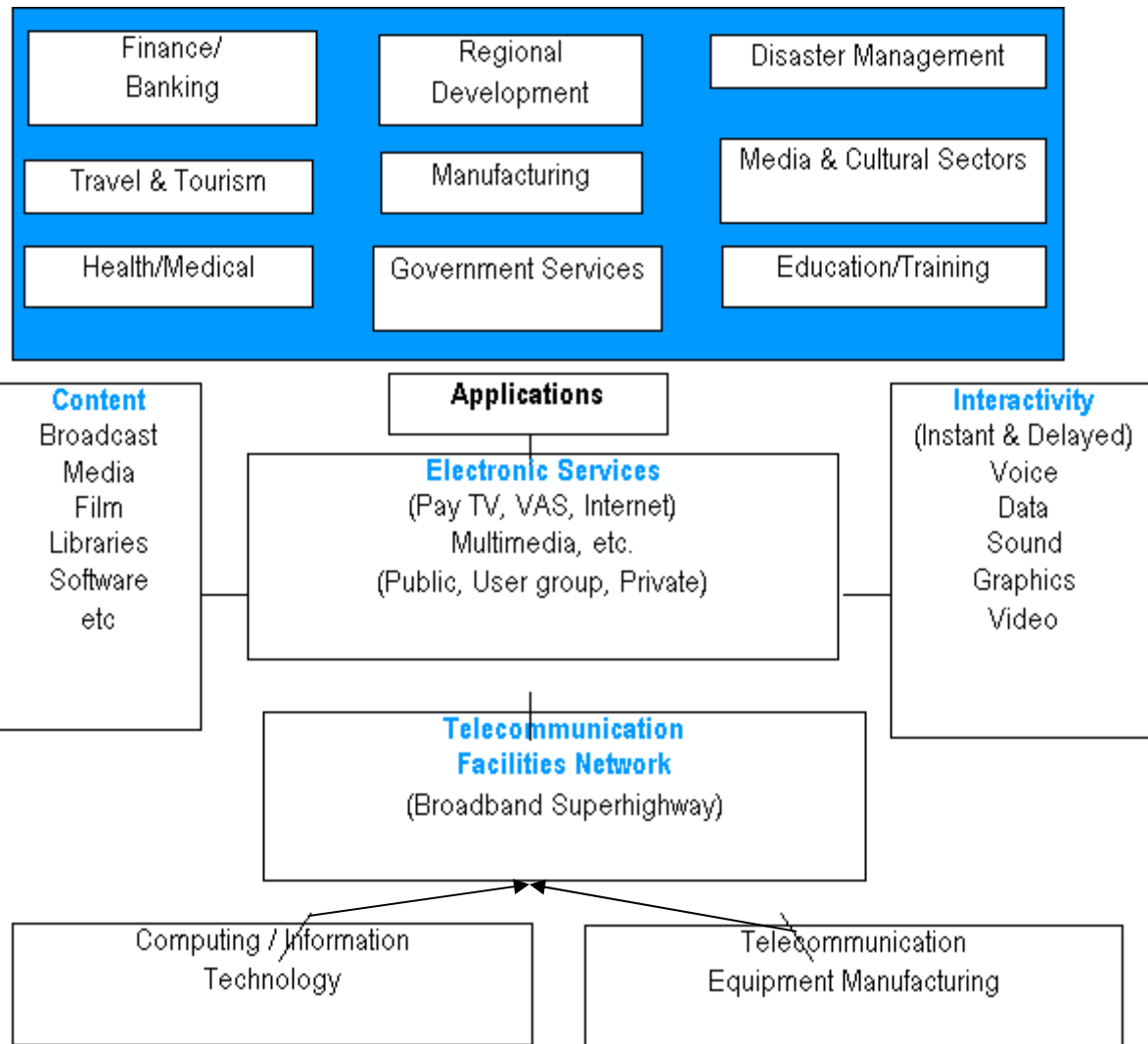
- Economic and Technological drivers of Digitalization and Liberalization enables the creation of “converged platforms.”
- Quest for Expansion of Market Zones of Opportunity and Bigger Profitable Service & Product Portfolios at Relatively Lower cost of Production and Delivery.
- Customer Centricity
 - One Stop Shopping-Companies Provide portfolio of Products and Services to enhance customer convenience & satisfaction.
 - e.g. Telco sells media, TV., Voice Services, Broadband and Unitary Customer service and Sale Point as well as One bill.
- Synergies In Service Provisioning

CONVERGENCE: A DIGRAMMATIC REPRESENTATION



Source: Malaysian Communications & Multimedia Commission

INFORMATION INFRASTRUCTURE



Source: MELODY W 2002



Advantages of Convergence

- Operator/Investor
 - Economies of Scale Via Shared and “Unitary” Platforms
 - Accelerated Product & Service Innovation from Network & Edge Players
 - Capacity to attack Multiple Markets and Profitability Via Product & Service Diversification
- Consumer
 - Affordable Tariff & Price Options Due In the Main To:
 - Diversity of Products & Services thru Accelerated Product & Service Innovation
 - Enhanced Quality of Service Due To Diversity.
 - Affordability, Reduced Access & Utilization Cost Due to Enhanced Competition & Choice.
 - Multiple Use End Product/Terminal Devices
 - One-Stop Shopping, Commingled Billing, Customer Care etc.



Advantages of Convergence Cont/d

- Government.
 - Accelerated Achievement of Government Development Goals, Employment and Incomes.
 - Reduces Burden of Government in the Efficient Delivery of Essential Structures and Networks: Submarine Landing, FiberOptic Build Ups, Telco-House etc.,
- Regulator.
 - Efficient Use of Scarce Resources
 - Simplifies Licensing Procedures
 - Reduced Market Intermediation
 - Fosters Transparency
 - Encourages Deployment of new and innovative services
 - Enhances Competition
 - Reduces The Regulatory Burden Thru The Achievement of Policy Goals at Relative Least Cost



Certain Challenges

- Security
- Interconnection
- Numbering
- Quality of Service
- Essential Facilities Sharing & Management
 - Private Vs. Public Sector Investment/Assets
 - Super Electronic Highways
 - Submarine Cable Landing
 - Telco-Hotels, Metro-Fiber Networks
 - State Vs Regulatory Market Opening Strategies



Implications For Regulators

- Greater Coordination, Cooperation and Harmonization
- Enhanced Skill & Technological Capacity
- Light Touch Vs Command & Control Attitude
- Continued Acceptance of Technological Neutrality
- Creative Interpretation of Traditional Significant Market Power Clause (SMP)



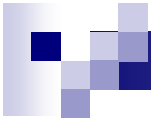
Summary Thoughts For Regulators

- Operate To Work Ourselves Out Of Jobs; Then we will Forever Think and Believe In the Free Market.
- But Let Us Stand Ready To Nudge The Market With Extreme Caution When Need Be.
- Let Us However Not Forget That Our Stake-holders are Many, So Let's Enhance our Skills of Harmonizing, Coordinating and Cooperating To The Full.



Musings Of A Regulator

- Let Us Be Humble, Because We Exist To Serve Multiple Masters, So let's Eschew Arrogance and Command Postures.
- In the End, However, we Serve Elected Officials, and we Must Advance the Goal of the Sovereign States Who Have Placed their Confidence In Us.
- We should Also Be Guided By Economic History With Respect To Standing In The Way Of Market & Technological Forces; otherwise we shall be run over and experience disastrous consequences of economic & social dis-externalities.
- Let Us Reduce Our Burden By Courting & Dancing With The Market but Being Vigilant at All Times



THANK YOU



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