The Brazilian National Wholesale Trading System (SNOA): a virtual trading exchange system for telecom assets

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Costa Rica
March/2014

AGENDA

- The Brazilian Framework for Competition - **PGMC**
- The Brazilian National Wholesale Trading System - **SNOA**

PGMC

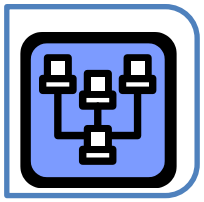
Value Chain of Broadband Services

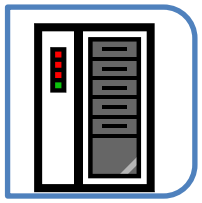
International Conectivity

National Transport

Local routing

Access Network

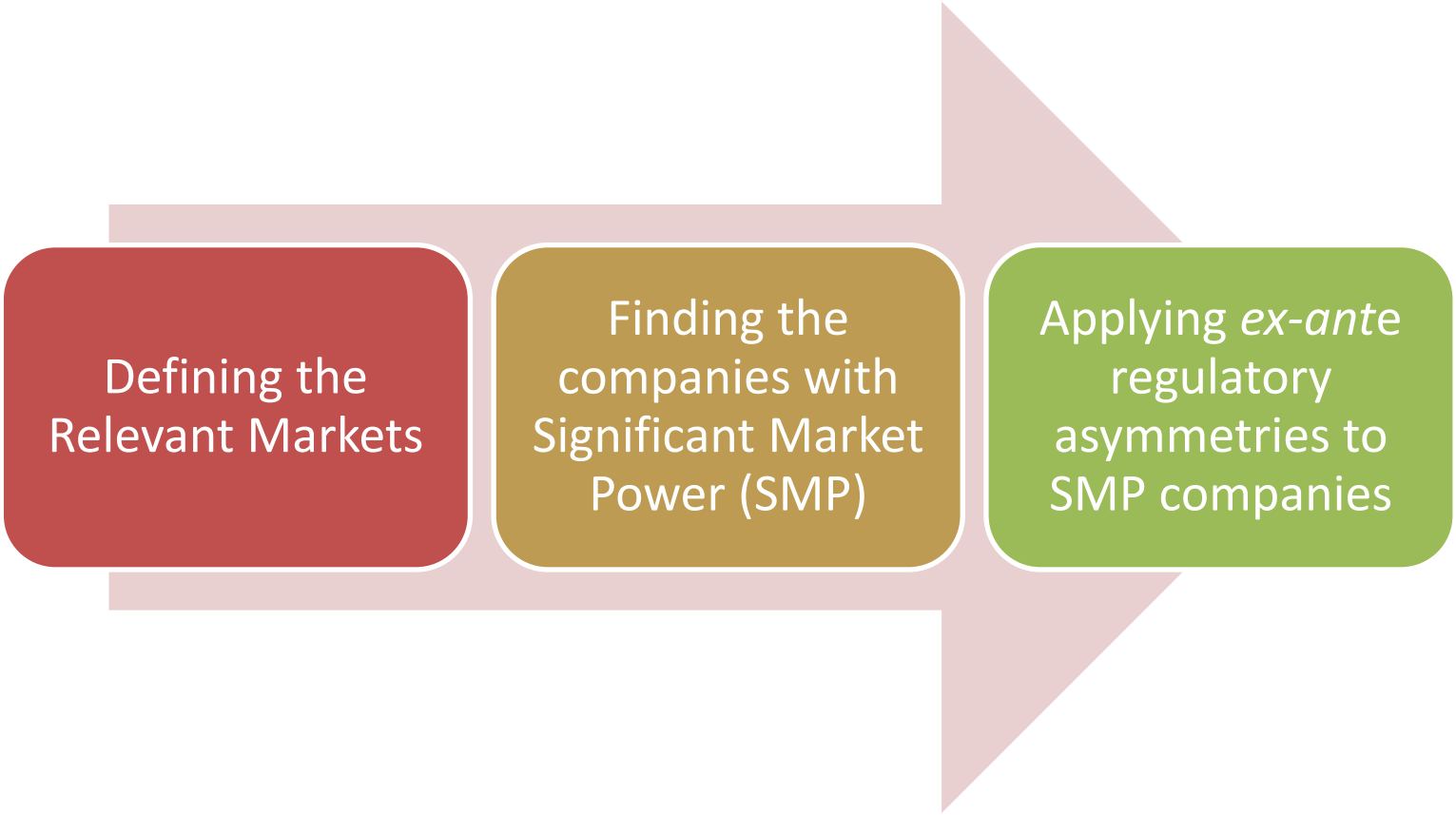




To buy or to built?

Entrant

PGMC Logic


Defining the Relevant Markets
Finding the companies with Significant Market Power (SMP)
Applying *ex-ante* regulatory asymmetries to SMP companies

HOW TO FIND THE RELEVANT MARKET?

3-Criteria Test

1. High and non-transitory entry barriers
2. No tendency towards effective competition
3. The insufficient of competition law (ex post regulation)

Identified Markets

- Local Access (Cupper and Cable)
- Local and Long Distance Transport
- National Roaming
- Mobile Termination
- Passive Infrastructure (ducts and towers)

SMP Companies

Telefônica / Vivo

- Local Access
- Transport
- Passive Infrastructure
- Roaming
- Mobile Termination

Oi

- Local Access
- Transport
- Passive Infrastructure
- Roaming
- Mobile Termination

América Movil

- Local Access
- Transport
- Passive Infrastructure
- Roaming
- Mobile Termination

Telecom Italia

- Passive Infrastructure
- Roaming
- Mobile Termination

Algar Telecom

- Local Access
- Local Transport
- Passive Infrastructure

Copel

- Local Access
- Local Transport
- Passive Infrastructure

Regulatory Assimetries Applied

Local Access

- Offer Bitstream and Full Unbundling;
- Homologate the Reference Offer in Anatel
- Negotiate the products in SNOA

Transport

- Offer Leased Lines;
- *Peering*;
- IP Transit
- Homologate the Reference Offer in Anatel
- Negotiate the products in SNOA

National Roaming

- Offer National Roaming
- Homologate the Reference Offer in Anatel
- Negotiate the products in SNOA

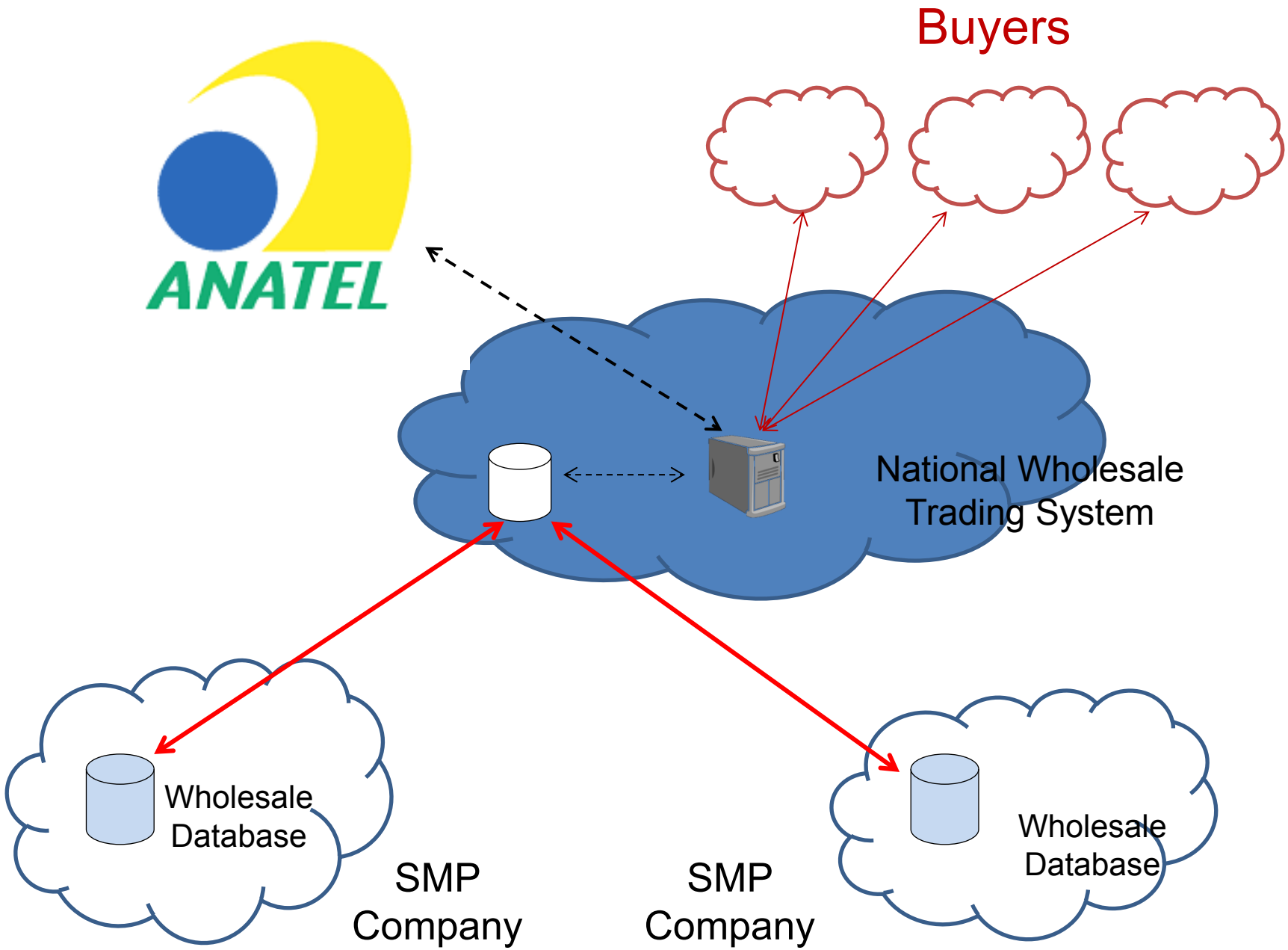
Regulatory Assimetries Applied

Mobile Termination

- Reduce MTRs according to Cost Models
- Bill&Keep with non SMP companies
- Homologate the Reference Offer in Anatel
- Negotiate the products in SNOA

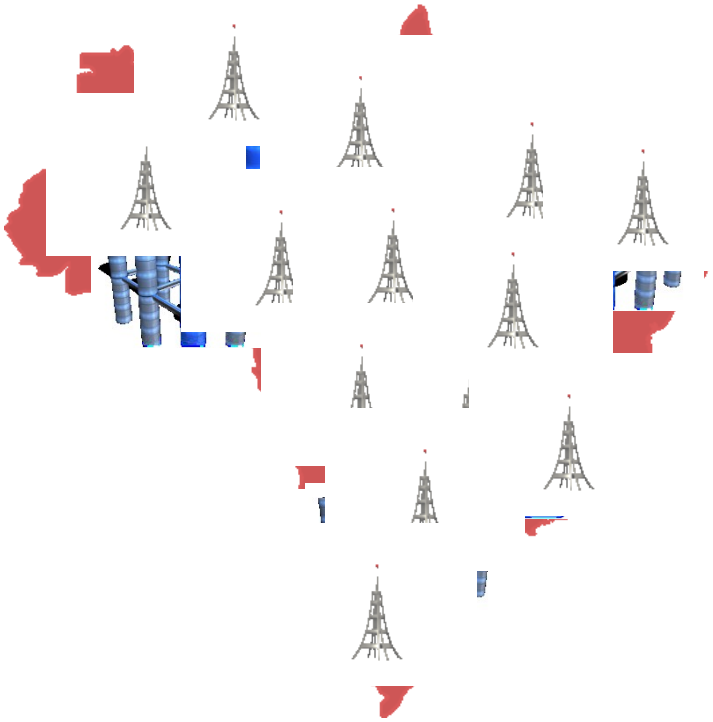
Passive Infrastructure

- Offer the spare capacity of towers and ducts
- Homologate the Reference Offer in Anatel
- Negotiate the products in SNOA


Buyers
ANATEL
National Wholesale
Trading System
Wholesale
Database
SMP
Company
SMP
Company
Wholesale
Database

SNOA

What is the SNOA?



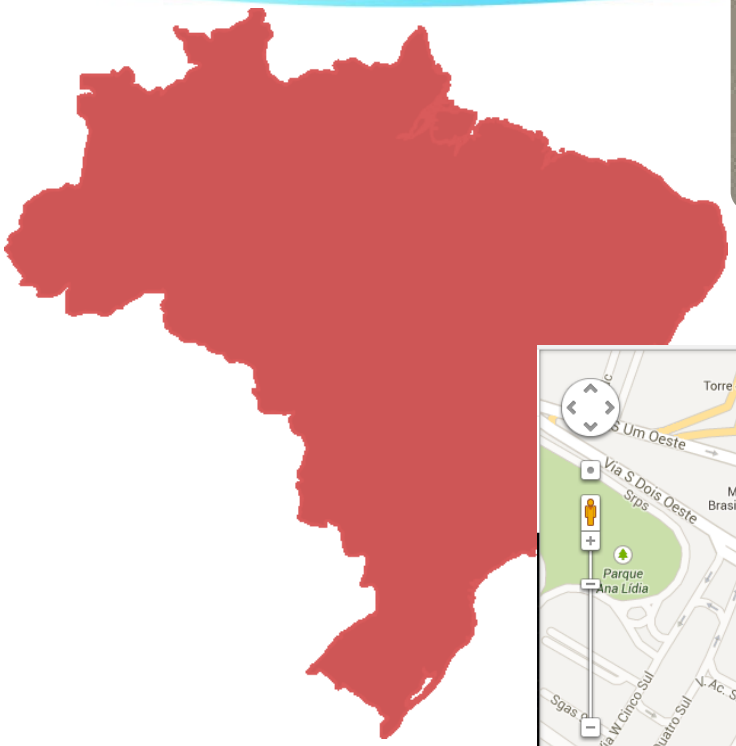
NOA is the Brazilian National Wholesale Trading System. This platform is a virtual trading exchange system for telecom assets.

1. Towers
2. Switching Centers
3. Served Area by the Switching Center
4. IXP – Internet Exchange Points
5. Points of Interconnection

What is the SNOA?

You know where is the infrastructure!

The SNOA concentrates all entries infrastructure required for the purchase of wholesale products.



Tower register
Fonte: Google

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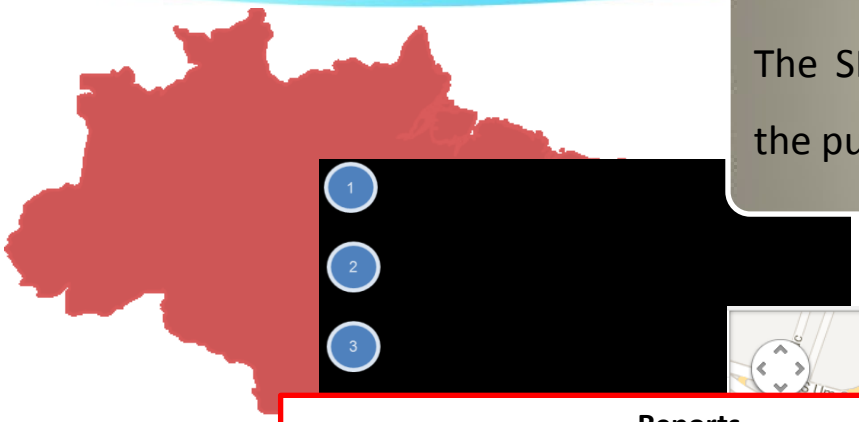
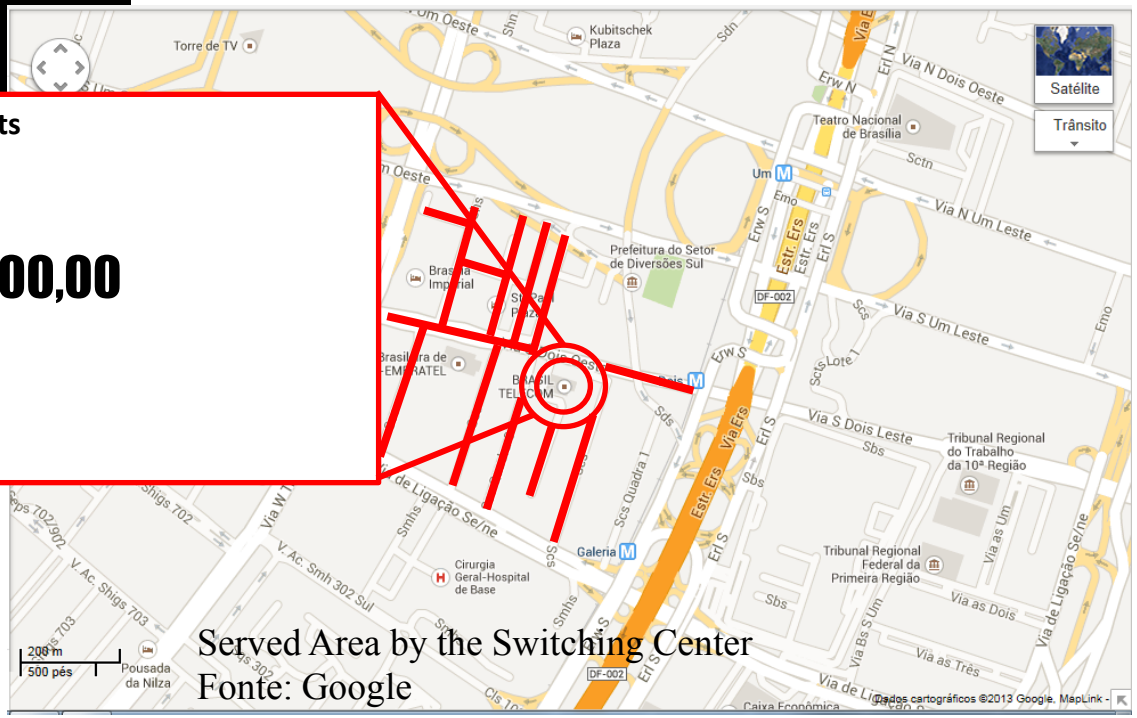


Reports

% requests handled: **95%**

Average price of Circuits: **R$ 100,00**



Served Area by the Switching Center
Fonte: Google

* A abrangência não é projetada no google maps, está disponível por meio de consulta a endereços atendidos.

What is the SNOA?

You know how much to invest!

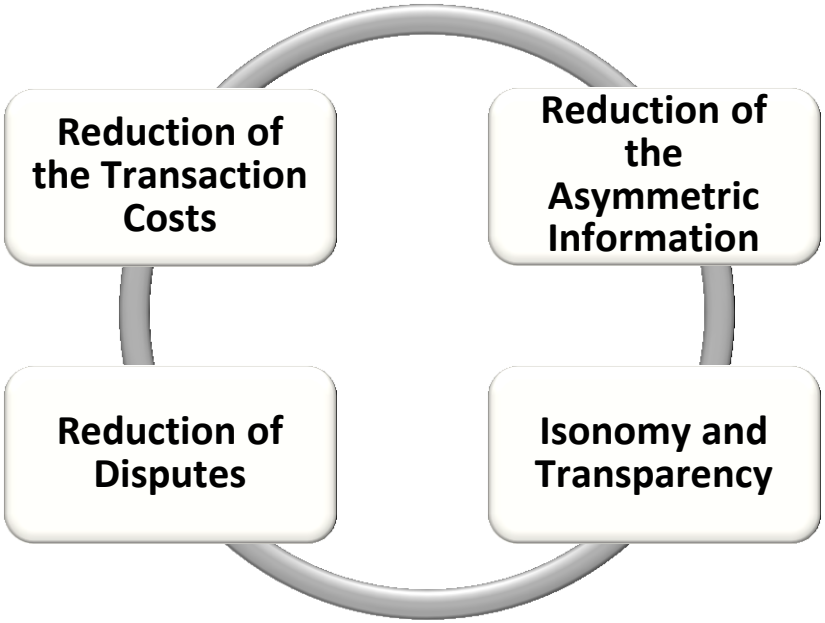
All the Reference Offers are available in one place!

1. It concentrate all the Reference Offers in one *website*

2. You can check all the practiced prices per regions and municipalities

3. You can be aware of all the discount conditions practiced

Benefits of SNOA



The SNOA is also a management system!

It provides performance indicators by each SMP and allows the regulatory authority to track all the trading products from the beginning of the request until its delivery. You can follow each step of the purchased product, the deadlines, where the product will be installed and its practiced prices.

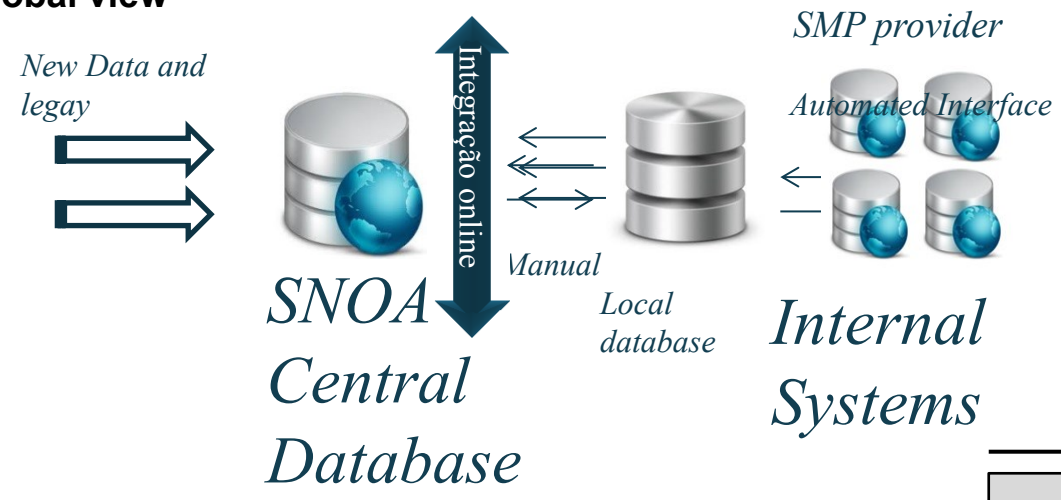
Governance

The system is managed by a Wholesale Board formed by the SMP Companies and the non SMP companies with parity of votes between these two groups. In case of conflict in this Governance, Anatel is the instance for final decision.

- The system is funded by the SMP Companies (U$ 10 million for five years);
- The technical aspects are defined by a group coordinated by Anatel.

Phases of the project

Global view



Phase I – SNOA & Central Wholesale Database

- Legacy contracts, Reference Offers, Infrastructure Information

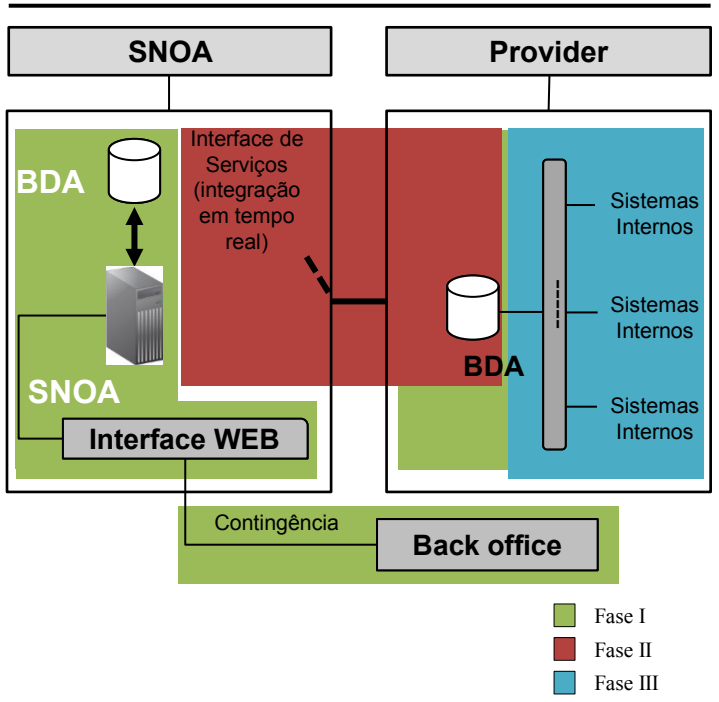
Fase II – Local Wholesale Database

- Webservice Interface
- Local Wholesale Database

Fase III – Internal Legacy Systems

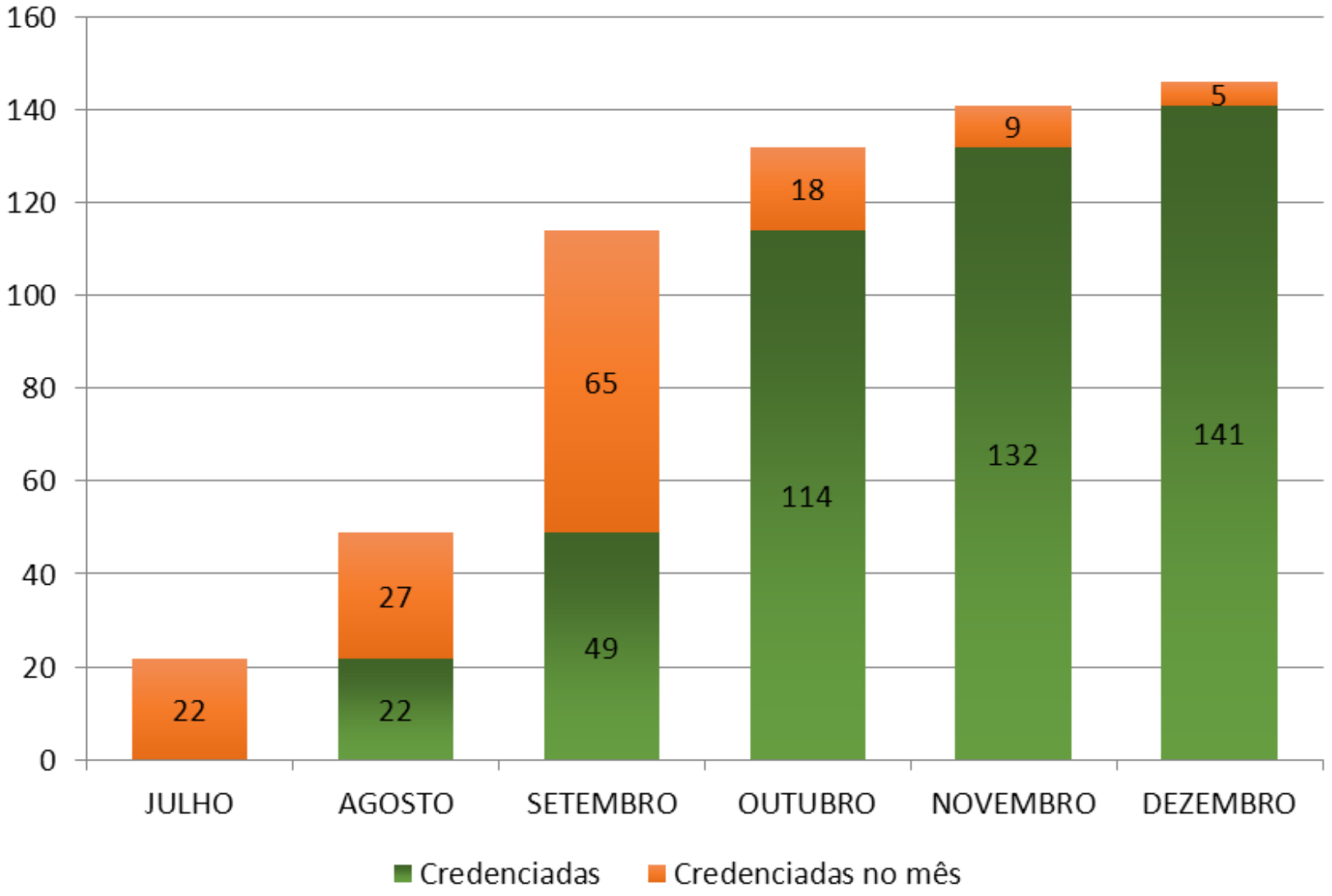
- Automated Interfaces with Internal Legacy Systems

General View

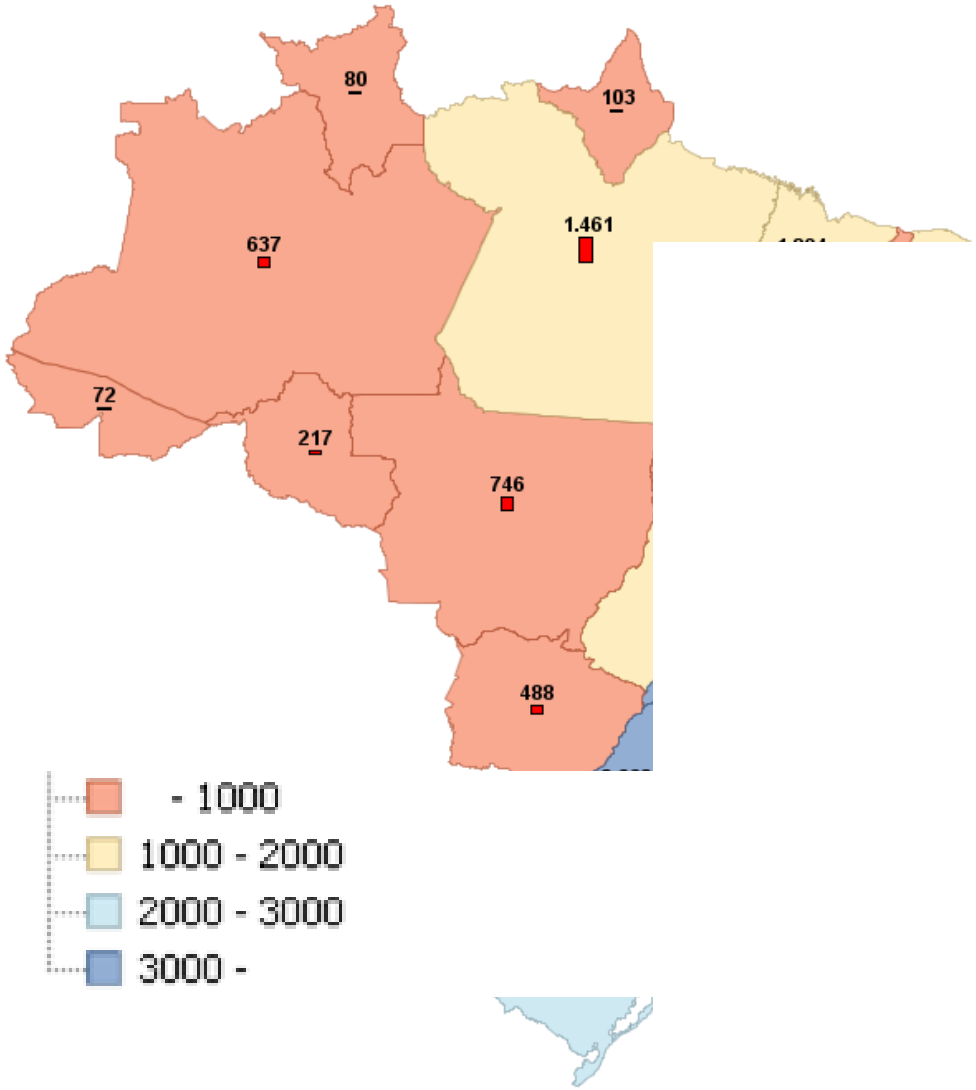


The first 6 months of SNOA

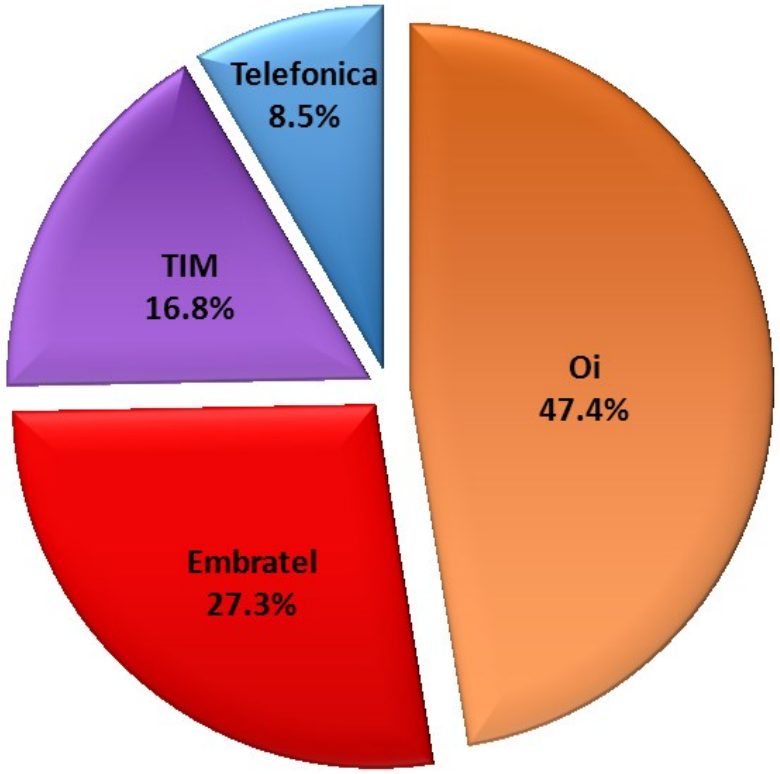
Accredited Companies



Towers



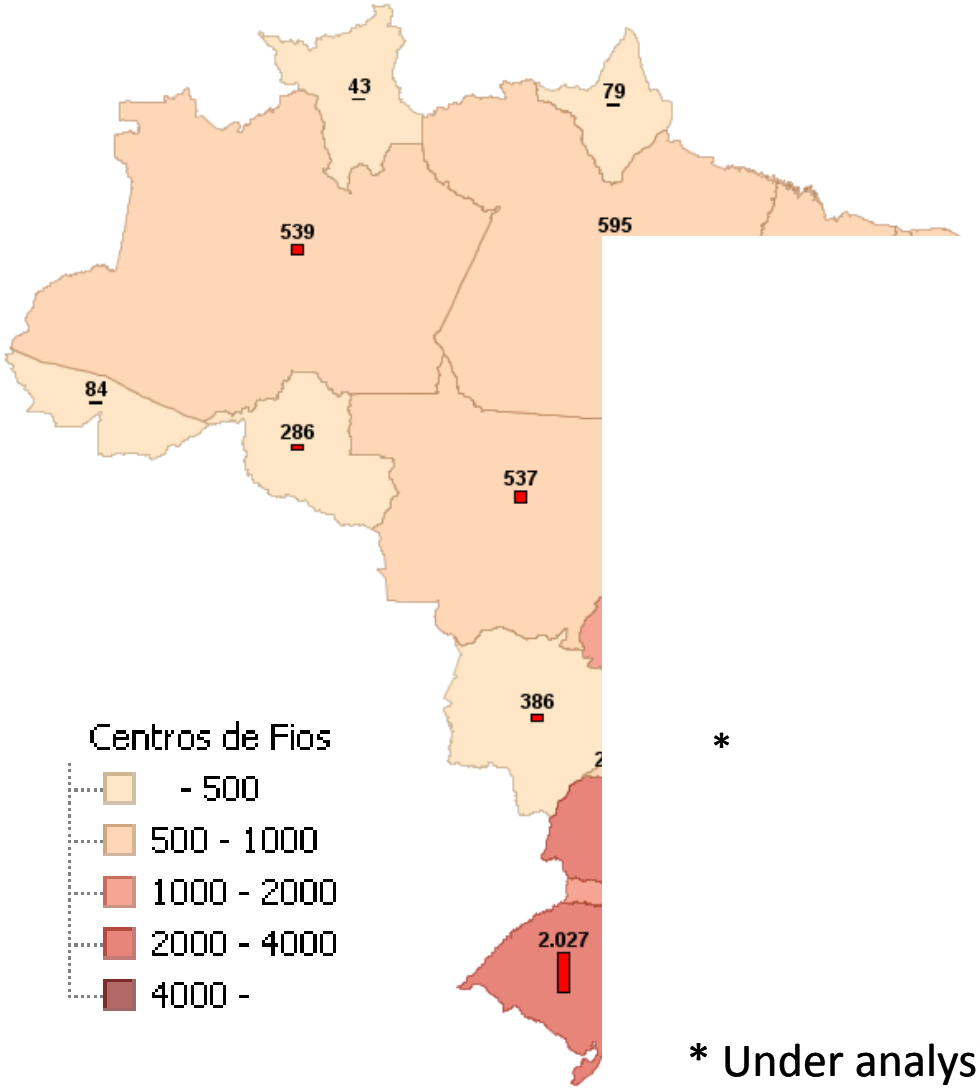
40.813 towers registered



Towers

Switching Centers

28.702 Switching Centers registered



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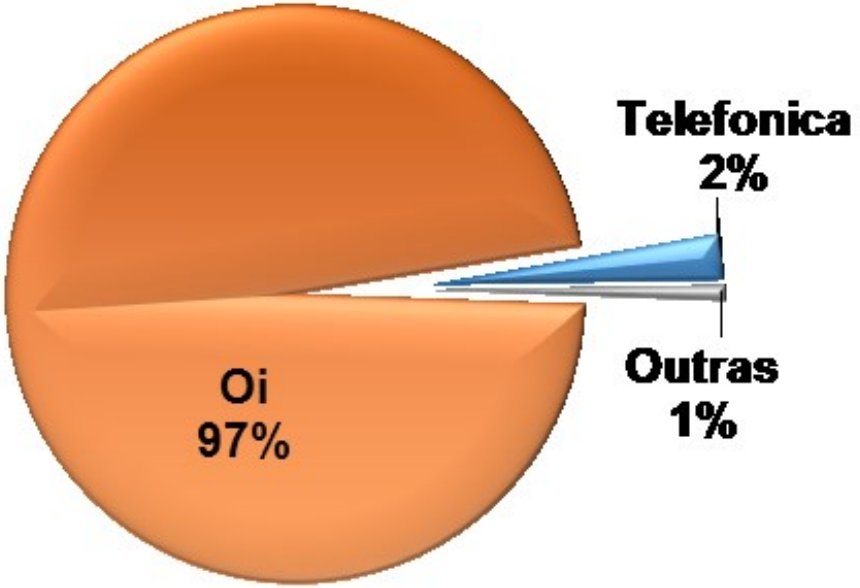
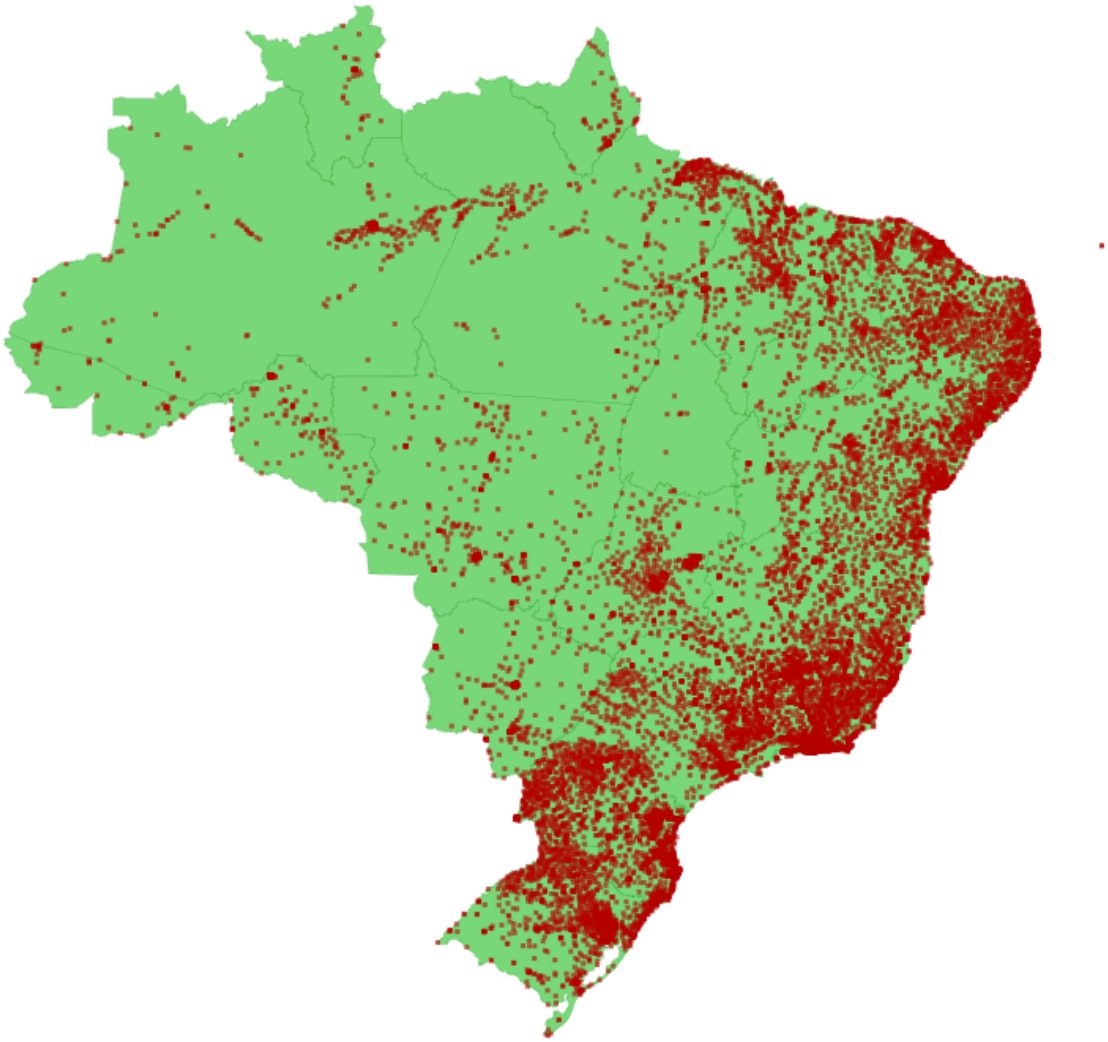
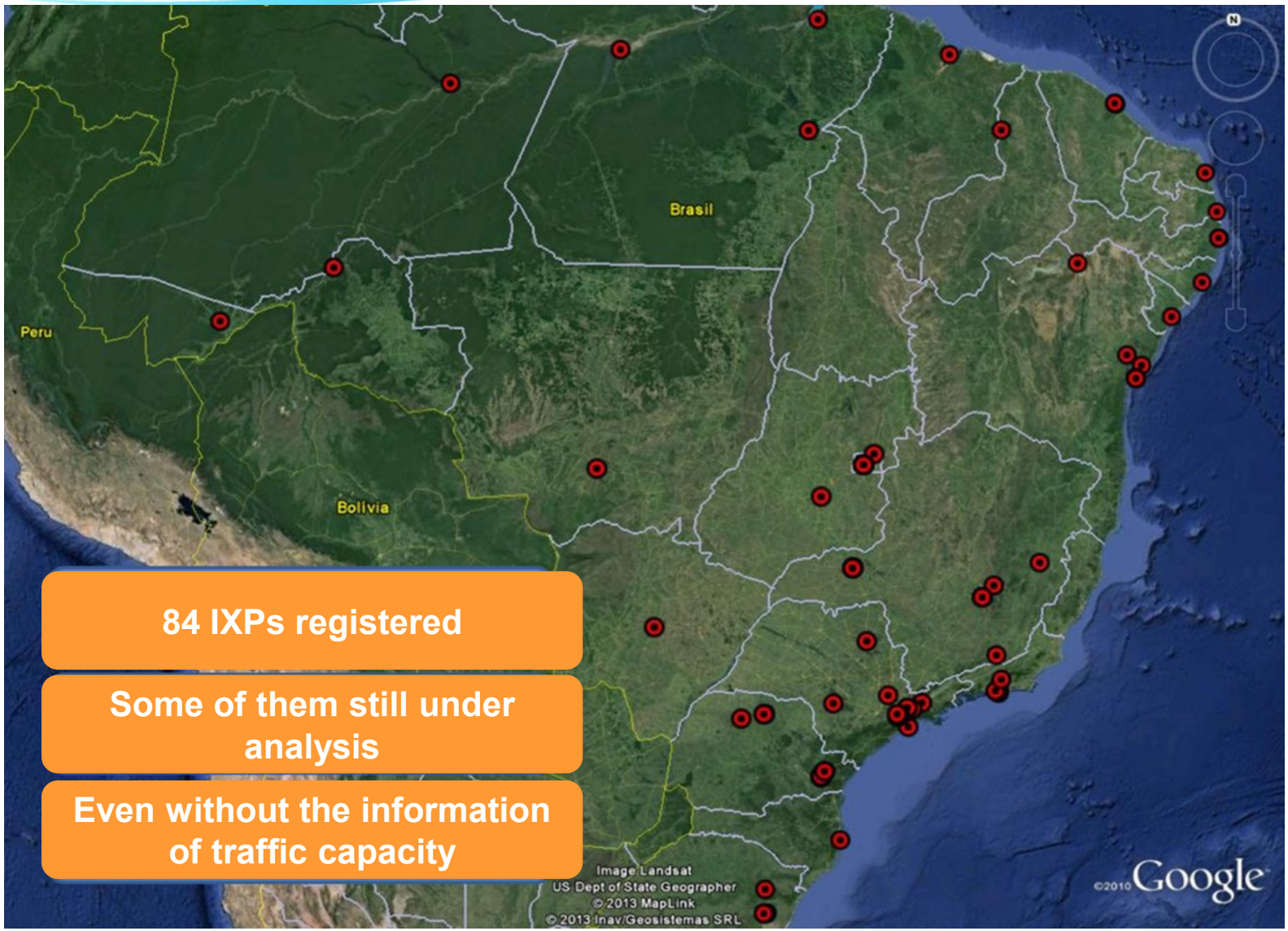


* Under analysis.

Switching Centers



IXPs


Brasil
Peru
Bolivia
84 IXPs registered
Some of them still under analysis
Even without the information of traffic capacity
Image Landsat
US Dept of State Geographer
© 2013 MapLink
© 2013 Inav/Geosistemas SRL
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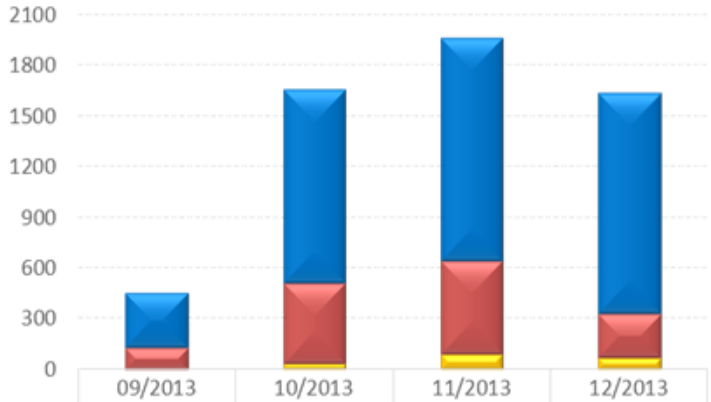
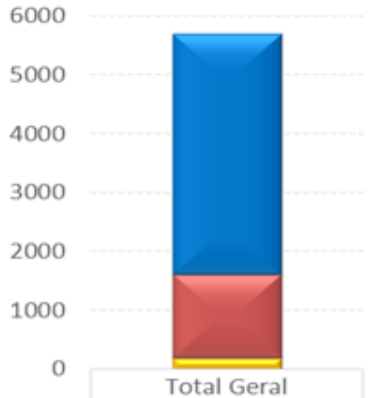
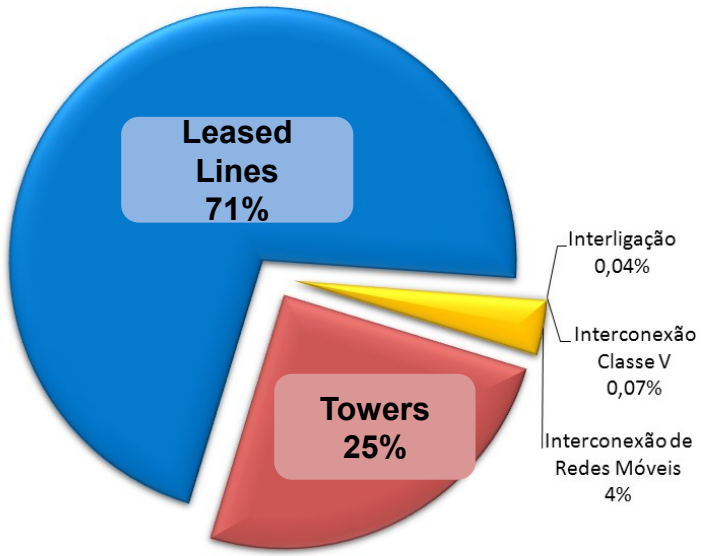
REQUESTS MADE



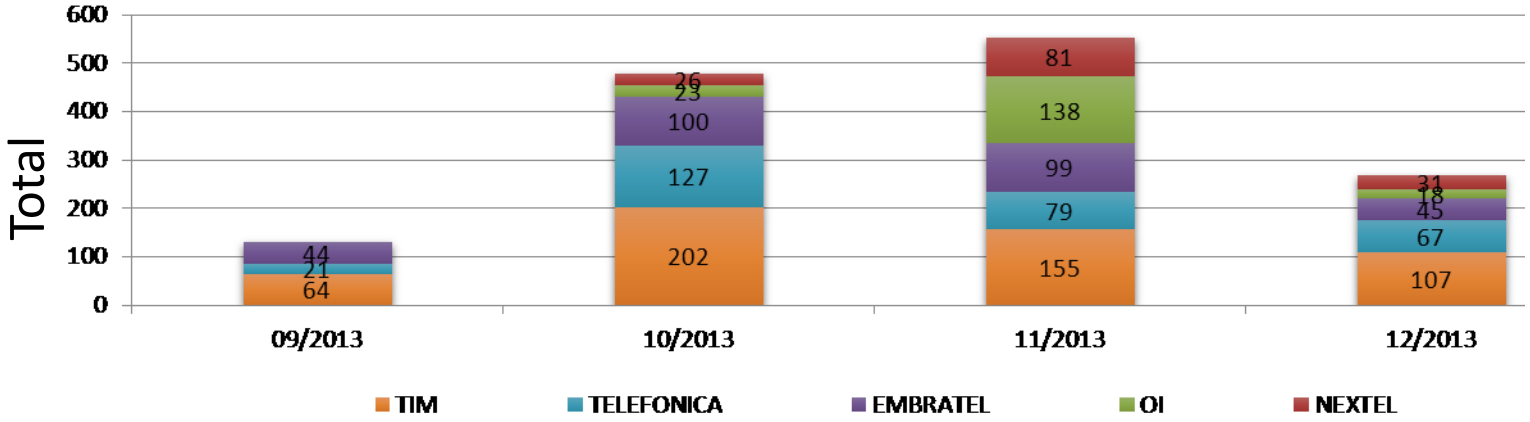
	09/2013	10/2013	11/2013	12/2013
Leased Lines	320	1142	1314	1301
Towers	129	478	552	268
Mobile Interconnections	6	32	93	68
Peering		3	1	
IP Transit	1	1		

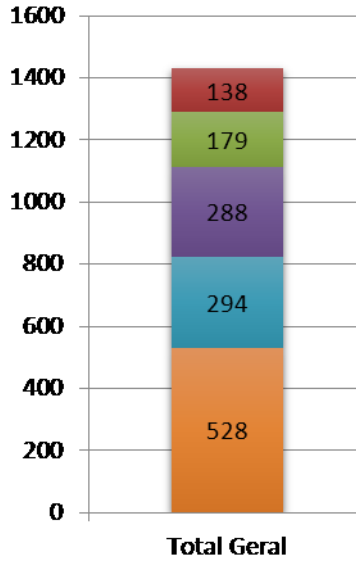


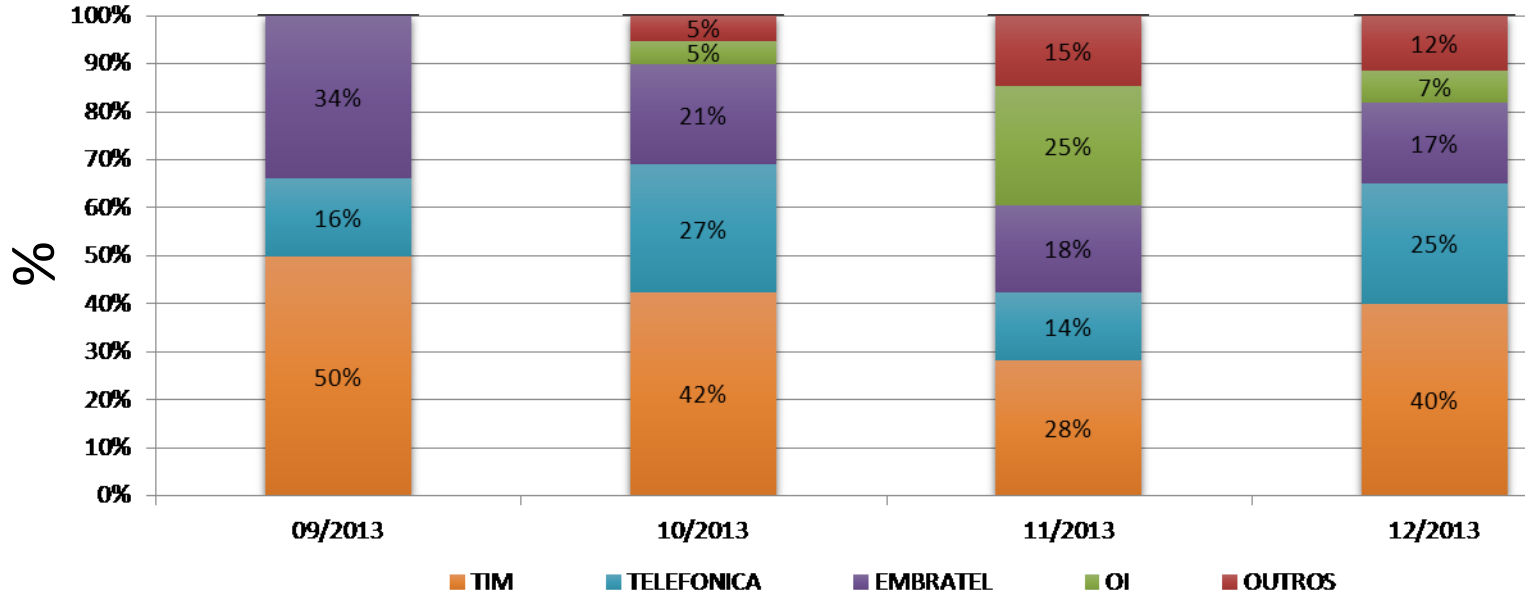
	Total Geral
Leased Lines	4077
Towers	1427
Mobile Interconnections	199
Peering	4
IP Transit	2

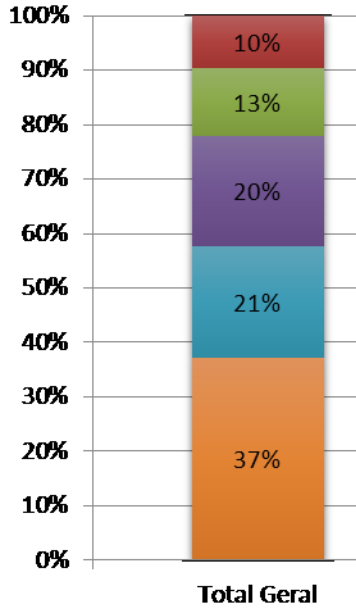


MAIN CONTRACTORS - TOWERS

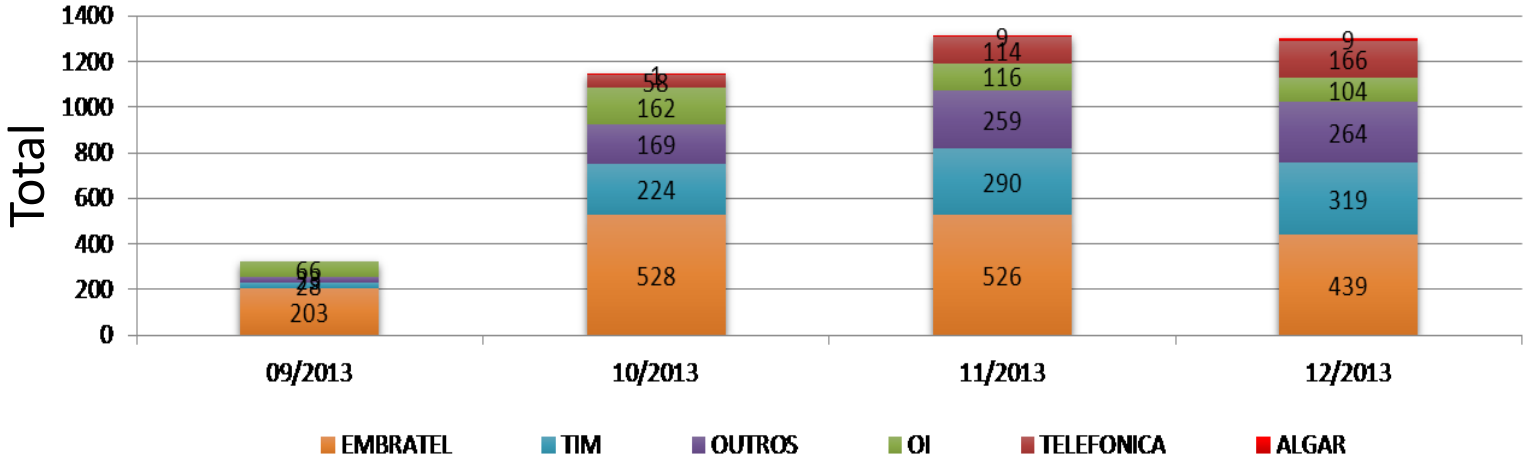


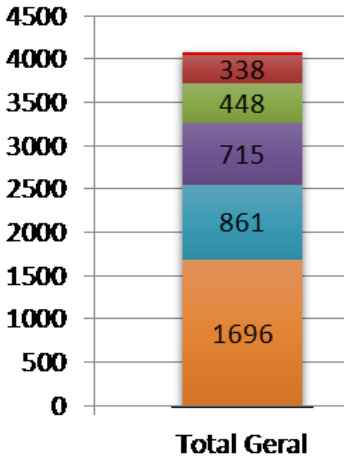


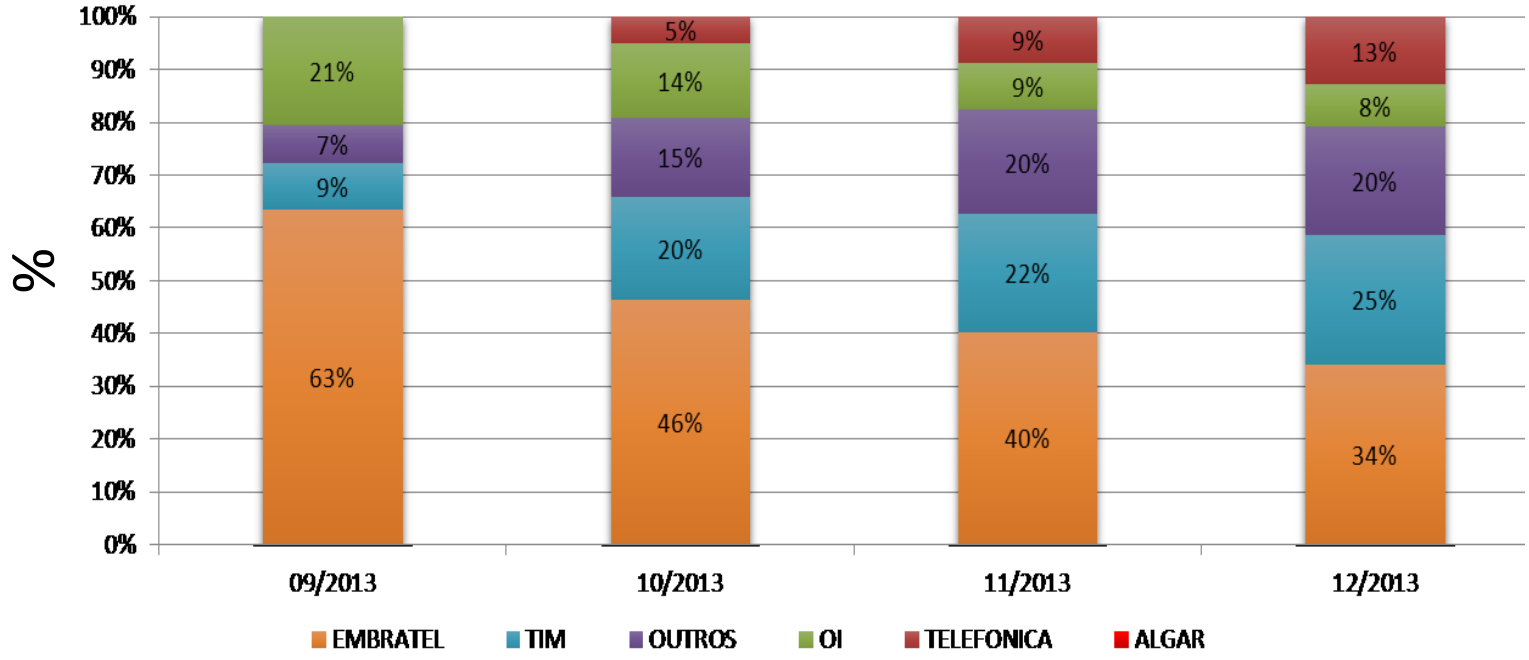


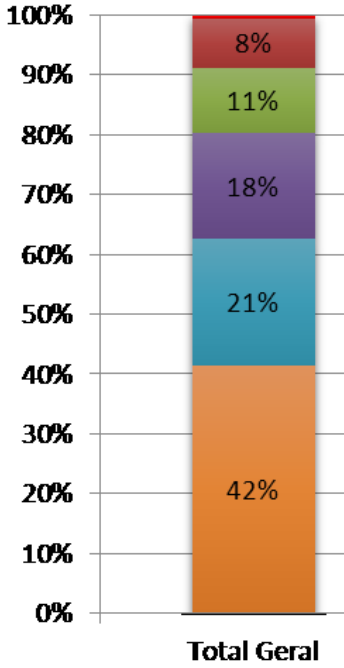


MAIN CONTRACTORS – LEASED LINES

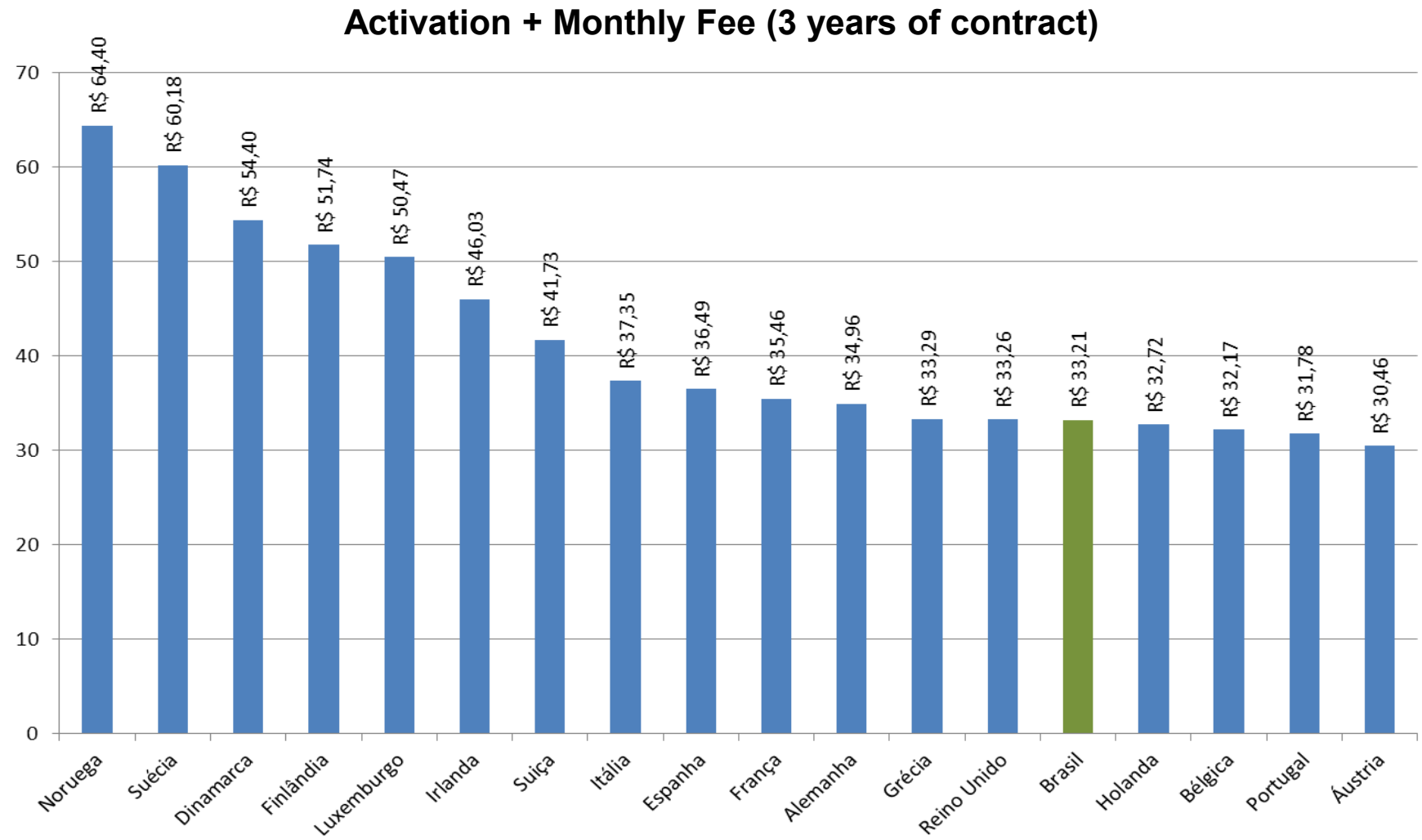




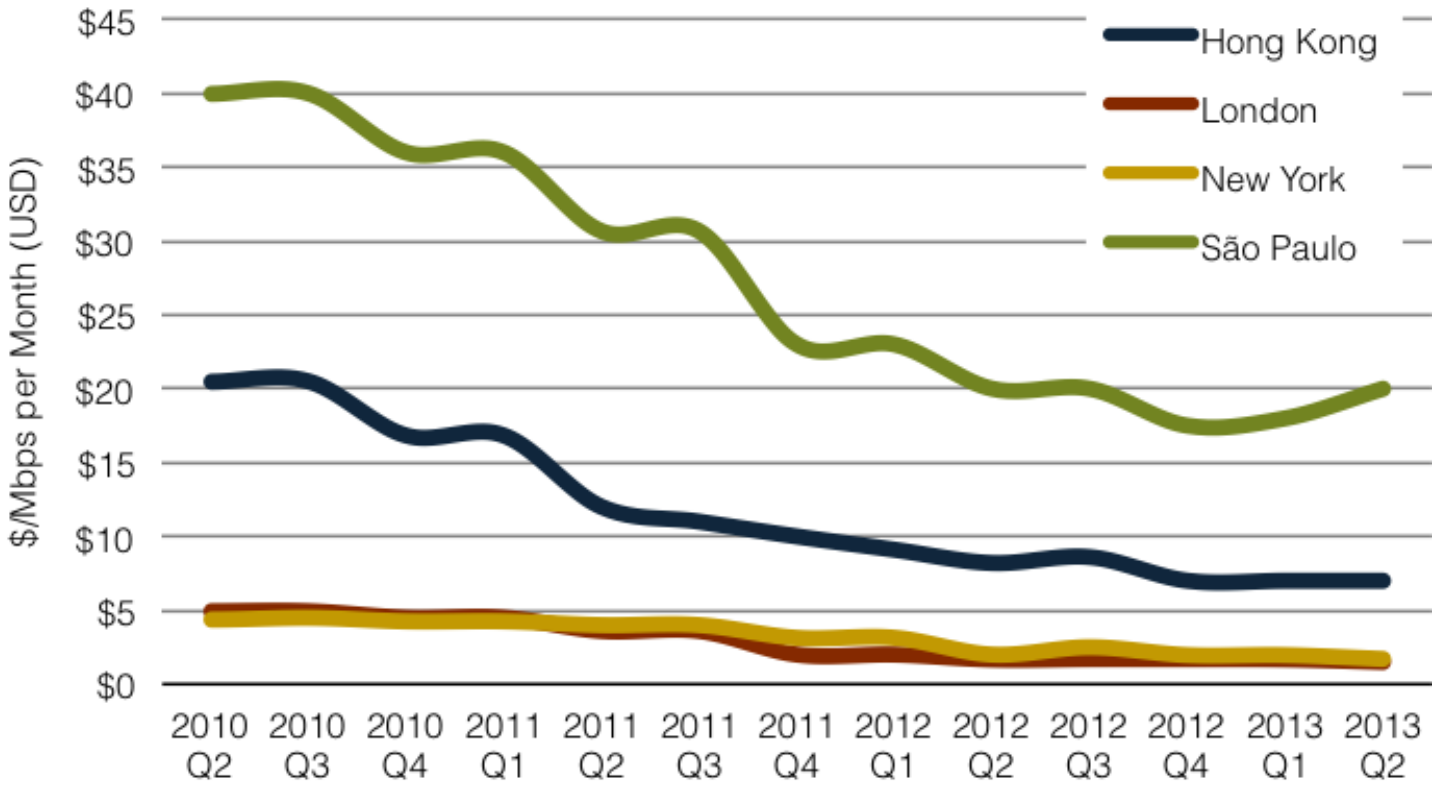




PRICES OF FULL UNBUNDLING

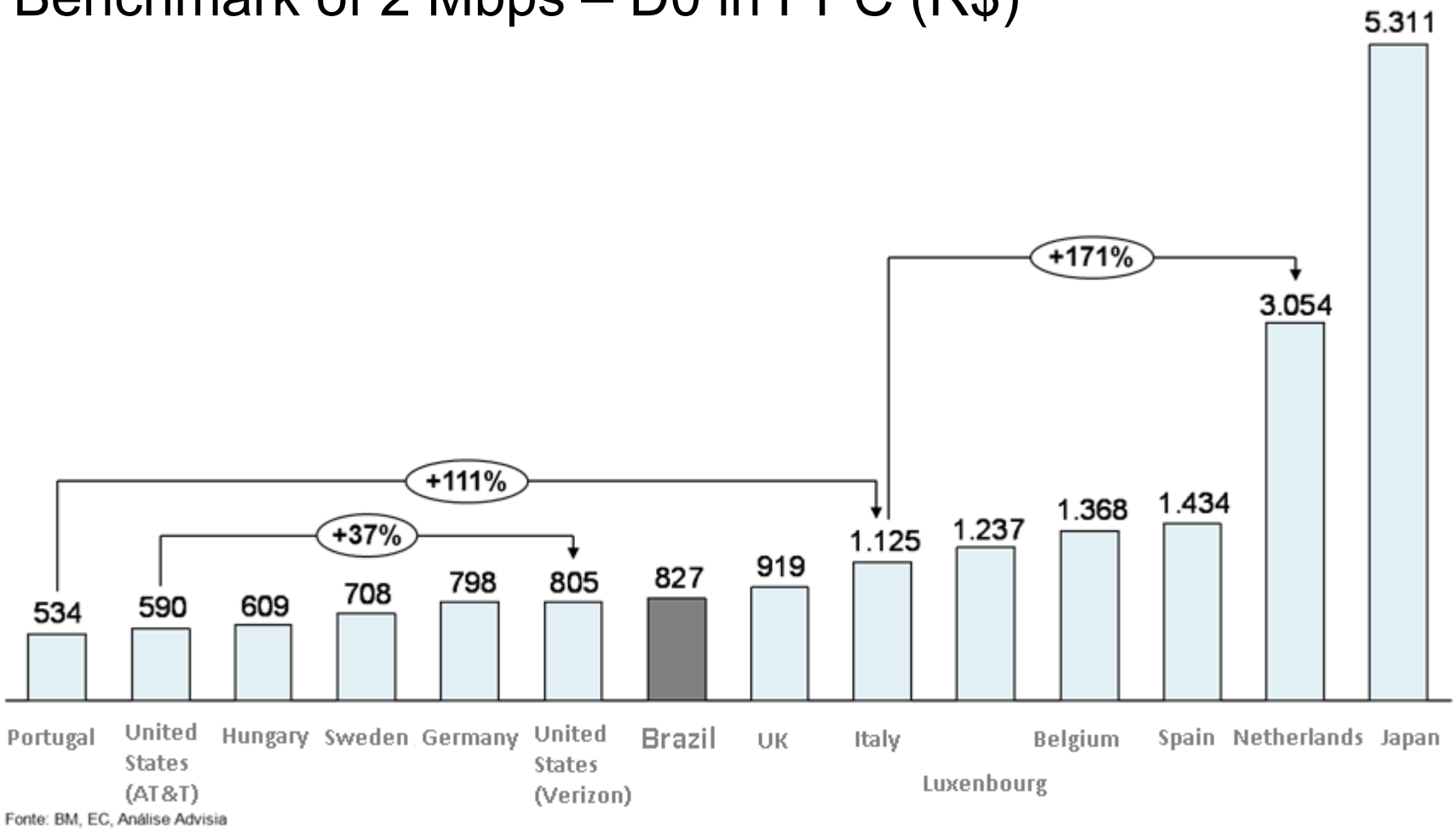


PRICES OF IP TRANSIT



PRICES OF LEASED LINES

Benchmark of 2 Mbps – D0 in PPC (R$)



Fonte: BM, EC, Análise Advisia

NEXT STEPS

- [x] Include the power poles
- [x] Phases 2 and 3
- [x] Improve the Report Module
- [x] Finish the Replicability Regulation

Thank you!

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FIFA WORLD CUP Brasil

See you in Brazil!!