



InsightVAS submits its recommendations on VAS Licensing issue to TRAI

The Telecom Regulatory Authority of India (TRAI) on July 21st issued 'White Papers' on 'Licensing issues of Mobile Value Added Services (VAS)' on which it invited feedbacks from the stakeholders, content aggregators, VAS developers and Telecom operators.

InsightVAS decides to submit its answers to TRAI Chairman on the same issue, which we have gathered from different industry players. This document is the consolidated response which insightVAS managed to gather from the stakeholders inside Telecom and VAS fraternity. Please have a look:

TRAI: Whether the current provisions under various licences (UASL, CMTS, Basic and ISP) are adequate to grow the MVAS market to the desired level? If not, what are the additional provisions that need to be addressed under the current licencing framework?

Response: Considering the fact that the various licensing provisions (UASL, CMTS, Basic & ISP) were drafted during the early stages of the telecom industry's growth in the country or atleast during the course therein since the last decade & that the industry has seen myriad changes both from the technology perspective & the very understanding of VAS since inception, it may be very well understood that the current regime does not cover or rather does not provide for any major provisions for inclusion of the growing VAS industry within its ambit.

The definition of VAS has changed considerably & today has even re-defined the very outreach or boundaries of what mobile technology can achieve for the common man. Considering its far reaching impact & the growth that is being witnessed or projected for the industry in the coming years, we believe there is a serious need for reviewing the overall regulatory structure required for the VAS industry. There has to be some strong regulation combined with sufficient freedom to propel innovation so as to provide a fair playing field & serious participation within the VAS industry & specific levers for the same have been suggested in the paper attached herewith.

The primary founding structures (entities) of the VAS industry are,

- i. Telecom operators/service providers (already regulated/licensed)
- ii. Value added service – Technology enablers/aggregators (Not regulated/licensed)
- iii. Application developers/Content aggregators (Not regulated/licensed)
- iv. Content providers/owners (do not specifically belong to the telecom space)

The above mentioned stakeholders in the eco-system need to be understood well to evaluate the need/means for licensing of the VAS industry

TRAI: Is there a need to bring the Value Added Service Providers (VASPs) providing Mobile Value Added Services under the licensing regime?

Response: We truly appreciate the intent expressed & the effort by TRAI in proactively reviewing the nature & need of a strong regulatory mechanism to govern the VAS industry. While the need to bring in VAS under a licensing regime can be discussed & deliberated further, what would be more pertinent for the benefit of all concerned stakeholders is the 'true meaning & implications of bringing VAS under a licensing regime'. We believe

that once a broad consensus can be built based on a clear understanding of the implications of licensing, the decision can be reviewed comprehensively for further approval & implementation. Beyond a licensing system of control on the industry, strong regulation & guidance is definitely required for a fair & transparent business environment for the industry.

- i. As indicated above, the VAS operating eco-system is built on two very important pillars – technology/platform providers or aggregators & market available for the ‘application developers/VAS content aggregators’ who serve the needs of the end consumers (apart from content owners/providers & the telecom operators who are not being discussed specifically under the licensing ambit).
- ii. Considering the fact that the technology/platform providers are integrated with the telecom networks & provide for an infrastructure that serves as part of the core network, it may well be appreciated that this is the point of interface that needs sufficient recognition & support owing to the investment being made & the risk that they own up. Also, this would ensure keep out the potential fly by night providers who aim to jump the bandwagon & benefit from the eco-system by connecting to the network/exploiting the access to the subscriber data/prepaid charging systems for a short period of time with some spurious/unwanted services/features.
- iii. Owing to the fact that Application development today is a function of the platforms being provided/channels to provide services upon & that this is more of a commodity (low investment) function of the VAS eco-system providing opportunity & also fueling sufficient innovation in the market (small time application developers), the prospect/function of Application development/Application developers can be kept out of the licensing system. Lest it would stifle innovation from the application development perspective since it involves ideation & conceptualizing services for the end user & will involve individual/small non major commercial entity who if bought under licensing will not be able to comply with the requirements for licensing.

TRAI: If yes, do you agree that it should be in the category of the Unified Licence as recommended by this Authority in May 2010? In case of disagreement, please indicate the type of licence alongwith the rationale thereof.

Response: The need & implications of the licensing system should be further elaborated & deliberated for relevance & furthering its importance for the VAS industry. Only post a qualified consensus on the subject matter can there be a discussion or decision on the category/type of licensing should the industry be brought/operate under. However, the above mentioned points clarify our stand on the licensing prospect & further are elaborated as part of the paper enclosed herewith.

The Unified license as recommended by the Authority in May 2010 covers the holistic view of the various services, however for the VAS industry which has carved a niche position for itself is a sudden evolving with amalgamation from both the technology provider/platform provider on which the applications and contents resides. The VAS industry as on whole is far more dynamic in nature with new innovations happening all over. It is about Ideas within Ideas. There are no standards which prevail in terms of the technology or the applications and contents which are served on it. Unlike Internet where the system is widely open and is accessible with majority of control lies in the hands of the developers with respect to the platform they want to use to serve the visitors,



here in VAS it is highly regulated by the principles and guidelines setup by the Telecom Operators, with no control of any third party what so ever it is.

The VAS ecosystem as mentioned above is a mix of stake holders, where investment in terms of technology/application is borne by all parties except the telecom companies. The License issued to telecom companies are to serve the customers in the respected area, however on comparing it with license issued to ISP, the nature of control that each has on the ecosystem is entirely different. The VAS ecosystem is filled in with numerous small players, where some may be very small who would like to en-cash the ecosystem. However for the fruitful and meaningful growth of this exploding sector it is important that all possible measures are taken to ensure that who manages what and how much is that player responsible for services offered by them to end customers – telecom subscribers.

So in order to ensure that the interest of the Telecom Subscribers are fully entertained with powers still resides in their hand, it is important to ensure that not only the telecom service providers, but also the player who is part of the ecosystem are well governed by the laws well defined/identified and regulated by the regulator. Therefore we would suggest a much more enhanced region should be proposed keeping in the interest of the subscribers and growth of the customers.

TRAI: How do we ensure that the VAS providers get the due revenue share from the Telecom Service providers, so that the development of VAS takes place to its full potential? Is there a need to regulate revenue sharing model or should it be left to commercial negotiations between VAS providers and telecom service providers?

Response: We certainly believe that for the VAS industry to grow there has to be an equitable & fair environment for all concerned stakeholders to exist & operate within.

Ensuring a fair & level playing field for all stakeholders in the eco-system is imperative to encourage growth & innovation. Ensure a base/floor price (revenue share) standard to be followed for all participating stakeholders in the eco-system.

1. **Revenue share – Inequity resolution:** We believe that an equitable eco-system is a must for continued growth of the VAS Industry, and further that revenue shares and timely payments are key to building a sustainable VAS eco-system that is fair to all players.
 - There has to be a certain level of regulation in terms of the revenue sharing fundamentals working between the three parties involved in the service provisioning process (i.e. Telecom service providers/operators, Technology platform providers/VAS providers and content owners/providers) which definitely have to be on the basis of the value of contribution/responsibility towards the whole process. We believe that equitable revenue shares should be fairly regulated and marked to prescribed ranges,
 - Telecom service provider/operator is the last mile owner/provider of the service and is the face of the service to the subscriber – manages the pipe, network, connectivity to VAS elements, delivering the services to the subscriber and most importantly branding/promoting the services

- VAS technology partner/technology aggregators create the platform, aggregate various elements/technologies host the infrastructure required and manages the connectivity to the operator network and helps the operator promote the services to the subscribers. Have to Invest extensively in activities that bolster innovation and relevant research and development efforts to bring the best of services across the spectrum for the benefit of subscribers.
 - Application developers/content aggregators build & develop applications required as per the needs of the end consumer apart from aggregating the required content from CPs, packaging the content & hosting it on the VAS technology platform which is either a function of the same entity or independent technology aggregators working on the operator networks.
(Today while the independent application development function is growing with the availability of eco-systems created by handset manufacturers – Application stores like iStore, Android etc., there has been a considerable overlap between the functions of technology aggregation & application development in the country today. Most technology aggregators/platform providers also created applications/aggregated content & provided an end to end managed service solution to operators.)
 - Content providers, own the content rights and distribute the content to various channels which include mobile VAS channels as well thus claiming royalty charges for the use of content by subscribers. Content packaging and distribution activities occupy majority of the CPs operational bandwidth irrespective of operator/platforms with almost nil/very little operational changes.
- The revenue share distribution should be purely based on volume slabs. (Larger the operator/service platform being managed – higher should be the service management cost/revenue share)
 - Content owners/providers (same cost irrespective of operator size – since content management costs are the same irrespective of the operator size) while the actual cost incurred in managing services (by platform providers) for large operators is higher as compared to smaller operators. Revenue share to Content partners and platform providers should be in relevance to the operator being serviced.
 - Independent application development charges/revenue share should be a function evaluated based on the innovation, creativity, market potential of the applications with a minimum floor price (revenue share) set so as to ensure avoid exploitation of the small time application developer at the hands of larger entities in the eco-system
 - The Indian VAS platform providers/companies should be protected from large scale platform dumping (as part of the network deals with operators) and concurrent predatory pricing hosted by some of the network players.

Prescribed revenue share pie

- *On Deck Services*¹, with content: Operator = 50%, content provider = 20%, platform/MS = 20%, Application developer = 10%
- *On Deck Services, UGC or no content*: Operator = 60%, platform/MS and UGC screener = 25%, Application developer = 15%
- *Off Deck Services*²: Operator = 35%, platform/MS = 30%, Content provider+ Application developer = 35%

TRAI/regulatory authority should take some stringent steps towards regulating and ensuring an equitable/fair distribution of revenues and avoid misuse of dominant position in forcing unfair revenue sharing practices in the industry

TRAI:- At the same time, how do we also ensure that the revenue share is a function of the innovation and utility involved in the concerned VAS? Should the revenue share be different for different categories of MVAS?

Response:

- i. While we do understand that there is a major disparity in terms of the revenue share split between the various stakeholders in the eco-system which needs to be addressed, we also have to deal with the fact that innovation & true utility cannot be nurtured without or in the absence of an equitable environment.
- ii. A very fair overall business environment is imperative to encourage & incentivize players investing & coming up with innovation & utility based services in this space.
- iii. Else, with the existing environment, under a tightening noose of de-growing revenue share commercials, we do not believe true & sustained innovation/efforts can be nurtured in the space. What would motivate any innovative service provider/application developer to want to enter this space with the existing (& de-growing) commercial (revenue share) structure?
- iv. Innovation in the current scenario will primarily focus on reducing costs of service provision & improving margins rather than on innovation focusing upon customer needs & requirements.
- v. Hence the whole eco-system has to be understood well to be able to influence its path in the positive direction for all concerned stakeholders.
- vi. Yes, the revenue share commercials will vary based on the kind of services being provided – IPR content based services, user generated content based services, utility services etc. shall all be under our opinion governed under varying commercial models.
- vii. What is important is to perhaps set a floor price for the revenue share commercials to be shared between various stakeholders of the eco-system (for various category of services as may be accordingly decided by the authority) over & above which the service capability, uniqueness,

¹*On Deck Services* mean and refer to Services which are placed on the Operator's Deck (platform/service UI-network, IVR, SMS, WAP etc.) and are owned/branded/promoted by the Operator, primarily known as Operator branded VAS. These Services include high visibility and network based services like RBT, Single IVR, MCA/MCI, WAP offerings etc.

²*Off Deck Services* mean and refer to Services which are hosted, managed and promoted by VAS Providers/Media Houses. Such Services are not covered under the operator branded services. The services only use the operator pipe/platform to reach out to the operator's subscriber base. Eg. Media branded contests (PAN operator), Non operator VAS portals offering RT downloads, etc.

innovation & other commercial/business related factors shall come into play between the negotiating stakeholders.

- viii. While the platform service providers/technology aggregators could be governed by revenue share/commercial benefit based on standard capability/technical superiority, any innovation in terms of the features/capabilities over & above the standard platform capabilities can be negotiated for a higher share of revenues based on mutual discussions with the telecom service providers.
- ix. Application development is a function where there is a scope of significant amount of innovation & creativity considering the fact that it is a user interface function of VAS. This is the space where there is bound to be considerable participation from not just established VAS players, but also small time application developers from the market who if provided with the right development framework could bring out the best of applications for the end consumer. Revenue share for application developers should be a function of innovation, potential business opportunity, reach, reuse etc. with a base/floor price set across channels to benefit the function & people intending to enter the space.

TRAI: Do you agree that the differences come up between the MIS figures of the operator and VAS provider? If yes, what measures are required to ensure reconciliation in MIS in a transparent manner?

Response: We do agree that there have been differences between the MIS figures of the operator & VAS provider due to various issues related to the network level reconciliation processes involved.

The MIS reconciliation process should ensure a floor deviation rate of 3% above which further efforts have to be ensured to re-reconcile & identify the reasons for deviation/process for resolution of the concern. Payments and revenue share settlement mechanisms vary vastly and are far too delayed in most cases. Even though 90% of VAS revenues are earned in advance from end users as most of them is prepaid, VAS companies are not paid for more than 60-100 days following the end of the month resulting in these VAS companies having to suffer large working capital penalties. **It is imperative to mention here that the MIS variation is mainly the issue because there are no set guidelines prescribed. A case needs to be highlighted when it is the case of revenue recon for the prepaid and postpaid subscribers there remains almost no difference or even if that happens the revenue figured are quickly cross checked and the case is resolved, however when it comes to the revenue share to be paid, the delay can last as long as 2 years to settle the differences.**

Recommendation to Operator payment timeliness

- a) 80% to be paid within 30 days of end of month (with or without reconciliation)
- b) Balance to be paid post reconciliation, no later than 60 days from end of month

Innovation can be fuelled only with the right and focused/phased investment of resources at the application provider/platform provider end in the industry combined with the right intent. Regulated cash flow without the conventional operational/collection hassles can help the partners focus on improving service quality and innovation efforts.

TRAI: Does existing framework for allocation of short codes for accessing MVAS require any modifications? Should short codes be allocated to telecom service providers and VAS providers independently? Will it be desirable to allot the short code centrally which is uniform across operators? If yes, suggest the changes required along with justification.

Response: It is said that a VAS application developer/service provider has to cross the 7 seas to be able to eventually provide/extend a service to the end user of a telecom network. The issues concerning the eco-system are primarily to do with the fact that there is no common access point (single window) with the operator network so as to help launch services across channels & being provided with common (cross operator) short codes for launching such services on. There will be some serious modifications required with regards to the process for providing & managing the cross operator VAS short code allocation, application hosting & service provisioning/charging process. Today there is no common process - single window for the common application developer/VAS player to host services across operators. While an independent operator level agreement is mandatory & relevant, the operational processes have to be simplified to bring in further innovation & access to the end consumer. Several cases of best practices being followed across various geographies around the world are a good starting point to evaluate & emulate them within the Indian VAS scenario (single window-3rd party management of short code allocation & provisioning).

TRAI: Should there be a fee to be paid for allotment of short code?

Response: Yes, could be considered in a relevant & appropriate manner. The short code allocation should be managed by a third party independent entity, which ensures make it a simpler & more reliable process for application developers & VAS players for hosting & launching applications/services on the telecom network (across operators).

TRAI: Is there a need to provide open access to subscribers for MVAS of their choice? If yes, then do you agree with the approach provided in para 2.46 to provide open access? What other measures need to be taken to promote open access for MVAS? Suggest a suitable framework with justifications?

Response: Yes, open access to MVAS is a very encouraging aspect & we believe it will provide for a considerably effective & transparent eco-system for provision of VAS to the end consumer. A detailed discussion on the framework has to be ensued between all concerned stakeholders so as to arrive at a consensus on the way forward.

TRAI: What measures are required to boost the growth of utility MVAS like m-commerce, m-health, m education & m-governance etc. in India? Should the tariff for utility services provided by government agencies through MVAS platform be regulated?

Response: Today, the primary concern for the MVAS industry is the lack of an effective & strong eco-system to develop, host & manage services across verticals on the telecom network. A proper & effective eco-system, short code allocation process, billing/network integration process, fair & equitable revenue share/commercial structure are primary requirements imperative for the growth of MVAS. While a floor/ceiling tariff can be debated & mutually agreed upon, a stringent regulation/control on the VAS tariff for MVAS-Government services may not really make way for free innovation & growth.

In our opinion, other aspects requiring the support & regulation from the regulatory authority so as to improve the function & boost growth for the VAS industry are as follows,

1. Content licensing and regulation

- a) Music, text, audio and video content from Bollywood and regional film industries, music labels in Bollywood and regional centers all over India and content for other large VAS services like cricket must be (always) available on reasonable commercial terms to all 700 million mobile subscribers in India through various channels, aggregators, telecom operator and technology platform providers. There should be no cases of content denial, which is illegal per Indian law and subject to compulsory licensing per the (Indian) Copyright Act. The Supreme Court has also ruled in certain matters concerning FM Radio station that content denial is illegal and permitted compulsory licensing of content. Similar guidelines should be made applicable for Mobile content disseminators also.
- b) Clear guidelines need to be drafted and communicated so as to govern/maintain the systems operational and commercial etiquette in a fair and transparent manner. VAS platform providers/content aggregators cannot be held hostage by concentrated market power content licensors. Furthermore exclusive content aggregators (such as some content aggregators who acquire exclusive distribution rights to various events) should not be able to dictate terms to distributors and thereby demand unrealistic and unreasonable amounts for grant of further distribution rights. Mobile distribution rights must be regulated and pricing must be controlled as end users will be ultimate affected parties.

2. Tax holiday request: The Indian VAS industry, being a sunrise industry, as already mentioned, will definitely get a huge fillip if it is supported in the manner that the Government supported IT Companies some years back, by providing VAS Companies a 10-year tax waiver, in order to facilitate them to build a global business. Such sops helped build companies like Infosys, Wipro, TCS and others to become large global players. We submit that the VAS industry must now be allowed similar concessions and support by the government, which must be recommended and supported by TRAI, in order to make it happen. There should be a serious consideration towards providing operators/platform providers relief from atleast the long discussed WPC-DoT fee of 15% for a tax holiday for atleast 10 years, in order to provide some support to the VAS industry which we believe is still in its stages of infancy and has a great potential in the forthcoming years within the telecom sector. Smaller application developers/VAS providers are burdened extensively by the minimal payout shares being forced on them citing the taxes being imposed on the last mile operations. Innovation is seriously impacted due to such restrictions and not encouraging true developers from committing efforts towards this industry. VAS Providers should be provided the benefit of a complete tax exemption on their Indian profits for a period of 10 years in the same lines as telecom operators (VAS is not as a part of telecom services definition in Income Tax Act as they are not regulated / licensed by TRAI).

3. Safer harbor Act-Indian version: The new draft rules under section 79 of the Information Technology Act allow for some protection to “Intermediaries” by recommending due diligence on part of the Intermediaries before providing content. However, according to the Indian laws, an Intermediary should not store or alter any content. We submit that in US intermediaries like YouTube, Facebook and many others who provide online platforms to users do store content and are in a position to alter or modify them. They are still given the protection of Intermediaries, as they are not the generators of the content, nor are they the ultimate users of the content. We propose that the definition of Intermediary under Indian laws must be widened to



allow for all platform providers on all media to be protected as intermediaries instead of being held liable for content provided by third parties and/or users.

4. Multi-channel access: Service integration to operator network - Have Easy ways of getting short-codes, with established rate cards on voice, SMS, USSD etc. A clear and established process of obtaining the short codes for various channels as per standards should be provided for and adhered to so as to allow for easy roll out of services.

5. User service migration: When consumers move from one operator to another due to MNP, user's info such as RBT, phone book etc may be migrated.

6. Telemarketing

- a. VAS technology providers should if they already register with a central regulatory body, not have to register with any other body under the 'Telemarketer' requirements
- b. VAS providers should be governed independently from the standard 'Telemarketers' definition as per the regulatory directive on consumer preference

7. Improve on transparency associated with acquisition channels and usage/Billing – Encourage and focus on developing utility based services/platforms (pull based systems)

- a. Bring in a single – centralized – deactivation request/complaint management platform (cross operator common access code) to be managed under the aegis
- b. Draft stringent guidelines to protect consumer rights and ensure transparency and fairness in/around usage/billing processes for VAS
- c. Emphasize the need for developing user friendly service acquisition processes/channels and educating the subscribers of the same through various means
- d. Emphasize the need and wherever relevant provide support to invest and develop utility based services that help address the users daily needs. This helps improve acquisition (pull based), utilization and stickiness for services, thus also improving on the quality of revenues and profits generated by the industry.

This can be done by encouraging VAS providers/application developers working in the fields of 'M-governance, M-Commerce, M-Education and other utility/rural initiatives/related services' with research funding (USO fund support) or subsidy on infrastructure investment for deploying such services or even a reduction on taxes/tax benefits for R&D initiatives on VAS.



Queries/Questions Addressed

- i. *Proposed regulatory structure – levers for the Telecom Value added services Industry*
- ii. *Thoughts on how the VAS industry should be regulated? (What aspects of VAS, audit/arbitration, floor price on revenue share-guidelines etc.)*

- iii. *Views on why the VAS industry needs regulation?*
- iv. *Examples from the International market on the 'Specific regulation and efforts directing the Telecom VAS industry (Studies from the International market addressing various aspects of VAS regulation, i.e. Eco-system Commercials, fair play market guidelines, Content related, connectivity and TSP support etc.)*

Proposed Regulatory structure – Levers for the telecom Value added services industry (Restricted to the function of Technology aggregation only & not to application development)

Standard Regulatory economic levers

- i. **Industry structure:** Number of players, phasing/speed of new player introduction to market, licensing etc.
- ii. **Pricing structure:** Price caps, tariff balancing, de-averaging (price customization)
- iii. **Network connectivity/support terms:** Network connectivity terms/conditions, process, co-location etc.
- iv. **Equal access policies:** Length & ease of numbering, subscription mechanism, services under number portability etc.
- v. **Deficit subsidization & service pricing structure:** Access deficit compensation & pricing parameters, service obligation aspects etc.

Our view on how the VAS industry should be regulated? (What aspects of VAS, audit/arbitration, floor price on revenue share-guidelines etc.)

Aspects (standard industry apprehensions – discussed in detail towards the end of this paper) of VAS to be regulated, using the proposed (one or a combination) levers

- Lack of regulation
- Lack of industry focus
- Revenue share – Inequity in distribution
- Revenue share – Settlement issues/delays
- Content sourcing/provision for the VAS industry
- Benefits provided by the Government to VAS companies

Our views on why the VAS industry needs regulation?

- i. **VAS being an important element of the Telecom network:** VAS being an important and a very crucial aspect of the Telecom services industry makes a significant impact on not just the revenues and margins of operation of service providers but also has a strong influence on the customer preferences, experience and service satisfaction standards. So lack of regulation or control on this important vertical of the telecom network, i.e. VAS is & will have serious implications on the performance, growth & perceptions on the overall telecom industry.
- ii. **Necessary regulatory levers:** Innovation, participation & a healthy growth in the VAS industry can be fueled with the help of well-defined regulatory levers which should be a combination of measures ensuring productive freedom and systemic control through guidelines/measures & regulatory directives. An overall industry wide effort to adhere to the guidelines/regulation should lead to an improved consumer perception on basic telecom services and VAS.
- iii. **VAS infrastructure integrating with core network:** With the advent of 3G technology & the inclusion of 3G VAS infrastructure as part of/connected to the core network, security concerns are expected to surface owing to International players in VAS using the related infrastructure sale/deals as an entry node into the Indian telecom networks, an issue which has to be addressed by the regulatory. Lack of regulation on VAS could be a potential loophole within the system thus opening up an entry into the networks.
- iv. **Investment protection:** In the absence of a defined regulation, the considerable investment that VAS technology/service providers commit upon while integrating & serving the telecom service providers in the country does not have any kind of a protection/support provided by the system, especially considering the predatory price wars that keep ensuing within the telecom space on which the VAS partners have no say or control on & hence get exposed to considerable risk.
- v. **Misuse of current freedom:** In today's telecom industry scenario, owing to a crowded market place, hard core competition pushing tariffs towards the downward spiral, margins taking a serious beating & options like MNP made available to subscribers, we are witnessing serious concerns abound of survival & sustenance efforts fueling business malpractices – like predatory pricing, misuse of dominant position, content hoarding & unfair agreements etc. & all this we believe is happening because of lack of regulation on the VAS industry.
- vi. **Lack of a level playing field & support environment:** This lack of regulation completely restricts growth, innovation & provides no support for the smaller/new players who struggle to exist & sustain in such an environment. Regulation has to ensure & endeavor to create a level playing field for all players.
- vii. The suggestion to regulate & recognize the industry is to ensure bring in the required transparency of operations between the various stakeholders of the industry to avoid any misuse of the opportunity, power & size at any stage.
- viii. **Support upon recognition:** Relevant regulation & recognition of the industry by the Government also should provide significant benefits for the small & growing business concerns in the country by helping them with an appropriate incubation & grooming environment to contribute towards the growth & innovation of VAS & the overall telecom industry on the whole. Also, in spite of the VAS

infrastructure being integrated to & considered as part of the core network today serving the needs of the subscriber under the ambit of telecom services, this part of the network does not receive the relevant benefits extended to the core network infrastructure which we believe is unfair to the vertical which is contributing significantly to the growth of the industry overall.

Examples from the International market on the ‘Specific regulation and efforts directing the Telecom VAS industry’

COUNTRY	VAS REGULATION	NON-VAS REGULATION
<p>UAE</p>	<p>The Regulatory policy, Price control, Version 2.1 lays down laws for the controlling of prices. (This could mean tariffs, charges and fees levied by the licensees)</p> <p>It covers, but is not limited to,</p> <ul style="list-style-type: none"> • Introduction of new services • Changing, amending or restructuring existing services • Promotions • Special offers and rebates • Bundled, packaged or stand-alone services • Bulk, volume or other discounts • Free of charge services • Withdrawal of services <p>It lays down rules for the submission of price control requests, promotions, fast track promotions, public emergency price decrease, notification of price implementation by the licensee etc.</p> <p>It also has a price transparency policy which aims to provide the consumers with accurate price information; it lays down rules for increasing the prices, marketing, advertising, making public statements and so on.</p> <p>Regulatory policy, competition safeguards, version 1.1 lays down laws for Anti-Competitive</p>	

	Agreements or Understandings And Misuse of Market Power	
SOUTH KOREA	<p>The <i>Telecommunications Business Act</i> (TBA) governs operations, regulations, user protection and other related matters in the telecommunications business. It regulates law regarding to value-added telecommunications.</p> <p>The <i>Framework Act on Telecommunications</i> provides the general legal framework for the provision and operation of telecommunications services in Korea.</p>	<p>Article 4 of the TBA divides telecommunication services into three types. They are: facilities based telecommunications business, a specific telecommunications business and a value-added telecommunications business.</p>
MALAYSIA	<p>Malaysian Communications and Multimedia Act 1998 govern telecom VAS.</p> <p>Application Service providers can provide internet services, audio text and messaging services with a class license, and electronic transaction services, web hosting and related services without a license.</p>	<p>Application Service providers can provide voice and data services over the PSTN (Public Switched Telephone Network) such as calling card services, or over cellular mobile networks, and can provide public payphone services with an individual license</p>
CHINA	<p>People's Republic of China Telecommunications law lays down rules regarding the fee, service charges, interconnection and network and information security.</p>	<p>Basic telecommunication services provide public network infrastructure, public data transmission or basic voice communication services as per People's Republic of China Telecommunications law.</p>
Sri Lanka		<p>It regulates among the mobile operators, i.e. the minimum floor pricing regulation of Rs. Two per minute and also set interconnection charges requiring originating networks to pay the terminating operator, ending a 'sender keeps all' regime.</p>
SINGAPORE	<p>The Telecommunications act governs and regulates VAS to the extent of privacy & anti-spamming aspects.</p>	



Note: insightVAS is dedicated towards the benefit of whole telecommunication and VAS industry. It also possesses due concerns of the end subscribers who are the spinal cord of this whole business affair. In these recommendations, we have tried to incorporate concerns of each party involved in this domain and have tried to satisfy them with the best of our capabilities. Thus, the same must not be misconceived with any promotional activity in favor of any of the involved party.