

Exotel's response to Consultation paper on "Voice Mail/Audiotex/Unified Messaging Service" licence – July 2016

Q1. In view of the discussion in Para 2.13, is it necessary to have a separate standalone licence for Voice Mail Service? If so, why? Please provide detailed justification?

It is not necessary to have a separate standalone licence for Voice mail service. We agree with the view the authorities have taken towards Voice Mail service in Para 2.13.

However, this view should not be interpreted to mean that only UL licensees can offer Voicemail services. The authorities should make it clear that any Indian company can offer voicemail services in the future without the need for any licensing, because:

- OTT services already offer voicemail
- Voicemail is neither an access service nor a carriage service and hence does not fall under any provisions of the UL.
- Voicemail is an application service.

Q2. If the answer to the Q1 is in the affirmative, whether the existing technical specifications need to be revised or redefined? What should be the revised technical specifications?

NA

Q3. In view of Para 2.17 and present technological developments, is it necessary to have a separate standalone licence for only Audiotex Service? If so, why? Please provide detailed justification?

In Para 2.17, the paper refers to DoT guidelines dated 16th July 2001, point 25. This point is unrelated to the need for a standalone licence for Audiotex services. The correct interpretation of this point is: Content services companies can expose their content through an IVR to their customers without the need to apply for audiotex license but a firm that offers IVR technology to a content provider, will still need to apply for this license. The analogical equivalent of this may be found in OSP registration. Companies that have an in-house call center supporting their products or services need not register as an "Other service provider". Only such companies that offer outsourced call center services may need to be OSP registered.

Continuing to answer this question without the context of Para 2.17, We believe that there is a need for standalone registration (rather than a licence) for providing any value added service or content/application service or Voice OTT service, including Audiotex Service.

Q4. If the answer to the Q3 is in the affirmative, whether the existing technical specifications need to be revised or redefined? What should be the revised technical specifications?

Our belief is that the technical specifications (of hardware or software) should be modularized and kept away from the licence scope and guidelines. Technology is expected to change at a rate faster than regulations and hence, the specifications must be approached as a list of exclusions (what is not allowed) rather than inclusions (What is allowed). Technical specifications must be drafted on the basis of topics that stand the test of time, such as national security and ecological conservation.

The current TEC standard towards Audiotex is as old as the licence itself. These specifications must be updated in line with the latest technological developments.

Q5. Whether there is a need for standalone licence for providing Audio Conferencing Service? If yes, whether the technical specifications need to be explicitly defined? Please provide detailed justification?

There is a need for standalone registration (rather than a licence) for providing any value added service, content/application service or OTT service, including Audio Conferencing Service.

Every country referred in Annexure - II, "Global Licensing Practices for Audio Conferencing Services" provides for an easy, low cost method of registration or licence through which companies can offer conferencing services. Peculiarly, all countries in Annexure - II also follow a liberal VoIP policy. While there are strong points supporting the cause of liberalizing our restricted VoIP policy (TRAI has released a consultation paper on Internet telephony with the intent of reconsidering the norms around interaction between VoIP and PSTN), those are not towards the purpose of this consultation paper.

There is a need to allow for the proliferation of conferencing services while continuing a check on compliance and national security. The existing license may be converted into a registration titled as "Audiotex/Conferencing Providers" or "Value added service providers" or "Application service providers" and the same may be used towards achieving this goal.

Q6. If the answer to the Q5 is in the affirmative, what should be the technical specifications for providing Audio Conferencing Service?

Please refer to our answer in question 4.

Q7. Is it necessary to have a separate licence for Unified Messaging Service when holding an ISP licence is mandatory to provide the Unified Messaging Service and standalone ISP licensee is also allowed to provide Unified Messaging Service? If so, why? Please provide detailed justification?

It is not necessary to have a separate licence for Unified Messaging Service. Referring to clauses 1.6 and 2.21 and other references of UMS in the consultation paper, it may be interpreted that E-mail service providers in the country are expected to have UMS licence.

However, providers of popular e-mail services such as GMail have not been asked to apply for this licence. Most email providers neither have ISP or UMS licences.

The Govt. has already issued liberal guidelines for the Internet and e-mail is considered a part of this liberal policy. Following this approach, we can conclude that UMS is an application service rather than a carriage or access service and liberalize it by permitting anyone to offer this service without any need for licensing.

There is a need for standalone registration (rather than a licence) for providing any value added service, content/application service or OTT service, including UMS. Registration may be necessary to protect national security and track compliance.

Q8. If the answer to the Q7 is in the affirmative, whether the existing technical specifications need to be revised or redefined? What should be the revised technical specifications?

NA

Q9. In case Voice Mail/Audiotex/Unified Messaging Service requires a licence should they be made a part of the Unified Licence as one of the services requiring authorisation? Please provide detailed justification?

UL licensees are already permitted to offer Audiotex and Conferencing services. So, there is nothing to add to Unified Licence. The question could have been - "Should we allow non UL licensees to offer Value added services?" - Yes, of course.

The Voice Mail/Audiotex/Unified Messaging Service should not be made a part of the Unified Licence. The following is the list of services that are currently offered under the UL regime:

- Access service
- Internet service (ISP)
- NLD
- ILD
- VSAT
- PMRTS
- GMPCS
- INSAT
- IPLC

The above services broadly fall under two categories: Access service (say ISP) or carriage service (Say NLD). Conferencing and Audiotex are neither access services nor carriage services. Conferencing/Audiotex services cannot be offered without the application provider taking its lines from an authorized access service provider. Customers of application services cannot consume these services without a device/phone connected by an authorized TSP.

The authorities might be tempted to include Conferencing/Audiotex services into the UL regime for procedural and administrative simplicity. However, this move will result in double licensing. What Conferencing and Audiotex services are to voice networks is exactly analogical to what Whatsapp is to Data networks. Retrofitting value added application and content services into the UL framework, which was originally authored with carriage/access services in mind, could result in unnecessary side effects detrimental to a thriving telecom market.

In line with our answer for Q5, Audiotex and conferencing are content/application services on top of licensed voice networks and hence there is no need to license it again.

Q10. If the answer to the Q9 is in the affirmative, what should be Service Area? Whether Service Area may be similar to the Service Area of ISP (National Area, Telecom Circle/Metro Area, Secondary Switching Area) to bring in uniformity among the Service Areas of different services? Please provide detailed justification?

Although we disagree with Q9, Service area is a matter of jurisdiction and administrative convenience. Currently, there seems to be one TERM cell per telecom circle area. OSP registration falls under the ambit of local TERM cells, and so Application services registrations may also be looked at similarly.

While telecom circle may seem to be the ideal way to bifurcate and manage OTT/Application providers, it is cumbersome and time consuming. For example, our Audiotex licence took close to a year to get processed. To make it easy for applicants, a central window option may be created to register for all circles with a single application form.

Additionally, any bifurcation creates a barrier to cross for the applicants. For example, in 2010 spectrum auctions, Just five circles accounted for 65.56% of the total bids. With reference to Clause 2.5.3 of the consultation paper, there seems to be no economic reason to create bifurcations for application and content providers. An open, single registration will ensure that innovative services reach citizens in areas such as North East India.

Q11. If Voice Mail/Audiotex/Unified Messaging Services is made a part of the Unified Licence as one of the services requiring authorisation, then what should be the Entry Fee?

We believe that Voice Mail/Audiotex/Unified Messaging/Conferencing services do not require licensing. Consequently, there may be no justification for an entry fee, however small the fee itself may be. The recommendations of the Authority dated 29th December 2000 as mentioned in clause 2.5 of the consultation paper is relevant. Unless the basis has changed, there is no need to revisit any financial terms and conditions. Revenues earned by operators through application Services already count towards the purpose of AGR fee under the Licence granted to them.

The existing application processing fee for Audiotex license is INR 20000 and the PBG is 3 Lakh INR. These amounts may be revised to fully cover for all processing costs incurred by the Government.

Q12. Whether there should be any requirement for Minimum Net worth and Minimum Equity for Voice Mail/Audiotex/Unified Messaging Services authorisation under Unified Licence?

The existing license terms (No entry fee or license Fee) is liberal and inclusive. We find no reason to change existing financial terms and conditions unless the basis of clause 2.5 (in the consultation paper) has changed.

We base our point of view on our observation that Audiotex/Conferencing services are value added application services on top of licensed telecom networks.

Q13. The annual licence fee for all the services under UL as well as for existing UASL/CMTS/Basic Service/NLD/ILD/ISP licensees have been uniformly fixed at 8% of AGR since 1st April 2013. Whether it should be made same for Voice Mail/Audiotex/Unified Messaging Services authorisation under Unified Licence? If not, why?

The existing license terms (No entry fee or license Fee) is liberal and inclusive. We find no reason to change existing financial terms and conditions unless the basis of clause 2.5 (in the consultation paper) has changed.

We base our point of view on our observation that Audiotex/Conferencing services are value added application services on top of licensed telecom networks. AGR based license fee on ASPs amounts to double taxation.

Q14. In case the answer to the Q13 is in the affirmative then what should be the definition of AGR for Voice Mail/Audiotex/Unified Messaging Services authorisation under Unified Licence?

NA

Q15. What should be Performance Bank Guarantee, Financial Bank Guarantee and Application Processing Fee for Voice Mail/Audiotex/Unified Messaging Services authorisation under Unified Licence?

The existing license terms (No entry fee or license Fee) is liberal and inclusive. We find no reason to change existing financial terms and conditions unless the basis of clause 2.5 (in the consultation paper) has changed.

We base our point of view on our observation that Audiotex/Conferencing services are value added application services on top of licensed telecom networks.

Q16. Whether the duration of the licence with Voice Mail/Audiotex/Unified Messaging Services authorisation be made 20 years as in the other licence authorisations under Unified Licence? If not, why?

The duration of the license is a matter of administrative convenience. 10, 15 and 20 years are all sufficiently long periods. The Authorities may choose a time frame that is acceptable and convenient to them.

Q17. What should be the terms and conditions for the migration of the existing Voice Mail/Audiotex/Unified Messaging Services licensees to Unified Licence?

We believe Voice Mail/Audiotex/Unified Messaging should be not migrated to UL.

Q18. Whether the existing Voice Mail/Audiotex/Unified Messaging Services licensees may be allowed to continue or it would be mandatory to migrate to the Voice Mail/Audiotex/Unified Messaging Services authorisation under Unified Licence?

We believe Voice Mail/Audiotex/Unified Messaging should be not migrated to UL.

Q19. What should be the annual licence fee for existing Voice Mail/Audiotex/Unified Messaging Services licensees who do not migrate to the Voice Mail/Audiotex/Unified Messaging Services authorisation under Unified Licence?

We believe Voice Mail/Audiotex/Unified Messaging should be not migrated to UL

Q20. Please give your comments on any related matter, not covered above.

The need to regulate or license content and application services such as Audiotex, UMS, Voicemail or conferencing arises from the unfounded fear that these are access or carriage services. In reality, the opposite is true for the following reasons:

- No application service provider can offer their services without being fully dependant on access and carriage providers.
- Users of these application services consume these services only from a device or a connection provided to them by access providers.
- The connectivity of ASP (application service providers) can only be provided by authorized TSPs.
- Application service providers increase the usage of telecom networks resulting in increased revenues for the TSPs and consequently, the Government.
- There is no impact on national security as all voice calls generated by ASPs are already being and can be monitored by the national security agencies as they happen through the pipes offered by authorized TSPs.

This unfounded fear has also resulted in complicated amendments to the license such as the follows:

- Amendment 22.1: In case the resources are taken by the Voice Mail/Audiotex service licensee from only one service provider the dial out facility will be permissible. However, for UMS licensee the dial out facility shall not be permitted.
- Amendment 30.6: Point to point conferencing and calling card facility shall not be provided by Voice Mail/Audiotex licensees.

Amendments through letter No. 846-38/96-VAS(Vol.II/80 dated 26.08.2004) clearly shows the Govt.'s intent to allow conference calls through this license. The reader is now left to wonder what might be motivations behind these restrictions:

- **Only from one service provider:**
 - Is this to ensure that there is no loss of revenue to the TSP as the application provider may use the pipe with the least cost to dial a participant into the conference call?

There isn't any revenue loss as any pipe used by ASPs is from authorized TSPs anyway. In fact, Applications increase the use of telecom networks. TSP end up making more revenues in ways that they never thought was possible.
 - Does this have something to do with National security?

All underlying pipes are from authorized TSPs and are already being monitored by the Government as appropriate.

Restricting the number of service providers severely impacts Quality of service (QOS) obligations specified under clause 23 of the Audiotex licence. Currently, the "call drop" issue is getting national importance. Most of us have encountered poor call quality or unintended call drops. By restricting ASPs to one TSP, the Govt. has taken away the ability to create redundancies to manage network outages. This results in terrible customer experience.

- **Point to point conferencing and calling card facility shall not be provided:**

The fear that Audiotex licensees may behave like access/carriage service providers becomes clear with this amendment. On the basis of an internet search, there seems to be no definition of "*point to point conferencing*" in any DOT document. Technically, there are several points just in a single call. Even within a conference bridge involving just two persons, there are actually four points involving origination and terminations. Practically, it is impossible to offer a conferencing service where two parties are forced not to talk to each other unless a third party is dialled in. The definitions of conferencing in DOT's documents (say, clause 2.8, 2.16) state "Two or more persons".

Clause 2.5.3 of the consultation paper states "*The economic reason for limiting the number of carriers has been the characteristics of 'natural monopoly' enjoyed by certain telecom carriage services involving a high capital cost for building infrastructure over wide geographical areas and the need to avoid duplication of costly infrastructure and*

also for better utilization of scarce resource such as frequency spectrum, right of the way etc.”

No such constraints must be applicable for any application service provider.

Clause 2.5.4 of the consultation paper states *“The other conditions such as provision of access lines to the public network such as PSTN, PLMN as well as leased lines, the terms and conditions should be identical to those for the Internet”* - This clause is also applicable for voice based application service providers and demarcates them outside the scope of carriage or access service providers.

Clause 2.6.10 states *“New Telecom Policy-1999 (NTP-99) has defined Cellular Mobile Telephone Service Providers, Fixed Service Providers, Cable Service Providers as Access Providers. Voice Mail/Audiotex/Unified Messaging Service can be provided as a Value Added Service by these service providers over their network.”* - The only thing common between these services, and conferencing, is that they are all value added services. Additionally, none of these are carriage or access services.

Clause 2.18 states *“Taking a holistic view of the present licence with all its amendments and guidelines it is apparent that multi-party conferencing is allowed with the prohibition of point to point conferencing and illegal bypass of STD/ISD traffic of licensed access service providers.”*

It is possible to take a larger holistic view: The real holistic view is that companies should not be permitted to offer carriage services on the basis of audiotex license. This goal is achieved with or without restrictions on *point to point conferencing* because: Providers cannot put two parties into conferencing unless the parties already have a legitimate landline or mobile phone, which can be offered only on the basis of other UL licenses. It is impossible to offer carriage services with audiotex licenses.

Indian telecom network has an overall teledensity of 83.36 %. The phenomenal growth in the telecom segment has catapulted India to become the second largest market in the world. However, our spectrum is one of the costliest in the world while the ARPU, one of the lowest. This equation does not augur well for TSPs and their balance sheets reflect their inability to invest in infra. Application service providers help TSPs and the Govt generate more revenue from their networks by increasing capacity utilization on infrastructure already laid. These services provide more reasons for people to call and communicate freely with each other.

Our belief is that the holistic economic benefits from these applications far outweigh short term benefits through license fees. The money accrued through direct and indirect taxes, the savings through e-governance, combined with revenue share on AGR from TSPs must be the primary focus for the government.

Communication is global by nature - Content and applications accessible to Indian citizens may be hosted and transmitted from servers outside the country, thereby reducing our ability to

legislate the framework uniformly. A strict local regulatory framework will inadvertently create a regulatory arbitrage favouring foreign players. Our current regulatory regime squashes local innovation while freely allows foreign services like Whatsapp and Viber to proliferate.

According to an EY research titled - "Global telecommunications study navigating the road to 2020", most telecom CEOs believe that the following regulatory issues will impact the industry the most:

Spectrum auction frameworks

Data privacy and retention

Net neutrality

The CEO's concern is about how these themes impact TSP revenues. Spectrum frameworks increases debt; Privacy laws increase operational and compliance costs; A network free of Constraints (due to Net neutrality) opens up newer revenue opportunities. Importantly, Telecom industry is a major contributor towards Govt. ability to maintain Fiscal deficit at acceptable levels. While all other voice revenues continue to decline, Application service providers are poised well to become the largest contributors of voice revenues.

To conclude, most advanced and thriving telecom markets already have a framework for voice based application service providers. In Singapore, it is called SBO. In Malaysia, it is called ASP. In the UK, they allow Conferencing providers even without a registration. Being the second largest telecom market, India has the obligation to set the tone for future growth and innovation. The time is now.

Our recommendation is to convert the "Voice Mail/Audiotex/Unified Messaging Service" licence into a "Voice based Application Service providers" registration, the scope of which includes the following application and content services:

- Missed call + Call-back/Call Re-origination Services
- Store-and-Retrieve (S&R), Store-and-Forward (S&F) Value-Added Network Services
- Audiotex Services
- Conferencing services
- IVR services
- Any other application service not covered by the above, where the applicant would need to provide service description in submission.

The registration regime may be similar to the SBO (Class) Licence category of Singapore, where interested parties will only be required to register with IDA before providing the stipulated types of services. In fact, in Singapore, one can even submit the registration form and the supporting documents, online through [Online Business Licensing Service](#).

A registration regime is better than licensing for reasons such a follows:

- Interested parties are allowed to start offering the services immediately after the registration without having to wait a licence approval which takes several months to years (In our own case, the license took a little more than a year)
- Clause 2.5.3 of the consultation paper states *“The economic reason for limiting the number of carriers has been the characteristics of ‘natural monopoly’ enjoyed by certain telecom carriage services involving a high capital cost for building infrastructure over wide geographical areas and the need to avoid duplication of costly infrastructure and also for better utilization of scarce resource such as frequency spectrum, right of the way etc.”* No such constraints must be applicable for any application service provider.
- As all application providers depend on resources from providers who are already licensed, licensing ASPs would amount to double licensing.
- ASPs are legitimate large customers of TSPs. Barricading ASPs would amount to making it hard for TSPs to realize revenue from their networks.

Additionally, a registration regime is better than freely allowing anyone to do anything they want for reasons such as the following:

- Our VoIP policy is still restrictive and we do not want companies to inadvertently create an architecture design that bypasses NLD resulting in loss of revenue. A review of the design by the authorities will result in constructive elimination of unwanted designs.
- It allows the authorities to expose themselves to emerging trends and consequently, they can use the opportunity to release amendments so that law keeps pace with innovation and technology (One of the often quoted complaints about our laws).
- While there seems to be no apparent way through which national security may be compromised (as all the underlying pipes are already being tracked), a review through registration gives an additional layer of security.

If the authorities would like it, we could submit a detailed counter comment draft of our proposal on ASP registration with definitions on scope and other terms.

Every country referred in Annexure – II has been providing an easy, low cost method of registration or licence for application service providers for at least a decade. Being the second largest telecom market in the world, India is already late in nurturing applications on voice networks. Given the time and day we live in, we must lead the way and set the tone for other telecom markets to follow and adopt.