

RingCentral's Response to the TRAI Consultation Paper on Ease of Doing Business in the Telecom and Broadcasting Sector (Consultation Paper No.9/2021)

RingCentral India Pvt. Ltd. (**RingCentral**) would like to thank the Telecom Regulatory Authority of India (**TRAI**) for the opportunity to provide comments to Consultation Paper No. 9/2021 on Ease of Doing Business in the Telecom and Broadcasting Sector dated December 8, 2021 (**TRAI Consultation Paper**).

RingCentral is a wholly owned indirect subsidiary of RingCentral Inc., a publicly traded company headquartered in the US, having global presence. RingCentral is an enterprise-only provider of cloud communications solutions, and our core service offerings include messaging, video and phone and contact center platforms. In India, RingCentral has obtained a Unified License (**UL**) on 31 August 2021 with authorisations for Access Services in Karnataka and Mumbai and for NLD and ILD services. We are excited to participate in the Consultation Paper which will have far reaching impact on the growth of Telecommunications and Broadcasting industry and look forward to a long-term relationship with TRAI and the Department of Telecommunications (**DoT**) and in serving customers in India.

At the outset, we welcome the easing up of foreign direct investment (**FDI**) restrictions to permit up to 100% FDI in the telecom sector under automatic route. This move will *inter alia* spur innovation, development of existing infrastructure, generate employment and bring about access to state-of-the-art global technologies in the Indian communications space. At the same time, we believe that access to a strategic sector such as telecom should be provided to players who have showcased the ability to navigate regulatory requirements across jurisdictions and understand and appreciate the Indian regulatory regime and its nuances and can comply with the applicable requirements. In this light, the existing conditionalities associated with obtaining telecom licenses by a foreign player such as minimum net worth and paid-up capital requirements must continue to exist as they serve as necessary safeguards to ensure that capable players enter the Indian telecom sector. As a foreign player who has recently entered the Indian market, we consider these processes to be efficient and effective in maintaining a robust telecom market having players backed by strong industry credentials.

With respect to ongoing compliances prescribed by the DoT/TRAI (as explained in Chapter 6 of the TRAI Consultation Paper), we have a few observations and ideas that TRAI may consider. Additionally, in response to paragraph 6.38 of the TRAI Consultation Paper, we have set out the other issues that require policy or regulatory intervention from the perspective of ease of doing business in the telecom sector. We are accordingly providing our response to the below questions:

Q22: Identify those redundant items which require deletions and at the same time the items that need to be included in the reporting and regulatory compliance systems due to the technological advancements. Suggest such changes with due justifications.

AND

Q24. Are there any other issues in the present system of licenses/ permissions/registrations granted by MIB/DoT/WPC/NOCC/TEC/DOS/ MeitY/MoP that can be identified as relevant from the perspective of ease of doing business in the telecom and broadcasting sector? If yes, provide a list of those processes and suggest ways for their improvement.

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RingCentral Response: From an ease of doing business perspective, existing compliance requirements with various conditions under the different telecom licenses are burdensome for businesses and there is room for simplification and flexibility, whilst ensuring the proper functioning of telecom networks and not compromising customer safety. Several requirements are outdated, onerous or appear irrelevant or disproportionate to the nature of service provided or the size of the concerned businesses. We have provided a few examples of these below, along with a some suggestions for improvement:

(a) Interconnection

Under the license conditions for provision of access services (paragraph 6.2 of Chapter-VIII in the UL), the licensee is under an obligation to interconnect and provide interconnection to all eligible TSPs to ensure that calls are completed to all destinations. This requirement is a barrier to entry and an inefficient manner of interconnection and use of telecom resources as such multiple arrangements end up being redundant and impose heavy costs on new entrants.

The current requirement allows existing TSPs to control new providers' ability to enter the market. In spite of favourable regulations being in place for an interconnection seeker, the practical on-ground reality is different and implementation of regulations has not been easy. RingCentral, specifically, has been facing hurdles as TSPs refuse to provide interconnection agreements in a timely manner and are not willing to provide IP interconnect, even though capacity is available, on account of lack of tariff regulations for IP interconnection.

Vide it's Consultation Paper dated October 21, 2016 on the "Review of the Regulatory Framework for Interconnection", TRAI had itself brought about the discussion on Interconnect Exchange, with a view to solve interconnection issues and ensure effective interconnection. While deliberating on the issue, TRAI stated:

"With a view to solve problem of interconnection and ensure effective interconnection, one option could be to establish an Interconnect Exchange. The Interconnect Exchange will provide interconnection ports to all variety of TSPs and, in turn, it will reduce the number of POIs. Under such a scenario, the existing peer-to-peer interconnection may continue as before; however, all new augmentation of ports may be mandated to be done through Interconnect Exchange. Options could be explored to create a new licensee as has been done in case of mobile number portability (MNP) to operate Interconnect Exchange."

The United States of America (**USA**) experience here is instructive. In the USA, there is a system of neutral tandem providers who operate independently of local exchange carriers and generally offer their services at a fraction of the cost. These neutral tandem providers interconnect at dozens, if not hundreds, of access points in each geographic area with a variety of local exchange carriers. This allows tandem providers more options for routing calls, which leads to lower cost routing and reduced consumer costs. Once the neutral tandem system was implemented in the USA, routing costs fell and new competitive local exchange carriers and IP telephony providers (which are not traditional TSPs) were able to enter the market and offer consumers new telephony options at a fraction of the cost.

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In addition, neutral tandems provided significant network redundancy in the USA telecommunications system. As tandems have numerous interconnection points with many different providers, when there are major climate events that create wide-spread outages in one area, neutral tandems can redirect the calls to operating switches and ensure that consumers can reach help if needed.

We anticipate that if India authorizes Interconnect Exchange / tandem switching, it will see reduced costs, increased competition, and significant network redundancy, all of which will benefit Indian consumers.

In the interim, while the concept of Interconnect Exchange is deliberated further, TSPs should alternatively be permitted to interconnect with one TSP or other neutral provider of their choice which interconnects with all other TSPs and such TSP, in turn, can carry traffic of and for the TSP seeking interconnection. This measure will be suitable and congenial for all, since inter-operator settlement of Interconnection Usage Charges has been done away with and thus, domestic traffic of a TSP can be carried on any existing interconnection of another TSP.

(b) Nationwide Authorisation and related technical requirements for Internet Telephony Services

Presently, for providing internet telephony services by an Access Service licensee, a circle-wise access service authorisation is required under the UL whereas similar internet telephony services (without PSTN) can be provided by ISPs on a nationwide basis. Internet telephony services by their very nature are provided through internet protocol via mobile numbers. As such, for internet telephony services involving interconnection with the PSTN as may be provided under an access service authorisation, a nationwide authorisation would be more relevant and convenient, while necessary security and financial conditions may continue to apply, without compromising either on security or otherwise subjecting the exchequer to any financial loss.

Further, unlike traditional telephone service, internet telephony services can be provided across the nation through two or more Points of Presence (POPs). Building interconnection for local carriage in multiple circles, as currently required under the Access Service authorisation, is not necessary from a technical perspective and prohibitively expensive for an internet telephony service provider, especially those engaged in enterprise services only. Instead, internet telephony providers should be permitted to work out a commercial arrangement with other operators by paying carriage fee such that calls of circle where the internet telephony service providers do not have a POP can be exchanged at other service provider's POPs, and the numbers allocated via circles in which the internet telephony service provider has POPs should be permitted for signing up customers from anywhere in the country.

In addition, local carriage is not necessary to comply with interception requirements. With Centralised Monitoring Systems, calls and messages can be intercepted and monitored by any security agency from any location and Service Area.

Therefore, to the extent such service providers are able to meet the required financial (*including Entry Fee as per prescribed ceilings*) and security conditions, internet telephony services provided

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by an Access Service provider should be allowed to freely operate on a nationwide basis, across multiple service areas or at least, until the subscriber numbers reach a certain threshold.

(c) Mobile Number Portability Database

The Telecommunication Mobile Number Portability Regulations, 2009 require each access provider and ILD provider to individually maintain a local mobile number portability (MNP) database. However, instead of requiring each licensee to maintain their own local database of ported numbers, a licensee should be able to either leverage other licensee's local databases for a dipping fee or should be able to solely rely on the database maintained by MNP service providers. Appropriate fees for such access may be charged by the parties maintaining the databases.

(d) Data Storage on Cloud

Cloud storage of data by TSPs is not specifically addressed in the DoT's regulations and guidelines. The general consensus appears to be that so long as data originating in India is stored on servers located in India, cloud storage is permissible under applicable laws and license conditions. However, this may often lead to different interpretations by the officials of various TERM cells of the DoT. It is suggested to clarify the position on cloud storage for telecom licensees. Limiting cloud storage to servers located in India may seem like a coherent position to take. However, it is humbly submitted that in light of the global data architecture of multinationals who may want to establish operations in India, a cloud storage model permitting certain types of data to be stored on offshore servers with tight access controls be developed and implemented.

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