

NTCC Response to the NTRA Consultation

Paper on BWA

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1. NTCC Company Profile

Company Name: National Telecom Cards Company (NTCC)

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NTCC Company outlines

National Telecom Cards Company (NTCC) was established in January 2004 as a joint stock company operating in the Telecommunications field in Egypt with total investments of approximately LE 60M. The company obtained license from the National Telecom Regulatory Authority on December 2003 as a telephony service provider through prepaid calling cards.

NTCC mission is to be a market leader in providing superior quality intelligent communication services to our customers achieving real value for money; and to be valued by our shareholders, our employees and our community through striving for excellence and integrity in everything we do.

Fast Facts

- Service launch May, 2004
- NTCC is the fastest growing Prepaid Calling service provider in Egypt
- NTCC processes over 4 million simultaneous prepaid cards

NTCC network offers Prepaid Service (PPS) to enterprise and consumer customers segments.

NTCC enjoys a very strong distribution network enabling it to reach its customers all across Egypt in urban, suburban and rural areas, covering more than 40,000 POSs nationwide.

NTCC is as committed to excellence in customer service as it is to the excellence of its products. NTCC Customer Service team of 70 dedicated, highly trained professionals make sure that customers' needs are satisfied quickly and easily through short number 19988, website help desk support available 24x7, and strong technical backbone utilizing customer relationship management tool (CRM) in order to build a real customers' data center to guarantee long term relationships with its customers, quality assurance tools and remotely monitoring tools to assure that our customers' are being offered the highest quality service and also SMAP system to check and control cards and accordingly solve customers' complaints and answer reply their inquiries on the spot.

2. Answers to the NTRA questions

1	هل توافق على منح الرخص على مستوى الجمهورية؟	<input type="checkbox"/> موافق	<input checked="" type="checkbox"/> غير موافق
2	هل توافق أن يكون منح الرخص لعدد ثلاثة مشغلين؟	<input type="checkbox"/> موافق	<input checked="" type="checkbox"/> غير موافق
3	هل توافق على عدم منع أي من مقدمي خدمات الاتصالات المرخص لهم من التقدم للحصول على هذه الرخصة؟	<input checked="" type="checkbox"/> موافق	<input type="checkbox"/> غير موافق
4	هل توافق على أسلوب المنح المذكور؟	<input type="checkbox"/> موافق	<input checked="" type="checkbox"/> غير موافق
5	هل الرسوم السنوية المقررة مناسبة؟	<input type="checkbox"/> موافق	<input checked="" type="checkbox"/> غير موافق
6	هل التسهيلات المقترحة من قبل الجهاز بخصوص منحة الإمتياز ستساعد على سرعة تقديم الخدمات بأسعار مناسبة؟	<input type="checkbox"/> موافق	<input checked="" type="checkbox"/> غير موافق
7	هل مدة الترخيص تسمح بتحقيق عائد إقتصادي مناسب؟	<input checked="" type="checkbox"/> موافق	<input type="checkbox"/> غير موافق
8	هل التخصيص الترددي الممنوح مناسب لتقديم الخدمات على مستوى الجمهورية؟	<input type="checkbox"/> موافق	<input checked="" type="checkbox"/> غير موافق
9	هل تنوع الخدمات المصرح بها يسمح بتحقيق عائد إقتصادي؟	<input checked="" type="checkbox"/> موافق	<input type="checkbox"/> غير موافق

3. Comments on answers

- NTCC suggest to give the BWA licenses on regional basis for the following reasons:
 - Focus on a specific region (vertical market) will help the operator to better service the customers.
 - Reduce the time to market for launching the BWA service.
 - BWA nationwide deployment requires bulk investment to satisfy the coverage objectives, since potential customers are expected to be wide spread with low density. While giving the license on a regional scale allows to divide the required investment on many regional operators.
 - Give the opportunity for a number of regional operators better than only 3 nationwide operators.
- NTCC thinks that optimum number of operators which could get the BWA licenses is two per region. This number of operators will be just enough to service each region effectively & efficiently. This allows for a healthy competition between the 2 regional BWA operators and the

already existing Fixed and Mobile operators to the benefit of the end customer while guaranteeing return on investment.

3. NTCC believes that preventing any of the existing approved telecommunications service providers to bid for the BWA license will not be for the benefit of all stakeholders. The existing approved telecommunications service providers are familiar with the Egyptian Telecommunication market and the Egyptian customers' needs and demands. This qualifies them as better candidates to get the BWA licenses.
4. In order to improve the BWA business case model to an acceptable level, It is our recommendation that the NTRA could think of granting the BWA license at no fee to encourage investors and operators participation in the BWA deployment.
5. Referring to the enclosed BWA business case, when applying the business case model using the assumptions mentioned in the NTRA consultation paper, the outcome shows that the yearly fee of 50K LE per MHz with a total of 1.4M LE is not suitable. Our recommendation is to reduce this fee to 10K LE per MHz in order to improve the BWA business case to acceptable level.
6. In order to improve the BWA business case model to an acceptable level, the NTRA could think of granting the BWA license at no fee to encourage investors and operators participation in the BWA deployment.
8. NTCC believes that the given frequency Bandwidth could be expanded in order to enable the delivery of truly broadband service. Referring to the enclosed WiMAX Forum™ recommendations (Annex 1), we quote "The WiMAX Forum is encouraged to see license block sizes that will encourage truly broadband provision, especially the 2x28MHz and 2x21MHz blocks. Additionally it is noticed that there are spare 3.5MHz channels between each block. It is assumed that these are identified as guard bands. The WiMAX Forum is interested in maximizing the use of spectrum resources and suggests that through consideration of the latest ECC Recommendations, it may be possible to remove these and assign slightly larger blocks", and in another recommendation to the regulatory body in Hong Kong "The WiMAX Forum is concerned whether six operators will be able to successfully offer competitive services within the Hong Kong region with sufficient spectrum to encourage broadband service development identified above. Considering the potential impact of the block edge mask and the close proximity of potential operators there is concern that 15MHz blocks will not provide sufficient useable spectrum for the growth of broadband systems. The WiMAX Forum considers that 3 operators each with 2 x 30MHz of spectrum would provide a considerably more interesting opportunity and a

tremendous catalyst for development of truly broadband provision by wireless.”

9. Conceptually, the proposed varieties of the permitted services allow the operator to obtain a return on investment. However, this to a great extent depends on other relevant factors such as type and nature of the interconnection agreements, tariff plan, customer ownership, etc.

Conclusions & Recommendations

The business case shows a negative Net present Value (NPV) due to the following factors:

- The expectation of the potential mature penetration of BWA in Egypt is not sufficient based on the previous experience with wire line broadband (ADSL) service penetration growth.
- The ARPU in Egypt for fixed voice and broadband internet service is low.
- The WiMAX CPE cost is relatively expensive compared to the other CPEs used for wire line Broadband services.

In order to improve the business case model to an acceptable level, the NTRA could think of granting the BWA license at no fee and reduce the frequency spectrum fees to annual payment of 10K LE per MHz to encourage investors and operators participation in the BWA deployment. In addition, there is a need to reach a balanced interconnection scheme with voice operators, both fixed and mobile, to secure enough revenue to recover the investment put in the access infrastructure.

4. General remarks and recommendations about the frame work

Delivering the voice services using the BWA solutions demands the use of VoIP technology in offering these services. Thus, the greatest competitive advantage edge for the BWA operator is to deliver the voice services using the VoIP cost advantage at better prices. There is a need to put a new tariff scheme for all types of calls using VoIP in order to transfer the added value to the end customer.

5. ANNEX-1



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3.5GHz Broadband Wireless Access licensing

Views of the WiMAX Forum™

Introduction

The WiMAX Forum has noted the current proposals in Greece concerning new licences in the 3.5GHz band and would like to take this opportunity to express some views to the EETT on the WiMAX Forum vision for the 3.5GHz band generally.

The WiMAX Forum is an industry-led, non-profit corporation formed to promote and certify the compatibility and interoperability of broadband wireless products using the IEEE 802.16 and ETSI HiperMAN wireless MAN specifications. The forum's goal is to accelerate the introduction of these devices into the marketplace. WiMAX Forum Certified™ products will be fully interoperable and support Metropolitan Broadband Fixed and Portable Applications. For more information about the WiMAX Forum and its activities, please visit www.WiMAXForum.org.

Certification Profiles

Currently the WiMAX Forum has defined certification profiles for wireless access equipment for the 3400-3600MHz frequency range. These profiles support channel widths of both 3.5MHz and 7MHz. In addition they support equally both FDD and TDD operation. Recently, equipment from a number of manufacturers has completed the certification process meaning that WiMAX Certified™ equipment is a reality today on the market. More will follow.

In addition the WiMAX Forum is looking ahead now that the IEEE802.16e-2005 standard is published and is defining future certification profiles that will apply to equipment that will add increasing mobility from simple indoor mounted / nomadic terminals to fully mobile terminals. It is anticipated that these may operate in the 3.5GHz band.

Regulatory Developments

With the evolution mentioned above in mind, the WiMAX Forum is aware of and participating in the developments going on within the ECC/CEPT working groups to strengthen the regulatory framework to support these developments. This includes clarification of the nomadic applications and an examination from the spectrum management perspective, of the possibility for introducing greater mobility to terminal devices in the 3400-3600MHz (and 3600-3800MHz) frequency range.

Licences Conditions

At present the WIMAX Forum is not familiar with the current or expected new licence conditions for the 3.5GHz band in Greece but hopes that the framework will be sufficiently flexible to accommodate the evolving broadband wireless access developments identified above.

The WIMAX Forum is encouraged to see licence block sizes that will encourage truly broadband provision, especially the 2x28MHz and 2x21MHz blocks. Additionally it is noticed that there are spare 3.5MHz channels between each block. It is assumed that these are identified as guard bands. The WIMAX Forum is interested in maximising the use of spectrum resources and suggests that through consideration of the latest ECC Recommendations¹, it may be possible to remove these and assign slightly larger blocks.

Licensing Proposals

The WIMAX Forum notes that you have specific questions concerning regional and national licensing schemes. The WIMAX Forum itself would not be a licence applicant although service provider members may of course be interested. However the WIMAX Forum is very interested in creating the right environment to accelerate the take up of wireless broadband services which we believe can bring huge benefits to consumers in all types of region (maybe for different reasons). Therefore it is important that whatever ultimate decisions are taken they foster this environment taking due account of the possibilities for solid positive business cases, scope to develop new services and the possibility to maximise economies of scale to keep down operating costs.

Finally

The WIMAX Forum is willing to help in whatever way it can through its organisation of working groups and collective membership experience. Please do not hesitate to make contact if any further clarification is needed.

Yours Sincerely

Tim Hewitt

Chair; WIMAX Forum Regulatory Working Group

¹ ECC Recommendation (04)05; Guidelines for Accommodation and Assignment of Multipoint Fixed Wireless Systems in Frequency Bands 3.4-3.6 GHz and 3.6-3.8 GHz.

6. References

WiMAX forum

- <http://www.wimaxforum.org/news/downloads/>

WiMAX forum recommendations

- www.eett.gr/gr_pages/telec/FWA/WIMAX_FORUM.pdf
- www.ofta.gov.hk/zh/report-paper-guide/paper/consultation/20051125_2/08.pdf

ECC Recommendation (04)05; Guidelines for Accommodation and Assignment of Multipoint Fixed Wireless Systems in Frequency Bands 3.4-3.6 GHz and 3.6-3.8 GHz.

- (www.ero.dk/documentation/docs/doc98/official/Word/REC0405.DOC)