

ISPA – OTT MEETING

WHY ARE WE HERE?

- Incumbent operators facing growth constraints
 - Delays in assigning access spectrum
 - Delays in rolling out infrastructure
 - Inability to grow through mergers and acquisitions
- Now recognition that so-called “OTTs” are competing at the service level and threatening voice and messaging revenue
- Focus should be on resolving the fundamental growth constraints, not on new modes of competition which are benefiting SA consumers and lowering the cost to communicate

ARGUMENTS RAISED

Aside from revenue concerns, appear to be three arguments raised for greater regulation:

Lack of regulation / unequal regulatory burden

- OTT providers subject to regulation of country in which based
- Lawful intercept: needs to be interrogated with DoJ and Office for Interception Centres
- Obligation rests on network providers for QoS and lawful intercept
- Mechanisms for intergovernmental cooperation
- Consumer protection legislation applicable
- Amendments to Film and Publications Act

ARGUMENTS RAISED

Quality of service:

- Voice and messaging no threat to networks compared to IPTV, VoD and growth in video (Youtube etc.)
- Competitive – so consumers can choose QoS which suits their requirements

Taxation:

This is already being considered by Treasury and SARS

- Treasury launched consultative process to develop a comprehensive paper on the taxation of electronic services in April 2014
- Electronic Services Regulations 2014 (1 June 2014)

WHAT ARE WE REALLY TALKING ABOUT?

- No dispute that emergence of new voice providers threatens incumbent revenue models
- Incumbents are important corporate citizens and provide communications services to majority of South Africans – no difficulty in considering issues which may threaten their viability
- NET NEUTRALITY is the real issue here
 - Provider should not be able to determine which services or content can be accessed or differentiate between the manner in or cost at which services and content can be accessed over its network
 - Once subscriber has paid for data / connectivity, provider should not be able to dictate how this is used subject to requirements of lawfulness

ISPA MEMBERS

- Welcome the demand and innovation created by OTTs which drives growth in the local Internet economy
- Revenue models aligned with what they sell – connectivity – not concerned with use as long as lawful
- Recognise that voice and messaging OTTs require payment from both parties, unlike current voice interconnection where calling party pays
- Recognise the need for healthy ecosystem and therefore call for the removal of the growth constraints holding back the entire industry
- Support regulation to enable competition and innovation, not stifle it

GOING FORWARD

- If considering regulation – need to be clear on what we are regulating and why we are regulating
 - All “OTTs” – voice, messaging, video, the Internet?
 - All networks – fixed and mobile?
 - What form of regulation is being sought?
 - How would this be enforced?

GOING FORWARD

- Separate processes for taxation and law enforcement which must be considered
- Impact on electronic communications market and private and public consumers would need to be assessed
- In our submission, this is not a priority taking into account the fundamental growth constraints

THANK YOU

