Allocation and Use of Radio Frequency Spectrum – Sharing, MVNO

Kazan
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Principles of RF Spectrum use:
- Authorization proceeding;
- State priority;
- Payment base;
- Non-discriminatory allocation;
- Inadmissibility of termless detachment
Sharing in the activity of communications providers

In order to reduce costs on development of mobile network and providing the most possible network coverage the communications providers use Network sharing.

Network sharing – collective ownership and operation of a single infrastructure network or its parts by two or more providers.
Active infrastructure sharing – joint use of resources of radio access system infrastructure.

It is defined by the following technical specifications:

- Sharing of radio access network by several providers with separate base stations;
- Sharing of basic network gateways by several providers.
Passive infrastructure sharing – joint use of equipment, power, towers and transportation networks, i.e. telecommunication infrastructure.

Widely used in Russia and all over the world and do not require legislative changes.

Examples of joint projects:
- Tele2 Sweden + Telenor Sweden
- Telenor Denmark + TeliaSonera
- P4 + Orange
Radio frequency sharing

RF sharing—joint use of RF Spectrum by two or more communications providers

It allows to increase service quality and temporally use separate radio channels during the period of limitation of spectrum’ use
- Definitions “multiple subject use” and “sub-user”
- Possibility to use the spectrum on the basis of a contact
- Joint use – only by providers which have the same licenses and rights to use spectrum in other radio channels
Definitions from antimonopoly legislation

Good – is an object of civil rights, intended for market turnover.

Goods market – sphere of circulation of a commodity, which cannot be substituted by another commodity.

Dominant position – position of an economic entity or several economic entities in the market of certain commodity giving them an opportunity to have decisive impact on the general conditions of commodity circulation or to remove from it or to impede access to this market for other economic entities.
There is a possibility of dominant position due to gaining a right to dispose significant amount of spectrum

Antimonopoly law compliance is required:
- Control over economic concentration
- Preliminary notification of agreements
Requirement to contract on sharing as a tool of support competition in consideration of economic concentration’s issues

While notification of an acquisition of O2 Ireland by Three Ireland, European Commission required a company to contract with Eircom company on joint use of infrastructure
Mobile virtual network operator (MVNO) — mobile network operator which uses existing infrastructure of other operator but provides services under its own brand.

Serve up to 2% of global mobile market’s customers* and as it’s foreseen, this number will increase to 3,5% till 2017

* According to the Wireless Intelligence data at the end of 2013
Advantages of MVNO

For telecom operator:
- Small companies with limited start-up budget could be profitable even with a small subscriber base
- Investments from minimal till null depending on a model chosen
- Company’s focus is on marketing, advertising, distribution channels, because all the technical functions are given to MNO/MVNE
- With minimal CAPEX and limited OPEX a company could reach sufficient business marginality with lower tariffs and smaller subscriber base

For customers:
- Increase of a range of services providing through the telecommunication networks
- Lower tariffs
- Flexible offers
- Niche products
Direct legislative recognition of MNO-operators’ obligation to provide services to MVNO-operators

Introduction of regulatory requirements on tariff setting on MNO-operators’ services, which are provided to operators, planning to provide services according to MVNO
Regulation of MVNO in Russia

Decree of The Ministry for Communications and the Media № 116 dated 28, December, 2008;
Decree of The Ministry for Communications and the Media № 215 dated 20 August 2011;
Decree of The Ministry for Communications and the Media N 97 dated 8 August, 2005.

“The Ministry for Communications and the Media does not intend to set any requirements to mobile operators concerning obligations to contract with telecom operators, working under the model of Mobile virtual network operator and does not plan to regulate any commercial conditions, settlement of accounts as well as service rating methods providing to host-operators”*

In accordance with information from the Report of the Ministry of Communications and the Media, 9 companies provide or provided services in the form of “virtual operators”. 120 licenses on realization of such business-projects have been issued.

Wikipedia made a list of 31 companies operating by the MVNO business-model
Barriers of development of MVNO in Russia

- It is necessary to agree scheme of providing mobile services with regional mobile operator in order to gain a special license
- Gaining numbering capacity
- Refuse of operators, having limited frequency resources, to provide access to it for third parties
- High cost of services on access to infrastructure in the MVNO model
Incentives for development of MVNO in Russia

- Existence of consumer demand
- Demand for new products
- Mass development of OTT-services
- Realization of number portability
- Introduction of principle of technological neutrality
- Development of cooperation among operators
In March 2011 “Rostelecom”, “Megafon”, “Vympelcom” and “MTS” signed a framework agreement with “Skartel” shareholders: “Skartel” builds LTE network and allows four companies to use it, in 2014 each company gains a right for 20% buy-out of “Skartel”
Thank you for your attention!

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