

# Broadband Industry Issues

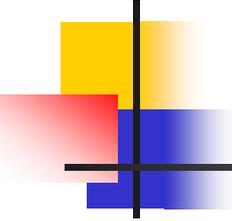
---

A presentation made at PTA's Telecom  
Industry Forum

ISPAK

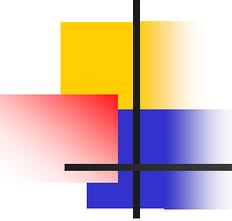
12 May 2007

# PTCL's Predatory Pricing on DSL



---

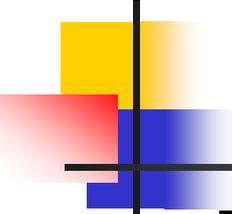
- PTCL recently launched its DSL packages
- Infrastructure taken over from Paknet
- Paknet was initially a division of PTCL and then made into a company with separate accounts in 1998-99 on directions of PTA to check the cross subsidy to Paknet by PTCL.



# PTCL's Predatory Pricing

---

- ISPs filed a reference with PTA in 2005 on cross subsidy to Paknet by PTCL, not billing for the services provided and hence undercutting other ISPs.
- All proofs of no billing, invoices with zero amounts were provided to PTA.
- Reference is still pending with PTA.



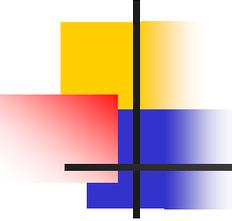
# PTCL's Packages and its IP bandwidth tariff for ISPs

- Unlimited volume usage for 3 months:

- DSL-256 @ Rs. 1,199
- DSL-512 @ Rs. 1,999
- DSL-1024 @ Rs. 4,999

- PTCL's IP bandwidth rates for ISPs:

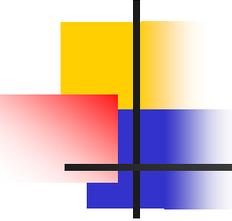
- 256 kbps @ Rs. 19,800
- 512 kbps @ Rs. 33,600
- 1024 kbps @Rs. 57,600



# PTCL's Predatory Pricing

---

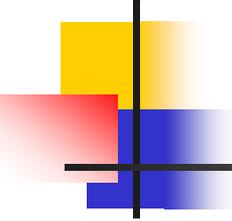
- PTCL says that promo for unlimited volume is only for 3 months
- But PTCL has a history of launching such packages (Azadi Package, Eid Packages, etc.) that continue perpetually and had led LDIs into a disaster last year.
- Industry's reference to PTA on PTCL's Azadi Packages, etc., is still pending with PTA.



# PTCL's Predatory Pricing

---

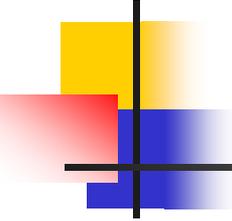
- PTCL charges ISPs Rs. 250 local loop sharing charges, around 25% of the average revenue from a home user.
  - In its appeal to PTA, PTCL argued that since it was not providing its own DSL service, charging of Rs. 250 to cover its costs was essential (Determination of 6 March 07).
- Clear cross subsidy by applying a lower internal cost structure than applied for similar inputs to its competitors by PTCL (Section 26(e) of Act).



# PTCL's Predatory Pricing

---

- Contravenes business model of ISPs and doesn't allow them a reasonable ROI (Section 26(d) of Act).
- Abuse of SMP status
- Predatory, anti-competitive and distorts fair competition



# PTCL's Strong Arm Tactics

---

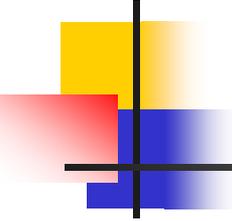
- PTCL is shifting its PSTN customer numbers from copper network to OFAN to which ISPs have no access.
- This is violating Numbering Plan Regulations where phone number of a customer can not be changed without consent of the customer
- Customers are screaming...

# Net Graveyard – ISPs Resting in Peace

ZoocomNet Telenet Shoa AsiaOnline  
Vnet Infonet Vnet PieNet  
Vnet GlobalNet CompuNet  
Topnet MekanNet  
FlashNet RoboNet WebNet  
MercuryNet WorldTel  
MSNet Hinet  
AKnet Rabita Online BreezeNet  
SpaceNet BestNet Digicom  
Infolink SilverSoft



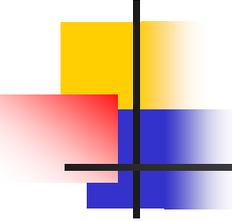
Major Cause of Death:  
**Paknet**



# Other Issues...

---

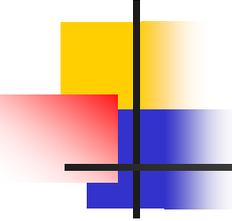
- New IP bandwidth prices not made effective by PTCL from 01 Jan 07 despite the fact that LHC has dismissed its appeal and SC has not granted stay order against PTA's Determination
- Revised RIO is still pending with PTA for a long time
- PTCL not allowing LLOs to carry transit traffic for cellular operators.



# Our submission

---

- PTA should either:
  - Issue a restraining order to PTCL not offer its DSL services to customers at these low rates; or
  - Direct PTCL to charge ISPs for IP bandwidth at the rates offered to its DSL customers till its promo finishes; and
  - Direct PTCL not to charge ISPs for local loop sharing charges



# Our submission

---

- Final Determination on Broadband Issues need to be issued immediately.
- Unbundling of OFAN and till that is done, direct PTCL not to change its customer's PSTN numbers without their consent.
- Revised RIO should be finalized.
- PTCL should not stop LLOs transit traffic to cellular operators