

Independent Communications Authority of South Africa

350 Witch-Hazel Avenue
Eco Point Office Park
Eco park
Centurion

Attention: Councillor Botlenyana Mokhele
Mobile Broadband Service Inquiry Committee

By email: MarketInquiry2018@icasa.org.za

1 April 2020

Dear Councillor Mokhele

SUBMISSION IN RESPECT OF THE DISCUSSION DOCUMENT ON THE MARKET INQUIRY INTO MOBILE BROADBAND SERVICES IN SOUTH AFRICA

We refer to the Discussion Document on the Market Inquiry into Mobile Broadband Services in South Africa published on 29 November 2019.

Liquid Telecom notes the extension of the timeline for submission, which is appreciated.

Attached please find the written submissions of Liquid Telecom in response to the Discussion Document.

Kindly acknowledge receipt of this submission.

Yours faithfully

Liquid Telecom South Africa

Per: Mike Silber
Group Head Regulatory

Submission
to
The Independent Communications Authority of South Africa
by
Liquid Telecom
on the
Discussion Document on the Market Inquiry into Mobile Broadband
Services in South Africa

INTRODUCTION

1. The Independent Communications Authority of South Africa (the “**Authority**”) published the Discussion Document on the Market Inquiry into Mobile Broadband Services in South Africa on 29 November 2019, inviting comments in respect thereof.
2. Liquid Telecommunications South Africa (“**Liquid Telecom**”) hereby submits its response to the Discussion Document. It may no longer require highlighting, but for the sake of accuracy, Liquid Telecom points out that it previously operated under the name “Neotel”, which name has been changed to Liquid Telecom after the acquisition of Neotel in 2017.
3. Liquid Telecom extends its appreciation to the Authority for the opportunity to provide comments in regard to the above. Liquid Telecom wishes to participate in any further written or oral hearings and processes that may flow from this process.
4. Our submission is focussed on issues particular to Liquid Telecom and we have not attempted to provide a comprehensive response to each issue canvassed in the Discussion Document. Our submission comprises two parts:
 - 4.1. Part A – General Comments
 - 4.2. Part B – Responses to Specific Queries.

PART A: GENERAL COMMENTS

1. Liquid Telecom has noted the Authority’s views regarding the level of competition in the various markets identified.
2. Liquid Telecom further notes and appreciated the recognition by the Authority of the need to progress and advance the implementation of spectrum policy in South Africa and in particular the pending high-demand spectrum assignment process. In addition, there is the issue of the outcomes of the Competition Commission’s Data Services Market Inquiry. Liquid Telecom recommends that the Authority reviews this process against the outcome of the spectrum and

Competition Commission processes before finalising the design of any pro-competitive remedies.

3. Liquid Telecom wishes to note its concern that the Discussion Document does not appear to take into account certain technology advancements that have been in place since the introduction of the 3GPP LTE standards, specifically active infrastructure sharing technologies such as MOCN (Multi Operator Core Network) and MORAN (Multi Operator RAN). These active infrastructure sharing approaches have already been deployed in South Africa and are beginning to have an impact on the competitive market landscape.
4. In addition, the move in the LTE standards to an IP-based network architecture (the Evolved Packet Core or EPC) has a simpler and more flexible architecture. This can result in lower operating costs and more efficiencies, but most importantly has greater flexibility – allowing for increased network virtualisation.
5. As such, Liquid Telecom submits that the separation of network sharing between active and passive sharing is becoming less relevant in the face of network virtualisation and the new sharing technologies. The deployment of new mobile telecommunications technologies and operations involve very high costs and a long time to market entry. The sharing of LTE (and now 5G) network infrastructures and adopting network virtualization technologies are of paramount importance to reduce both capital and operational costs of future mobile networks. While some of these business models are still being developed, Liquid Telecom encourages the Authority to review the Discussion Document in the light of these technological changes.

PART B: SPECIFIC RESPONSES

6. **Question 1**

Liquid Telecom has no objection to the market definition approach adopted by the Authority.

7. **Question 2**

Liquid Telecom has no objection to Authority's approach to the evaluation of effective competition.

8. Question 3

Liquid Telecom notes the reference to Section 67(4A)(b) of the Electronic Communications Act:

(b) The dynamic character and functioning of the markets or market segments, including an assessment of relative market share of the various licensees or providers of exempt services in the markets or market segments, and a forward looking assessment of the relative market power of the licensees in the markets or market segments.

As indicated above, Liquid Telecom is concerned that the Authority has not adequately considered the pro-competitive impact of network virtualisation and advances in active sharing technologies in its current approach. Liquid Telecom recommends that the Authority consider these advances and their current, as well as possible future impact, in its final determination.

9. Question 6

Liquid Telecom concurs with the Authority's preliminary view on spectrum. Liquid Telecom further submits that current MOCN based roaming arrangements are likely to have pro-competitive benefits going forward.

10. Question 7

Liquid Telecom has noted the Authority's preliminary view on the site access market. As indicated previously, this approach does not seem to consider the pro-competitive benefits being realised through the process of network virtualisation.

As such, Liquid Telecom encourages the Authority to consider these technological advances in its final determination.

11. Question 8

Liquid Telecom has noted the Authority's views on roaming markets. Liquid Telecom does not disagree with those views, however they reflect a rather static, historical view of the roaming market. As indicated above, Liquid Telecom encourages the Authority consider if these views remain accurate in the light of technological changes, particularly on a forward-looking basis.

Liquid Telecom notes further that the Discussion Document does not reference the MOCN-enabled roaming agreement entered into by Liquid Telecom and MTN in 2018. A further MOCN-enabled roaming agreement was concluded by Liquid Telecom and Vodacom after the Discussion Document was finalised and as such could not be considered. In addition, Liquid Telecom understands (from information in the public domain, published by the relevant parties and/or the media) that the MTN – Cell C roaming agreement is also premised on a MOCN or MORAN architecture. It is unclear if the RAIN – Vodacom arrangement is based on active or passive sharing design.

Liquid Telecom has no objection to a mandatory roaming offer (paragraph 188.1) or regulations to facilitate roaming (paragraph 188.2), however notes that these must be forward looking and technology neutral to ensure that they are not rendered obsolete before they are even finalised. Regarding accounting separation (paragraph 188.3), Liquid Telecom submits that this may be appropriate but only to the extent that an operator has been determined to be dominant. Imposing such a restriction on a non-dominant operator, such as Liquid Telecom, will result in a significant regulatory and cost burden.

12. Question 9

Liquid Telecom has noted the Authorities preliminary views on the MVNO and APN services markets. Liquid Telecom concurs in the separation of these markets from the roaming market, however notes that technological changes are beginning to blur the lines between the two markets.

Liquid Telecom supports the Authority's "wait and see" approach to the MVNO/APN markets, particularly as technological changes in other markets are likely to also impact the MVNO/APN market.

CONCLUSION

13. Liquid Telecom appreciates the opportunity to provide this response to the Authority's Discussion Document. We have noted above that mobile broadband technologies have evolved rapidly in the past ten years. The 3GPP LTE and now the 5G standards provide a full IP based core architecture which has supported network virtualisation and well as simplified active and

passive sharing of network elements. These changes have allowed for cost reduction and cost efficiencies, which should have a pro-competitive benefit on the mobile broadband market. Obviously, the availability of additional spectrum resources will further serve to make these technologies even more efficient.

14. These technologies have been, and continue to be, rolled-out in South Africa and we encourage the Authority to consider how technological advances can and should be used in a pro-competitive manner. Any regulatory interventions must consider technological change and how it may best encourage an open and competitive market.