ACCC Fixed Services Review

MyNetFone Group Submission

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2 Introduction

Declaration of services is a crucial function performed by the ACCC to ensure long term competition within the communications industry. Creating an environment that protects, while encouraging vibrant competition is in the fundamental long-term interest of the market and ultimately its consumers.

The most productive competitive environments require a level playing field between large and small providers, as well as encouraging new emerging entrants while protecting established operators. ███ ███ ████████████

The Australian communications marketplace has recently seen an incredible amount of consolidation. There has been a reduction in the number of operators in all segments of the industry – mobile, DSL, fixed line resale and VoIP. This ultimately means less choice for consumers, and less pressure on operators to reduce cost or provide new innovations to stimulate the market.

Communications technology globally is undergoing a tremendous amount of change. There are now more choices for consumers as to how they communicate – such as email, social networking, instant messaging, mobile service, internet and VoIP. There is no doubt that the market will continue to evolve and new options will continue to present themselves.

Despite all of these available options – real-time voice communications is still the most critical and valuable to the economy and community.

Real-time voice depends on a balance between high quality infrastructure and lowest possible cost. A key element in formulating this balance is the cross charging between service providers. This is critical for new and established entrants so they can develop the long term business cases required to build and develop new infrastructure and services.

At MyNetFone we thrive on the innovative and progressive environment that competition provides, enabling us to provide the best services we can to our customers. A key part of our growth has been the evolution of our network and how our network interconnects with carriers nationally. Making the investment into infrastructure and network was a big decision and many factors needed to be considered. There are of course many variables which make the investment positive or negative, however, with too many variables or unknowns there is a very large risk of failing to recoup the cost of that investment. The declaration of such services as OA and TA is an important factor in building the business case for that investment and therefore certainty is essential.

MyNetFone is the most recent carrier to complete the investment and build of infrastructure to connect with carriers in all 66 Call Collection Areas in Australia. This gives us a unique view of the declared services and how they impact competition and the business case for companies to build infrastructure and improve the telecommunications industry in Australia.

3 Corporate Profile

MyNetFone was founded in 2004 and was listed on the ASX in mid 2006. Since then, the Group earned its stripes in the industry, growing in less than a decade from a new-comer to become a peer to Tier 1 incumbents and the largest player in Voice-over-IP communications in Australia.

The MyNetFone Group has made the investment to build its own network and interconnect with incumbent carriers. Stepping up as an independent equal to its longer-established peers, the Group challenged the status quo, when others relied on wholesalers and languished at the mercy of their anti-competitive resale and wholesale conditions.

While playing by the established rules, the Group is not buying into the status quo – instead, MyNetFone chose to be an advocate for technological innovation, and consumer adoption and migration to new voice communications technology. As an independent player that recently went through the challenges of becoming a fully-fledged Carrier, the MyNetFone Group brings a fresh perspective on what changes the industry needs to keep pace with technological advancements.

3.1 National Network

The MyNetFone Group voice network was built in-house in Australia and is now the largest VoIP network in the country: fully interconnected with all Tier 1 Australian telcos. With presence in all 66 Call Collection Areas, our network carries over 3 billion billed voice minutes annually – accounting for 10% of total landline voice communications in Australia (percentage based on total minutes volume as per ACMA "Telecommunications Competitive Safeguards for 2011-2012" report).

3.2 Unique Perspective

The Group is uniquely positioned to participate in the industry, as the MyNetFone Group's ecosystem spans network infrastructure, software platform development & direct retail brands. This gives MyNetFone the unique insight into existing and upcoming challenges across all levels of the market.

Combined with the company's innovation-focused culture, this gives the Group a unique perspective and legitimate voice in the industry, that can help shape the future of Australian communications.
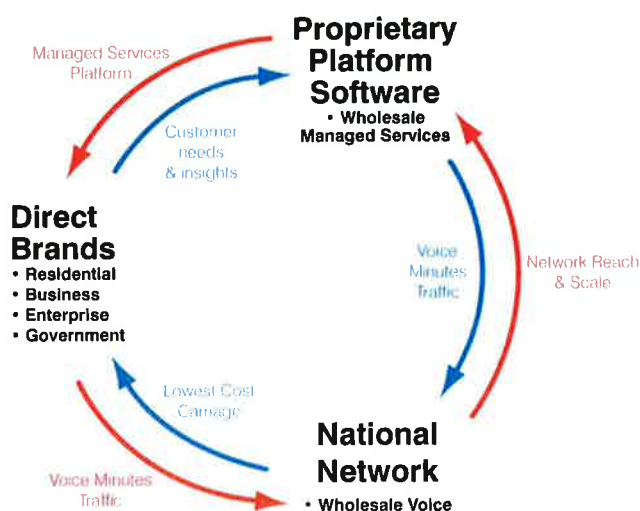
Figure 1 - MyNetFone Ecosystem

3.3 Commitment to Innovation

The Group continues to pioneer the technological future, investing in R&D and pushing the industry forward. With a total of more than 100 'man years' of in-house R&D experience, the MyNetFone team believes in creating platforms and systems tailored to the Group's needs, rather than relying on third-parties.

For example, instead of relying on manual, time-consuming processes in existence, the Group developed a unique automatic Local Number Porting (LNP) tool, enabling fast and efficient porting between networks and to the cloud. This tool was then opened up by the Group to the whole industry to use, facilitating wholesale and stimulating competition. As of 2013, there are 150 wholesale customers hosting 500,000 numbers in our cloud, with 280,000 of those numbers ported in just 12 months using the Group's innovative LNP tool. ████████████████

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Figure 2 - Geographic Porting Statistics

3.4 A Voice Shaping the Telecommunications Future

The MyNetFone Group has the experience, market-spanning industry presence and fresh perspective to provide considered and unbiased commentary to the Australian telecommunications industry to help define the best way to make the inevitable transition into the future of voice communications.

4 Question Responses

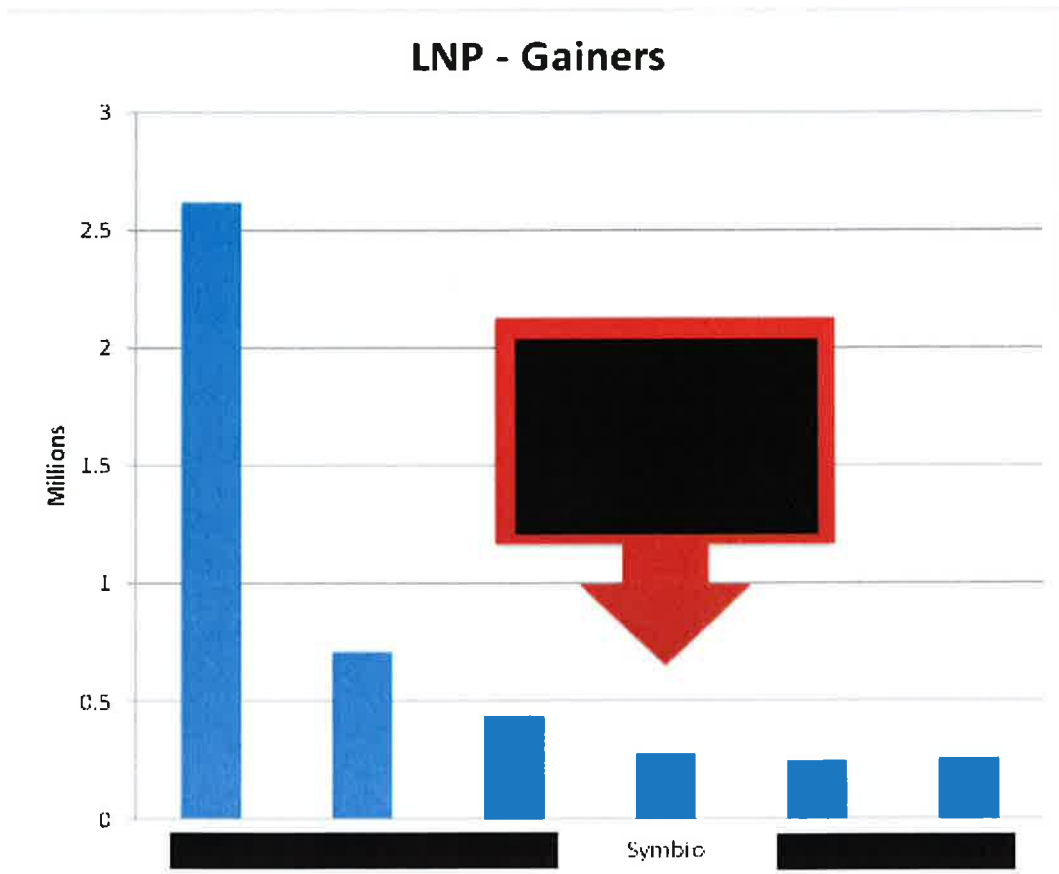In reference to the discussion paper from the ACCC titled 'Fixed Service Review – Declaration Inquiry' MyNetFone would like to respond to the following questions.

Question 13: How should the ACCC define the market relevant to interconnection services for the purposes of this review?

The only way to ensure a communications market rich in innovation, investment and sustained consumer welfare is to define the Interconnect Services Market as 'any to any'. The market no longer needs to be constrained by linking the services to a specific technology, network topology or size as the sale to the consumer has now been dissociated from these so should the regulation.

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End users will choose a service and technology that fits there needs, weighing up costs and benefits. The welfare to the consumer should dictate the costs and the only way to ensure this is by providing a level interconnect playing field. ████████████████████████████████
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████████████ It is understood that costs will vary between each network but this is something that will create competition with carriers looking to build innovative infrastructure services as they will now have assurances of a fair regulated interconnect climate to create clear business cases; removing uncertainty will increase investment. ████████████████████████████
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With a clear definition of 'any to any' we can have a framework which can ensure the Australian telecommunications market can become a global leader in communication and fit our 'early adopter mentality' with new and innovative solutions.

Question 14: Would extending the declarations for the PSTN OA and PSTN TA services promote the long-term interests of end-users? Please give reasons, referring to the implications for competition, any-to-any connectivity and the efficient use of and investment in infrastructure.

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██ New technologies are only just

My Net Fone Limited, ABN 37 118 699 853, Address Level 2, 10-14 Waterloo St, Surry Hills NSW 2010

emerging and we need a market that has a framework which encourages investment, competition and has the welfare of the consumer at its core.

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The only way to provide any to any connectivity, which is what the consumer demands, is to have a level playing field at the Interconnect level.

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benefit the consumer by providing more choices in regional areas. These choices could involve the porting of existing landline numbers to VoIP providers on an NBN, wireless, satellite or mobile service.

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The concept of sitting behind an established carrier is a very good option for a new entrant – it does reduce time to market and capital expense. ████████████████████
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It is our opinion that all OA/TA financial arrangements should be regulated equally between all interconnected operators. ██

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Question 15: What implications do end-users' growing use of mobile- and VoIP-based voice services, and growth in the use of the ULLS and access seekers' own equipment, have for declaration of the PSTN OTA services?

The key point here is that end-users are embracing new and innovative technologies. ██████████

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End-users are exploring new and innovative technologies, carriers and CSP's need to evolve and transform their networks to support this need. Therefore this is one of the primary reasons why we need to ensure the declaration of the core interconnect services.

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If this regulation is removed, consumers in regional Australia will be connected to infrastructure that supports choice (with NBN ensuring connectivity barriers are removed) but no providers to choose from. The only business case which will stack up for new technologies and entrants will be metro based.

Question 16: Are the service descriptions for the PSTN OA and PSTN TA services still appropriate? Should service descriptions for voice interconnection services be technology-neutral? Please give reasons for your answer.

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End-users will choose a technology and service that meets their needs, the cost of this service will be based off the cost of the network provider. ████████████████████████████████

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██ It is in the interest of end-users that this is the case, since it will create a level playing field, promote competition, growth in infrastructure and enable a climate where specialist and niche markets can co-exist with large dominant players.

Question 17: What does the expected change in the fixed line network—from a copper network carrying an analogue signal to a fibre network carrying VoIP—mean for the declaration of interconnection services?

It is the understanding of Symbio that the current declaration of interconnect services is based on a cost-recovery model for the Customer Access Network – (the CAN). ████████████████████
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Despite the current historical arrangements, and if we assume that the logic behind cost recovery of the CAN is valid, the new evolution to an NBN era where all voice communications are delivered over an IP network where the customer access cost will be covered by the end-user directly, will demand a rethink of the current logic. Consumers will now purchase their own access and can choose the method, location and quality of that access. Consumers can choose fibre, wireless, 3G/4G, satellite or other as yet undefined methods – such as public WIFI, or community networks.

In this new era the declaration of OTA services should be about ensuring a level playing field between dominant and non-dominant operators that provide voice services, to ensure that consumers are left with choice.

Question 18: Do developments in the industry or in interconnection arrangements since 2009 indicate that the ACCC should consider commencing a declaration inquiry in respect of any new or different interconnection services?

Industry is undergoing significant transformation at this time due to the rapid advances in digital technology, device choice and the Internet's incredible ability to revolutionise all aspects of life. This catalyst is being used by end users to see what new and innovative providers are out there that can meet their needs. The rollout of the NBN is also an opportunity for existing providers and new entrants to develop new products, build infrastructure and compete on a level playing field. End users will benefit from this competition with more choice and services to meet their specific needs.

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