



BITEK INTERNATIONAL PRESENTS

Challenging the Regulator

Presented by Graham Butler

President and CEO

Bitek International



23rd TELECOMMUNICATION CONFERENCE



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**FOR
Net Neutrality?**



**AGAINST
Net Neutrality?**

Competitive Neutrality

Universal service support mechanisms and rules:

- Do not unfairly advantage or disadvantage one service provider over another
- Do not unfairly favor or disadvantage one technology over another

- **AT&T states**
VoIP is an information service and should be exempt from CALEA
- **Net2phone states**
Recommends a hands off approach by the FCC
- **Coalition of 12 VoIP providers**
'For Net neutrality' VoIP is an Umbrella term that embraces any number of distinct service platforms & architectures
- **Global Crossing**
There is no rational basis for, subjecting VoIP communications to the various legacy inter-carrier compensation regimes

Their argument is that VoIP is an information service not a telephone service

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- **The Electronic Privacy Information Center (EPIC)**
VOIP services should NOT be free of government regulation
- **NTCA (560 Rural regulated local carriers)**
VoIP telephony services lack the characteristics that would render them “information services” within the meaning of the statute, and instead bear the characteristics of “telecommunications services”
- **NENA (National Emergency Number Association)**
There are many scenarios in which a call to 911 will not be properly routed or reach a 911 center at all

Their argument is that VoIP is in fact a telephony service

The FCC has clear definitions about VoIP



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The FCC has not yet defined VoIP as a Telephone service



Date	FCC Compliance Requirement
28 th Nov 2005	E911 compliance
12 th Mar 2007	FCC Deadline for CALEA plans
14 th May 2007	Full CALEA Compliance or face fines
31 st May 2007	Disability access extended to VoIP
Soon	What next?

All indications show basic intent to regulate VoIP

What are the implications for CANTO members?



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What happens regarding US & World regulations will effect you

- Global Companies are in your Country, today!
- How long can you continue alone as 33 independent Carriers?

Do you still think you run a telecommunications monopoly?

- You have at least 20 Un-licensed competitors today!
- Who steal your long distance revenues!
- And use significant amounts of your bandwidth for FREE!

Canto Members: You have to join forces regarding Policy & Regulations



2. What is lawful or unlawful VoIP

Open discussion on 'How legal is VoIP?'

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Lets assume that VoIP is broken down into various Subsets

Lawful VoIP

1. Lawful intercept
2. E911 Emergency services
3. Location finding as per 2 above
4. Visually and hearing impaired services (subject to Local Licences)
5. Taxes on Voice calls where applicable
6. Ex-directory numbers, track & trace (privacy issues)

Can we agree, these are minimum critical telecom requirements?

Grey traffic

- Has significantly reduced your long distance revenue by 90%
- Its your bandwidth that is being used by competitors
- This can account for millions of lost dollars

P2P traffic

- Use “names” to avoid being described as a telephone service
- Not licensed, & non compliant even in the USA
- Stealing current & future revenues
- Potential damage to Corporate networks & Infrastructure

-
- **These services are costing you millions of dollars**
 - **Why aren't these services regulated properly?**

10 good reasons why you should stop Unlawful VoIP today

1. They pay no taxes, effectively stealing your revenue
2. They have no office or employ any local staff
3. They generate no income for your country, collecting all revenues offshore
4. Able to make & receive telephone calls
5. They use your bandwidth for free
6. They set a precedent of zero rated telephone calls
7. Systems do not comply to any Lawful Voice rules e.g. (CALEA)
8. Systems do not conform to E911 Emergency services
9. Systems can penetrate Corporate firewalls creating potential security problems
10. Systems can compromise National security

What are regulators doing about this?



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Unable: As many carriers are using VoIP, they cannot differentiate

Politically: Complex; Can be Perceived as Unpopular to stop VoIP

Stalled: More information needed to ascertain Scope of Problem

Appointing: More operators & Competitors to your market

Diverting attention: Attacking rates instead of addressing the problem

Mr. Regulator

- **Work with us to solve this problem; together we can help protect and support your National Asset**
- **Use regulation to create a long term sustainable telecoms system**
- **Solve this by taxing voice equitably**

What Is The Current Situation?

- All calls are free, and your government receives no more “Taxes” on calls
- No one needs or wants to buy a license (already happening)
- Your government receives reduced income
- Unemployment through staff redundancy’s becomes politically unacceptable
- Your security services cannot protect your country
- The service does not support even basic emergency voice requirements
- Will not need regulators any more?

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- **The only way you can ensure compliance is to switch off the illegal VoIP operators and force them into compliance**
 - **This action will ensure the correct level of consumer protection, network sustainability, and revenue protection**
 - **Tax all VoIP calls**

Remember 9/11



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3. Global Regulatory Issues

You are not alone in the world...

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- **163 Countries Currently Regulate VoIP:**
Who's businesses & infrastructure capture revenue generated by the State Telecom operation
- **Turkey:** Stated their intention to charge tax on all Voice calls via VoIP at 12%
- **South Africa:** VoIP Usage Illegal
- **Mexico:** VoIP Usage Illegal
- **Colombia:** VoIP Usage Illegal
- **Panama:** Announced that Broadband customers will pay a 12% per cent tax on calls made using VoIP.
- **India:** VoIP Usage Illegal. Grey operators arrested. For example, Primus Telecommunications India.
- **Sri Lanka:** Violators shall be prosecuted in terms of the Sri Lanka Telecommunications Act, No. 25 of 1991 (as amended)
- **Bangladesh:** Cracking down on illegal VoIP
- **UAE:** Have declared VoIP illegal and are blocking all VoIP calls

Many more countries planning and intending to regulate VoIP?

- **Brunei:** Has desires to regulate VoIP
- **South Korea:** Planning to regulate
- **China:** Is instigating some form of VoIP regulation
- **Costa Rica:** Proposal to Ban VoIP
- **Honduras:** Drafting new legislation to Ban VoIP
- **Venezuela:** Proposal to Ban VoIP

All working Independently

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Pakistan Telecommunications Authority



PTA Government of Pakistan
PAKISTAN TELECOMMUNICATION AUTHORITY

VoIP Services

Public Information Bulletin

This is to inform all users and service providers of VoIP that PTA encourages legal and authorized usage of VoIP services and applications. There is an impression in the general public that the usage of internet for telephony (VoIP) is allowed and IP bandwidth obtained from ISPs / DSL operators can be used for VoIP, whereas the Act, Rules and Regulations govern otherwise.

Under the present **technology neutral licensing regime**, VoIP services can be provided by Local Loop (LL), Long Distance International (LDI) and Cellular Mobile Operators licensed by PTA. It may also be clarified that IP bandwidth provided by ISPs / DSL operators is for **“data”** only and it cannot be used for **“voice”** i.e. making calls.

In addition, all “VoIP Product Developers” shall also be permitted to offer limited VoIP based call termination and origination, with prior permission from PTA. PTA guidelines are available on PTA website: www.pta.gov.pk.

PTA shall continue efforts to curb **illegal grey traffic call terminations / origination** within Pakistan.

For more information contact:
Director Licensing
PTA HQs, F-5/1, Islamabad
Tel: 051-9221444, Fax: 051-2878139

PID(1)/06

1. Clear messages published nationally
2. Example of a Proactive Regulator
3. ISP and DSL Providers are ‘Data’ only, NOT ‘Voice and Data’
4. The authorities will continue to prosecute illegal Grey traffic

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- **USA:**
Next month, in a hearing room at the Missouri Public Service Commission, state regulators will try to make the case that Comcast’s “Digital Voice” VoIP service should be regulated as a competitive telephone service
- **Canada:**
VoIP adoption has eaten away at the wired local market – the last bastion of dominance held by incumbent carriers
- **Canada:**
(VoIP) would be regulated in a similar manner to local public switched telephone network
- **Canada:**
911 service ruling a victory for VoIP. A CRTC ruling making it mandatory for VoIP service providers to offer these services
- **UK:** “Ofcom” have publicly stated that VoIP could put lives at risk

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- **Bolivia** [Friday, 25 May 2007](#)

Entel has revealed it will appeal a recent USD 3.6 million fine by telecoms regulator Sittel for failing to meet service quality commitments. The fine was issued last week with Entel being given ten days to respond

- **Fiji** [Friday, 18 May 2007](#)

Deregulation talks set to begin next week

Talks on compensation packages for Fijian telecoms operators that are set to lose their exclusive licenses are due to begin next week

The telecoms market is to be opened up to competition ahead of the original seven-year period of exclusivity given to companies involved

(Fiji Times)

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Meanwhile Illegal Providers will continue to use your network for free!
The more you spend on infrastructure, the more Power you give to Them!
YOU CANNOT UPGRADE YOUR WAY OUT OF THIS PROBLEM!

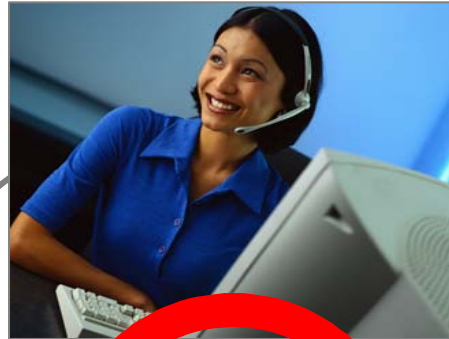
- Grey traffic Operators will continue to undermine your Long distance traffic rates year on year until action is taken.
- Your network may be carrying as much as 60% of all illegal unpaid 'grey' traffic costing you \$ millions while you pay \$ millions more to upgrade.
- IP is the chosen new services platform for most new emerging services.
- You have to resolve & control your IP links now before its too late.

Even your 'last mile' traffic is under threat today

No access to Emergency Services

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Operator & Directory services



Fire & Rescue



Police Services



Emergency & Medical

What about Pedophiles?

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P2P networks are “illegal porn haven” claims RIAA

What are the Dangers of sharing files in a P2P Network?

- **Wrong Files** – There is often confusion between what you think you are downloading and what is actually downloaded. Names and descriptions for files can be misleading and you could end up with inappropriate materials.
- **Viruses** – Often a virus can be attached to a file that is shared across the network. The virus can infect your personal computer.
- **Spyware** – Spyware (small applications that install themselves on your computer and then send information back to somewhere else on the Internet) can be downloaded with files without your knowledge.
- **Illegal** – Many files shared in P2P networks are copyrighted and should not be shared out or downloaded. Legal action by the owners of the copyrighted works, against users illegally sharing the files could arise.
- **Paedophiles** – Paedophiles can use P2P communities to distribute child porn materials or attempt to make contact with children.



But the P2P industry claims it's an attempt to smear the technology.....

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- Long distance revenue has almost gone.
- National & local is diminished due to competitive “roaming wireless” options.
- Cell phone operators are offering 3G access & VoIP.
- Customers expect zero rated calls.
- New VoIP services are actually inferior 2nd rate services.
- Traditional revenues are down.
- Governments will allow major US carriers to offer un-licensed services.
- Mergers are today's game.

**Can CANTO/CTU/ITU create a “Regulator Forum” for all regulators as part of CANTO?
You need to speak as “ONE VOICE” - You have to work together!**



4. Questions and Answers

Thank you Members of CANTO

Graham Butler – President and CEO



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