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Public Policy Considerations for OTTs

Panel Discussion
Open Consultation Session

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- Caribbean, Central America & South Pacific
- 14m+ customers in 32 markets
- Mobile, Fixed, TV, Content
- Low GDP, low ARPU markets
- Limited fixed broadband penetration
- Mobile broadband key to ubiquitous internet access
- Further investment required to bridge digital divide



OTTs and regulation

- The internet “Cloak of Regulatory Invisibility”
 - OTTs claim that because they deliver services over the internet they should be immune from regulation
 - The advocates of this approach say that regulation will stifle innovation
- The Cloak is unravelling
 - Governments and the public are seeing that some controls on OTTs are needed - All data is not equal
 - Hate speech, cyberbullying and “fake news” is not the same as other content
 - Large OTT platforms impose their own standards - they filter and moderate what we can see and do
 - Can they be trusted?

Impact on developing economies

- Erosion of tax revenues – OTTs do not pay local corporation tax, in many cases they do not pay consumption taxes on the services they offer.
- Unfair competition – Local businesses face competition from OTTs who do not have the same regulatory burden.
- Economic displacement – in small economies the benefits of the digital economy will not outweigh the negative impact of the offshoring of employment and outflow of payments.
- Reduction in level of funds available for investment in broadband access – networks in developing economy are funded by inward revenue flows from roaming and international voice. OTT services are undermining these, reducing the funds available for network investment.
- By-passing of public policy objectives – for example for public policy reasons many jurisdictions have “fit and proper” tests for local media ownership but OTTs are not subject to these.

Bridging the Digital Divide

- The digital divide is not being closed and in some respects is growing.
- There is a need for infrastructure investment in developing economies if this is to be addressed.
- Commercial models are changing – there are calls for telcos to adapt their commercial models.
- On the other side of the balance there is a need to change the funding models for infrastructure investment.
- It is now time for a “New Deal” where a revenue share from advertising and OTT services can fund broadband networks in the developing economies including parts of Africa, the CALA region and South East Asia

Role of the ITU

- The ITU is already involved in shaping the regulatory framework
- The ICT Regulatory Toolkit influences the shape of regulation in developing economies
- It is out of date and doesn't take account of the changes in market dynamics caused by OTTs
- As a minimum this needs to be updated in order to avoid obsolete solutions being deployed in economies that are already behind.

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