

**M1'S RESPONSE TO IDA'S CONSULTATION PAPER ON  
DEPLOYMENT OF WIRELESS BROADBAND TECHNOLOGIES  
IN SINGAPORE**

**21 May, 2004**

This paper is prepared in response to IDA's consultation document dated 2 April 2004 and represents M1's views on the subject matter. Unless otherwise noted, M1 makes no representation or warranty, expressed or implied, as to the accuracy of the information and data contained in this paper nor the suitability of the said information or data for any particular purpose otherwise than as stated above. M1 or any party associated with this paper or its content assumes no liability for any loss or damage resulting from the use or misuse of any information contained herein or any errors or omissions and shall not be held responsible for the validity of the information contained in any reference noted herein nor the misuse of information nor any adverse effects from use of any stated materials presented herein or the reliance thereon.

## **M1'S RESPONSE TO IDA'S CONSULTATION PAPER ON DEPLOYMENT OF WIRELESS BROADBAND TECHNOLOGIES IN SINGAPORE**

1. M1 welcomes the opportunity to submit our views and comments to IDA for its consideration regarding the deployment of wireless broadband technologies in Singapore. We have been providing cellular mobile services to the Singapore market since 1 April 1997 and in August 2000, we launched our international telephone services. In April 2001, M1 also obtained the FBO Licence for the Provision of 3G Mobile Communication System and Services and the 3G Spectrum Right.
2. M1 is interested in the development of wireless broadband technologies which may bring about new, innovative services for our mobile customers. As a 3G operator, we will focus our feedback on the following:
  - Flexibility to deploy wireless broadband technologies in 3G spectrum by 3G operators;
  - Eligibility of existing 3G operators to bid for the 2.3 GHz and 2.5 GHz spectrum; and
  - Features of proposed spectrum auction for the deployment of wireless broadband technologies

### **Flexibility to deploy wireless broadband technologies in 3G spectrum by 3G operators**

3. 3G is essentially a wireless broadband technology that provides voice and broadband data access. The only difference that sets it apart from other wireless broadband technologies such as WLANs and Wi-Fi is its ability to provide mobility and ubiquitous coverage for users. We view 3G as complementary to other wireless broadband technologies, serving different device types under different circumstances.
4. M1 strongly support IDA's proposal of giving 3G operators the flexibility to deploy wireless broadband technologies in the 3G spectrum. This will certainly create a conducive regulatory environment that will encourage 3G operators to explore the business potential of other wireless broadband technologies.
5. The existing 3G operators are committed investors in the Singapore info-communications industry. We have already positioned ourselves for the growth of data as evidenced in our investments in technologies to enhance data speeds and development of new data applications. By leveraging the full potential of 3G, our existing product development capabilities, brand position, market knowledge, customer care and billing systems, distribution channels and strategic partnerships, 3G operators will be able to maximise the potential of the other wireless broadband technologies to offer new, innovative, value-added services to customers.
6. Giving 3G operators the flexibility of using the 3G spectrum for other wireless broadband technologies will not compromise the deployment of 3G. The 3G operators have commercial incentives to continue investing in their 3G network in order to recover the significant costs associated with the acquisition of 3G Spectrum Rights and 3G FBO licenses and remain competitive in the mobile market. M1 views that any deployment of wireless broadband technologies in the 3G spectrum will serve to complement our core 3G business to better service our customers.

7. Furthermore, wireless broadband technologies are still in the midst of evolution. Convergence of mobile and wireless broadband over time may enable a range of new services for customers. Currently, users of the other wireless broadband services remain in the domain of the Personal Computer (“PC”) carrying customers. As technology develops, the other wireless broadband services may become more accessible with technology embedded in mobile phones and other devices. Mobile phones and PCs may be able to switch from one type of network to another. In fact, mobile phone manufacturers such as Nokia, LG Electronics and Samsung are already adding in Wi-Fi to their phones. Existing 3G operators will be best positioned to maximise the potential of such developments.

#### **Eligibility of existing 3G operators to bid for the 2.3 GHz and 2.5 GHz spectrum**

8. M1 submits that the existing 3G operators should not be restricted in the amount of 2.3 GHz and 2.5 GHz spectrum that they can bid for. Spectrum acquisition, particularly via an auction process, is a costly investment. There is no commercial basis for 3G operators to “hoard” unnecessary spectrum as operators will want to recover any significant costs associated with spectrum acquisition to remain competitive in the market.
9. Wireless broadband technologies should be allowed to flourish according to the precepts of market forces. In such a dynamic market, the operation of market forces will likely deliver the most efficient outcome. Undue regulatory restrictions or limitations will only hamper incentives to invest and restricts the potential of any investment plans. If the amount of spectrum allocated to 3G operators is limited, investment incentives will be undermined. This may constrain the type of applications that can be offered and the full potential of wireless broadband technologies will not be realised.

#### **Features of the proposed spectrum auction for the deployment of wireless broadband technologies**

10. We also note the potential situation of different pricing approach for 3G spectrum and the 2.3 GHz and 2.5 GHz spectrum. For 3G, the operators paid an up-front amount of \$100 million for a 20-year Spectrum Right. For 2.3 GHz and 2.5 GHz spectrum, IDA is proposing a reserve price at cost recovery levels for a 7-year Spectrum Right with revenue share. The basis for spectrum pricing is completely different.
11. In light of the above, M1 would like to seek clarifications on the following:
  - What was IDA’s rationale for the different pricing approach/framework adopted for 3G spectrum and the 2.3 GHz/2.5 GHz spectrum for wireless broadband technologies? How does the different pricing approach fit in with IDA’s principle of being technology neutral?
  - M1 notes that if IDA decides to limit the maximum amount of 2.3 GHz/2.5 GHz spectrum to each bidder, the amount will take into consideration the flexibility provided for existing 3G operators to deploy wireless broadband technologies within their 3G spectrum. If this is the case, 3G operators will definitely have a higher base cost due to the costly 3G spectrum as compared to the other wireless broadband operators. How will IDA address this inconsistency or regulatory distortion in the spectrum costs?

- Wireless broadband is still an immature market where services, players and technologies are still evolving. As technology develops, there is a possibility that the other wireless broadband technologies such as Wi-Max and Mobile-Fi will compete directly with 3G.
  - a. Is the IMT-2000 family of standards sufficient in differentiating 3G services from the other wireless broadband services and safeguarding the policy intent of moratorium period under the 3G Spectrum Auction?
  - b. Since the whole basis of 3G spectrum pricing is completely different, what are IDA's plans to address the inconsistency of spectrum acquisition costs if wireless broadband operators are allowed to provide 'mobile' services in future?

### **Conclusion**

12. In summary, M1 recommends that:

- 3G operators should be given the flexibility to deploy the other wireless broadband technologies in the 3G spectrum;
- Existing 3G operators should not be restricted in the amount of 2.3 GHz and 2.5 GHz spectrum that they can bid for; and
- IDA to address the inconsistency in pricing of 3G spectrum and 2.3 GHz/2.5 GHz spectrum and its implications to the wireless broadband and 3G market.