



Internet Technologies Group

PO Box 90140, Klein Windhoek

Namibia

Tel: +264 (61) 375 486

Fax: +264 (61) 375 485

DATE: 3 MAY 2012

Communications Regulatory Authority of Namibia

Communications House, No. 56 Robert Mugabe Avenue

Private Bag: 13309, Windhoek, Namibia

264 -61 222-666 (T)

264 - 61 222 790 (F)

Dear Sir / Madam,

RE: DRAFT NOTES – PUBLIC HEARING, 11 MAY 2012 – DOMINANT PLAYERS IN NAMIBIAN ICT INDUSTRY

NOTES FOR CRAN PRESENTATION

Date: 11 May 2012

Venue: GZ Function Centre

c/o Dr. Kulz and Bismarck Street

RE: Determination of dominant market players

WTN is the ONLY privately owned Telecoms Operators in Namibia. The points below illustrate clearly the Incumbent's role as the dominant player, as well as their abuse of this power as the dominant player.

Telecom Namibia as the one dominant player will not dare challenge MTC, on any front, since they are also majority Government owned, and is the other dominant operator.

Some other points (50% discount example) below also indicates clearly that the two dominant players, who are majority Government owned, are forming a coalition against other players (old or new) in the Namibian ICT industry.

Wireless Technologies Namibia

PO Box 90140, Klein Windhoek • Tel: +264 61 375-486 • Fax: +264 61 375-485 • E-Mail: wireless@internet.na • Website: www.internet.na

• Company Reg. No.: 2007/0100 •

CEO: BRJ Harmse • Managing Director: SLV Erasmus • DR LS Hangala



AGENDA TOPICS:

1. 0700 Single National Number (SSN)

Telecom Namibia launched IWAY as their service provider during November 2000 with the Single National Number facility before this service were made available to any other ISP's in the Namibian market.

The SSN provided the benefit of massive savings on dial-up costs. In the original design ALL ISP's had to rent telephone lines from Telecom Namibia per town, where they established Point-of-Presence (PoP's). From these PoP's the ISP's also needed to rent a national backhaul link back to WHK. This old technology came at a huge cost.

The new SSN facility allowed IWAY dial-up users to make a LOCAL call at LOCAL RATES in ANY town in Namibia (NOT A LONG DISTANCE CALL TO WINDHOEK ANYMORE OR THE ADDED COST A BACKHAUL LINK) and AN ADDITIONAL benefit of 20% less than that THAT local cal, after which Telecom Namibia routed the modem call back to WHK at no additional cost.

2. M-Web / ADSL saga

2.1. The M-Web vs. Telecom Namibia ADSL has been widely published during 2007. M-Web was losing market segment due to the cannibalization of its dial/broadband customers whilst Telecom Namibia refused to allow fellow ISPs to re-sell such services.

During the court-cases, and prior to the commencement of the new Communications Act No. 8 of 2009 being promulgated, any ISP or network service provider was going to see customers leave to the ADSL network of Telecom Namibia.

The final hearing of the court-case ended in favour of Telecom Namibia. Any small business understands the concept of how such monopolistic business dealings could influence the market and the profitability of private enterprise, leading to potential loss of income and even worst – closure of businesses.

3. 50% pricing example as abuse of dominance

3.1. MTC price example

3.1.1. MTC has been receiving 50% discount on national circuits due to its mutually held holding's company NPTH

3.2. Leo™ price example

3.2.1. Leo™, as a 100% foreign owned operator, has enjoyed similar pricing to MTC of 50%

3.2.2. ITN price of **N\$ 975,672** ½ circuit price to Velloorsdrif with no discount @ 11 May 2011 = **N\$ 975,672**

3.2.3. ITN price of N\$ 975,672 ½ circuit price to Velloorsdrif with **30%** discount @ September 2011= **N\$ 682,970**

3.2.4. Leo™ price of N\$975,672 ½ circuit price to Velloorsdrif with discount from May 2007 = **N\$ 487,836**

3.2.5. ITN still remains **39% MORE EXPENSIVE** than leo™ after both parties' discounts have been applied

3.2.6. In the period **May 2011 to September 2011** – due to not receiving **30%** discount as only awarded in September 2011, ITN therefore has lost **N\$1.7m** in cost of sales over a six month period

3.2.7. Over the same six-month period by **NOT receiving 50%** similar to leo™ and MTC, ITN has lost **N\$2.9m** in cost of sales

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3.2.8. To date, from September 2011, after receiving **30%** discount, ITN has lost in total **N\$1.3m** in cost of sales

3.2.9. As of its license being awarded on 20 March 2012 and the 50% still not being applied, ITN is losing **N\$557K** per month in cost of sales not being passed therefore calculating to **N\$6.6m** in cost of sales annually

4. Access to National Assets as abuse of dominance

- 4.1. No pricing available on WACS to date
- 4.2. Exclusivity agreements to be signed preventing other operators access

5. International dominance

- 5.1. Zambia example for ½ circuit costs to Lusaka

6. SLA's – Also the terms / conditions

Realistic SLA Agreements must be made available as soon as possible, in an effort for Telecom Namibia to take responsibility for the service levels they to the Namibian Corporate market and Consumer markets.

7. Sharing of National Infrastructure / National Assets

It is of paramount importance that Telecom Namibia start sharing and / or co-location on national infrastructure such as

- 7.1 Fiber,
- 7.2 Telephone Poles,
- 7.3 Conduit in the ground,
- 7.4 as well as unbundling of the "Last Mile" / "Local Loop" connection.

The above list of that focuses on infrastructure are all examples of national assets that are being utilized exclusively by Telecom Namibia to strengthen their dominance and monopoly in the Namibian Market.

If we have to use other African Examples (NOT EUROPEAN) we can use Angola only one example and Angola Telecom:

DUCT Rental – DEDICATED – 32 mm – US\$ 410 per km per month

DUCT Rental – SHARED – 32 mm – US\$ 360 per km per month

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