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**Remarks from Elliot Noss of Tucows at the CRTC Review of Mobile Wireless Services in Gatineau, QC**

Tucows is a proudly Canadian company, leading the worldwide domain name registration industry in both the wholesale and retail markets for over twenty years. We offer fiber to the home Internet services in multiple markets within the US, and most relevantly, we have been operating a top-rated MVNO, Ting Mobile, in the United States with hundreds of thousands of subscribers for more than eight years.

Our domain registration business is our largest business. Our fiber to the home business is our fastest growing business. Our MVNO is our least important business of the three and the Canadian MVNO opportunity represents only a 10% market increase. We share all this to say we are here as Canadians who are tired of paying the highest prices in the world. And we are here as Canadians with more experience in the MVNO market than any other intervener.

Telecommunication services are infrastructure, just like water, electricity and roads. Think of telephone service provided over copper networks. From their onset they were regulated infrastructure with rate of return economics. When we introduced mobile phone service provided over the public resource of spectrum it was for making phone calls and was considered a luxury. Today it is primarily for using small computers, that we still anachronistically call “phones”, to consume data. And it is for everyone. Lower income Canadians need access to mobile data just like other Canadians. Not for “occasional use”. Not at lower data rates. In fact lower income Canadians are the most likely Canadians to NOT have a fixed Internet connection at home.

Telecom is infrastructure. Which leads me to my most heretical point. If telecom is infrastructure, and it is, then the desire for facilities-based competition is misplaced. We do not require facilities-based competition with any other infrastructure. In fact it would seem absurd if we were talking about it in connection with water or electricity.

We talk about it in mobile telecom only because it was not viewed as infrastructure at the onset. It was a luxury for making expensive phone calls. It is certainly true that the mobile incumbents have invested billions of dollars in buying spectrum, a public good, and building out networks. But they have been handsomely rewarded for those investments.

We note that the best example of the fiction of the necessity of facilities-based competition is right in this room. Telus and Bell do not have national networks. They share one. Why?

Because it would be economically inefficient for each of them to build the same infrastructure. They each built half and they share it.

Canada is shamefully known for having the highest wireless prices in the world, and as confirmed by the Competition Bureau's intervention (Section III d, pg 18, ¶ 53), our wireless carriers have net EBITDA margins that are the highest of all countries studied. And we note that they do not do so with particularly lean operations.

This is true in rural Canada AND it is true in the biggest cities. While it may amuse some to use the term disruptors in relation to some Canadian mobile competitors, whether you are in Ottawa or Toronto or the most remote parts of the country, you are paying the highest prices in the world. I am here first and foremost as a Canadian mobile phone customer and I have certainly not experienced "disruption".

But disruption is available with the mandated introduction of MVNOs. Everywhere in the world that MVNOs have been introduced they have lowered prices, served niches like the unbanked and immigrant communities and most importantly, and most obviously, raised the competitive bar for incumbents who were then required to actually compete.

Canada is one of the very few countries in the developed world without MVNOs. In most markets, with the US as an example, they arise out of the competitive landscape. The exceptions are where the market behaves more purely like an oligopoly. But many countries like France, Ireland, India, Brazil and Thailand have mandated MVNOs. To read some of the submissions in this hearing and guest editorials in national papers one would think MVNOs are rare and mandated MVNOs even rarer. WE are the exception. And we are the ones, literally, paying the price. Every month. Month after month.

So the solution is right in front of us. But simply mandating MVNOs is not enough. We need two more things. First, the commission needs to mandate the right kind of MVNOs. Second, the commission needs to ensure prompt introduction of MVNOs and to enforce competitive standards and pricing.

To make it easy for you we will share how to do both.

First, the right kind of MVNO. The Commission should introduce what the Competition Bureau calls broad MVNO access. I will call this software-based MVNO.

This is not a mere reseller. In fact, in many ways we do more than the MNOs we compete with.

We do our own billing. We do our own rating. When we want to institute a new pricing plan or an innovation, let's call it a disruption, we do not have to call Amdocs or another billing vendor and

commence a professional services engagement. We do our own engineering and are therefore more flexible and quicker to innovate.

We do all our own customer service. And I note that it is truly customer service not a call center focused on settling billing problems or trying to cross-sell and upsell or making it difficult for our customers to leave by having to deal with retention departments. We have over a hundred Canadians providing hundreds of thousands of Americans with a fantastic mobile phone experience at much lower prices.

I fear our biggest hurdle in having the commission see this point is the submission and presentation of the Competition Bureau. Accordingly, I will deal with their position in some detail.

The Competition Bureau makes three primary points in making their case for limited introduction of MVNO focused on existing facilities-based competitors.

- The need for significant CRTC oversight including MVNOs being less effective because of cost structure
- The evidence of the success of MVNOs internationally is mixed
- Mandated MVNO could have a negative impact on the facilities-based wireless disruptors

I will deal with each of these.

The Competition Bureau is right. Mandated MVNO will require significant CRTC oversight. So will the policy espoused by the Competition Bureau. So did the roaming decision in 2015. I note that on the first day of this hearing dealing with MVNO we had two parties complaining about roaming rates and one about customer winbacks.

The Competition Bureau is right. The incumbents will do everything they can to delay. They will produce study after study and technical hurdle after technical hurdle. They did so for sixteen years after the initial decision on third-party access to fixed Internet facilities.

If the commission wants lower prices they will need to engage in significant oversight no matter the decision. It is either that or the continuation of the world's highest prices and the world's most profitable mobile carriers.

The Competition Bureau also talked of the challenges of cost structure. This is also true no matter the type of MVNO. Again, we can see this clearly in the comments already tabled on wholesale roaming rates. What the Competition Bureau could more accurately say is no matter what type of MVNO the commission goes with, they will need to determine a fair wholesale price. This is something we at Ting know about from our experience in the US market.

Importantly, the Competition Bureau only talks of cost of goods sold when talking about cost structure, but they should properly also consider operating expenses. Ting, and we expect many other MVNOs, are leaner and more efficient than incumbents. We can provide much more detail in this regard but we believe that the operating expense advantage is significant and can be demonstrated.

On the second point, we were unable to find mixed evidence of the success of MVNOs internationally and if it is cited somewhere in the materials we apologize for missing it and would welcome it being called out. We have relationships with MVNOs and MNOs all over the world. We strongly believe the evidence is overwhelming that MVNOs are the source of both significant price competition and significant service innovation and cause MNOs to increase their competitive efforts. The clearest analogues to Canada would of course be the US, France, the UK and Australia and in all three MVNOs have overwhelmingly contributed to the better outcomes in those markets.

Finally, the Competition Bureau fears that a broad MVNO mandate could harm the facilities-based competitors. This is fatally flawed as they seem to believe that these facilities-based competitors have already contributed significantly to the Canadian mobile market. These competitors have essentially come just under the pricing umbrella of the most expensive MNOs in the world. Of course they have gained some customers. They are less expensive than the extremely expensive. This has not moved Canada's place in the tables one bit. Nor will it.

I commented in detail on the mistake in focusing on facilities-based competition above. I will simply ask here that the CRTC not make the same mistake it made in 2015. In that decision, the CRTC tiptoed right up to the edge of introducing MVNOs and then instead put their hopes in a decision intended to aid facilities-based competitors. Within months, Wind was sold benefiting a small number of wealthy shareholders by hundreds of millions of dollars and even a \$10/month impact from MVNOs at that time would have saved Canadians over \$15 billion dollars.

Please don't make the same mistake again. Please mandate software-based MVNOs.

Second, we strongly urge the CRTC as part of their decision to create a fast track to a set of pricing and a technical implementation. We would be willing to confidentially provide the commission with as much information as we are able to regarding wholesale pricing in the US and other markets. We would also volunteer to help the commission with an initial technical implementation.

We have tried facilities-based competition in mobile services since 2008. It has not worked. It is time to try the obvious solution that has worked the world over.

I look forward to your questions.