

Number portability

Now that India has announced two providers for the biggest mobile number portability project so far, the pressure is on for other countries to offer similar flexibility to customers — but the technology should allow operators, as well as the portability service companies, to make money from extra services

Move your phone service, keep your number, but who makes the money?

Syniverse CEO Tony Holcombe: China will be the next big market for number portability. Next, the industry will be developing advanced messaging hubs



India has chosen two companies — Syniverse and Telcordia — to share the task of handling the massive task of allowing its 360 million mobile customers to move provider without changing their number.

With India's mobile phone market growing at 15 million a month, it is probably the largest and most challenging new-build number portability project so far, though other countries around the world are considering introducing schemes so that users don't have to give new numbers to all their contacts every time they churn to a new provider.

Raymond Cheung, executive vice president and CEO for Syniverse in the Asia Pacific region, was delighted at the news: "It is a tremendous honour to be selected to provide number portability in India," he said.

Telcordia's Tom Kershaw, vice president of the company's interconnection solutions group, was equally enthusiastic: "India is one of the most exciting projects in the history of telecoms. We believe this is a critical market," he said.

The department of telecommunications in India's government picked the two companies from six bidders: the other bidders, according to a report in

February 2009 in the Financial Chronicle were GTL, NeuStar, Tech Mahindra and Tekelec.

Of those, GTL — which says on its website that it "aspires to become the world's largest network services provider by 2011" — and Tech Mahindra are both Indian companies; NeuStar and Tekelec, like the two winners, are US-based.

Rapid deployment

India's process has been fast. Tenders came in November 2008, the winners have already been announced, and the government wants the service to be running by August or September 2009. "It's one of the most rapid deployments we've seen," says Kershaw.

The dual-provider approach is unusual — most countries go for one — but not unknown. The US chose two companies when it first went for number portability, recalls Kershaw. Now, however, just NeuStar maintains a database of ported numbers.

The Indian authorities have split the country into two regions — north and west of the country in one, south and east in the other. Each region includes 11 of the 22 local licence area for mobile phone operation — circles, in Indian telecoms jargon.

Syniverse will handle the north and west; Telcordia the south and east. Because mobile numbers in India depend on the area, it isn't necessary for numbers to be transferrable from Syniverse's region to Telcordia's: numbers will be transferrable only inside a particular circle.

Companies such as NeuStar, Syniverse and Telcordia make money on a charge for each number ported from one provider to another — a fee usually paid by the operator which takes over the number, though in some countries by the customer who wants to keep their existing number.

So in theory it can be a profitable exercise for the winning companies, which each have a 10-year licence for which they will pay almost \$200,000.

According to Kershaw, the fee for porting a number "has not been finalised", though a few years ago the regulator in India was suggesting a charge of around \$4-\$5 a time. Of course, the winners will have to install and maintain their database systems — said to be around \$10 million each.

Syniverse has to "maintain an accurate, rapid and seamless number porting process for Indian operators and their subscribers, facilitating the transfer of telephone numbers when subscribers wish to keep

With number portability, customers can keep their existing mobile number when they switch operator — but the technology should open the way to new services



their numbers when changing from one operator to another”, said Cheung.

Delhi and Mumbai

His company’s 11 circles cover the politically and economically important cities of Delhi and Mumbai, so any glitches will be highly apparent.

India is expecting to have 700 million customers in a few years, and “that means potentially 100 million ports”, says Kershaw at Telcordia. “It will have a far reaching impact.”

He explains the complexity of the task the two companies face: “Number portability will never be a case of ‘turn the crank and out pops the widget’. There is a lot of localisation needed,” he says. “We’ve done this in more than a dozen countries”, but the speed with which it will have to be running in India is “aggressive”, he adds.

If his 100 million estimate is right, that would imply a potential revenue for the two portability companies of perhaps \$400 million over the contract period.

And after India, where? “China will be the next big market,” says Tony Holcombe, president and CEO of Syniverse. He’s expecting things to start moving “at the end of 2010 or early in 2011”. China has carried out some trials, he notes.

Kershaw is looking at opportunities in Latin America, after both Brazil and Mexico have implemented portability. “Now others are following, and several are in active planning,” he says. “South America is the hottest.”

More than 100 countries have no number portability at all, he adds, so there is huge potential — countries such as Russia, Poland, Indonesia and the Philippines as well as China. “They’re all moving along with their evaluation.”

So why are so many countries moving apparently slowly? Usually the incumbent or the biggest mobile operator sternly resists number portability, worrying that its introduction will threaten its market share.

Kershaw says that the experience shows the opposite is the case. “In Mexico, Telcel, the largest mobile provider, has gained market share,” he says. Part of América Móvil, it has about 77% of the Mexican market for mobiles, with some 57 million customers.

Two-hour changeover

Something similar happened in the UK, after the regulator, Ofcom, announced plans in November 2007 to speed up the process of getting an old number moved to a new phone service. It used to be five days; Ofcom made the industry cut it to two, and wanted to implement a two-hour changeover by September 2009.

That would mean an O2 customer could walk into a Vodafone shop in the UK at lunchtime, sign up for a new service, and have calls to the old O2 number going to the Vodafone handset by mid-afternoon.

But Vodafone — backed by Orange and Telefónica O2 — complained that Ofcom’s plan to set up an Indian-style database would cost the industry around £185 million. It won a court case in September 2008, with Vodafone saying Ofcom’s plan was ill conceived.

Some six months later, Ofcom’s plan is on hold, a spokeswoman for the regulator told Global Telecoms Business.

“We’re still talking to the industry and we’re keen to improve porting time, but there’s nothing in the offing,” she said. “Nothing has happened since the court decision. We’re still keen to improve the porting time.”

But number portability companies such as Syniverse and Telcordia are keen to point out there are other long-term benefits to operators of implementing such a system. A mobile phone number is an indicator of identity, and it is an essential part of the development of new services, including mobile data and mobile presence — an essential part of instant messaging and other new services.

In November 2008 the GSM Association announced that a pilot project with NeuStar for a project called PathFinder had been completed successfully. This was designed to use ENUM — essentially, translating mobile numbers into IP addresses — to carry international voice and MMS traffic in packet format.

The PathFinder project was supported by a number of operators around the world, including Bharti Airtel, Telenor, Telecom Italia and Telekom Austria. It is designed to be a central directory for all operators, helping them launch new IP-based services, by linking an IP address to a phone number — not just mobile but also fixed and VoIP phones.

This is potentially taking number portability into the international arena. Unfortunately NeuStar, which was one of the unsuccessful bidders for the Indian number portability but runs North America’s Number Portability Administration Center, was unable to comment for this Global Telecoms Business article.

But Syniverse’s Holcombe took a look into the future: “What’s next is an advanced messaging hub,” he says. This will allow customers to communicate with different forms of messaging: one person can send an SMS to a friend, who might reply by one or other form of instant messaging, or even through one of the social networking platforms, such as Facebook or Twitter.

“The consumer is the driver,” says Holcombe. “Advertising is a lesser goal. Ubiquity is important.”

So number portability in the short term makes life easier for customers who want to churn from one operator to the other. In the long term, though, the technology will allow operators to provide those customers with a much richer, more interesting service. ■