

# Makedonski Telekom multiple play offers and regulatory challenges

Enlargement countries regulatory forum

Tirana - Albania, September, 2011

Prepared by Regulatory Affairs Area - Makedonski Telekom

Life is for sharing.



# Regulation of bundled offers

## ➤ Fundamental regulation

- NRA haven't identified relevant bundle market
- According Article 49 from ECL (retail price regulation) :

*The Agency, on base of market analysis may impose on an operator with significant market power in a **specific retail market** intended for end users which is insufficiently competitive, obligations relating to regulation of retail services, **if it determines that the wholesale regulated market does not achieve the expected results** ....*

















No relevant bundled market!

## ➤ Cross regulatory obligations

- NRA bylaw for retail price regulation, regulation on relevant retail markets 1 – 6
- NRA introduced guidelines on price squeeze testing of individual and bundle services
- NRA bylaw for wholesale line rental
  - CPI is retail minus 20 – 35%
- NRA bylaw for bit-stream access
  - CPI is retail minus 30% for BSA level 4

Obligations that might be related to individual bundle services!

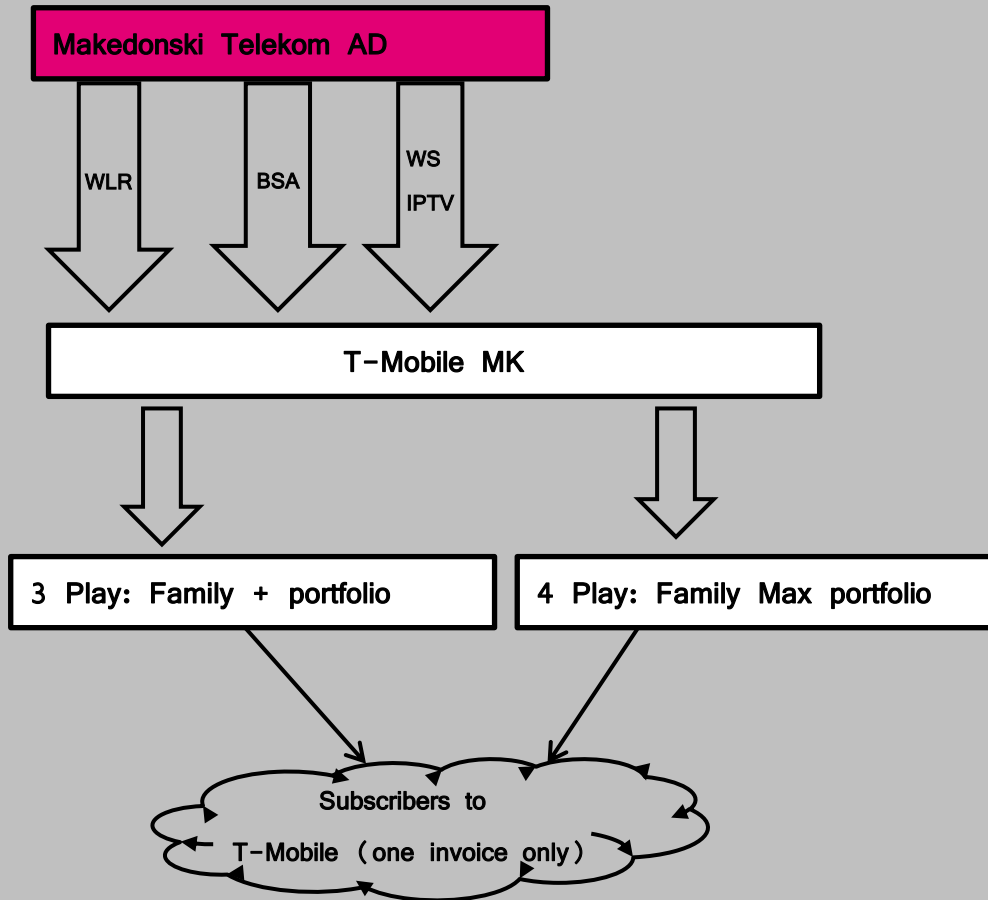
# Multiple play portfolio

2 Play	<ul style="list-style-type: none"><li>▪ <b>Call &amp; Surf Basic / Start / Comfort / Comfort+</b> monthly fee range 15 – 39€</li></ul>	 	<ul style="list-style-type: none"><li>▪ <b>Call &amp; Surf Optic Start / Comfort / Comfort+</b> monthly fee range 24 – 44€</li></ul>
	<ul style="list-style-type: none"><li>▪ <b>Office Complete Start / Comfort / Comfort+</b> monthly fee range 37 – 114€</li></ul>	 	<ul style="list-style-type: none"><li>▪ <b>Office Complete Optic Start / Comfort / Comfort+</b> monthly fee range 49 – 125€</li></ul>
	<ul style="list-style-type: none"><li>▪ <b>2 Max Start / Comfort / Comfort+</b> monthly fee range 19 – 31€</li></ul>	 	
3 Play	<ul style="list-style-type: none"><li>▪ <b>3 Max Basic / Start / Comfort / Comfort+</b> monthly fee range 24 – 49€</li></ul>	  	<ul style="list-style-type: none"><li>▪ <b>3 Max Optic Basic / Start / Comfort / Comfort+</b> monthly fee range 29 – 54€</li></ul>
	<ul style="list-style-type: none"><li>▪ <b>Family+ Start / Comfort / Premium</b> monthly fee range 23 – 42€</li></ul>	  	
4 Play	<ul style="list-style-type: none"><li>▪ <b>Family Max Start / Comfort / Premium</b> monthly fee range 33 – 52€</li></ul>	   	



# Fixed - mobile bundles

Makedonski Telekom AD and T-Mobile are still separate legal entities.



No regulatory obstacles since:

- Wholesale agreements between Makedonski Telekom and T-Mobile MK
- Equal conditions and prices for all other network operators
- Subscriber signs contract with T-Mobile MK



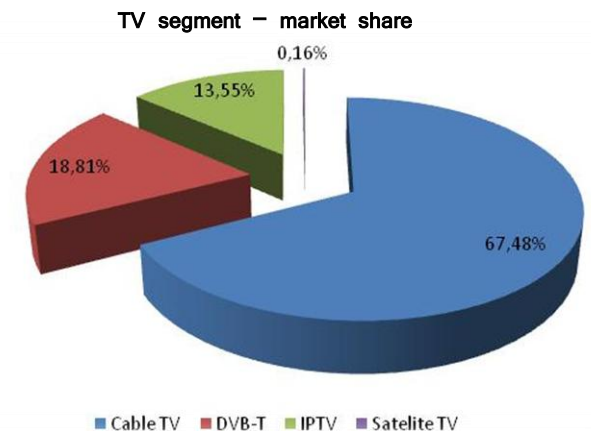
## Regulatory challenges and open issues

Internal company regulatory assessment is focused on:

- Enabling replicability with wholesale products thus preventing price squeeze practices on overall bundle level;
- Fulfilling control price indexes (CPI) imposed by NRA for individual bundle services i.e. for BSA and WLR;
- Covering costs for each bundle element thus avoiding cross-subsidy issue

### Open issues:

- Whether NRA should impose price squeeze obligations to other bundle service providers who are SMP on wholesale market in situation where they offer up to 40% lower prices than MKT for bundles?
- Is there relevant market for bundles and whether SMP obligations can be imposed?
- Can regulatory obligations be imposed to cable operators with 67% market share on TV segment and MKT has only 13%?



Thank you for your attention!

