

## David Archbold

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**From:** Snider, Carey [carey.snider@ritzcarlton.com]  
**Sent:** Monday, 08 September, 2008 11:54 AM  
**To:** Consultations  
**Cc:** Sariego, Chris; Sperandeo, Tom  
**Subject:** Second Round Comments to CD 2008-1

Greetings Mr. Archbold,

We have reviewed all comments made available pertaining to the Public Consultation on Local Number Portability (CD 2008-1) and feel strongly that LNP must be mandated. First, all comments submitted overwhelmingly favor LNP, with the exception of two service providers whose main motivation for rejecting LNP is more likely their reluctance to open their solid market shares to competition.

LNP is not an earth shattering new discovery. According to Syniverse Technologies June 2007 report entitled *A Global Perspective on Number Portability*, they report "A few examples of countries that have implemented fixed number portability (and this list is by no means inclusive or exhaustive) are: Hong Kong in 1995; UK and Finland in 1997; Australia, Germany, France, Austria, and the U.S. in 1998; Netherlands and Denmark in 1999, and Singapore in 2000. In fact, fixed number portability is now available in all EU member states. **Fixed number portability has shown great success...**"

Some arguments against LNP say the costs are unknown or will be too high. Interestingly, some of the evidence is based scenarios from Hong Kong, where Number Portability has actually been quite successful. Nera and Smith Engineering reported in 1998 that "The benefits of MNP in Hong Kong are significant. In total, the NPV of benefits ranges from HK\$769 million, under the worst case scenario of a pessimistic implementation date, low churn, and low porting, to over HK\$1,396 million in the best case scenario of an optimistic implementation date, high churn, and high porting..." (*Feasibility and Cost Benefit Analysis for Mobile Services in Hong Kong*, Nera and Smith Engineering, 1998).

The submissions which opposed LNP both point the finger at the ICTA and claim costs will not be properly covered, but neither submission has provided any empirical evidence of the costs they expect to incur. This vagueness in responses is indicative of the lack of substance behind the argument opposing LNP. It is apparent that in other countries which have mandated NP, the benefits have largely outweighed the costs.

For our company and many others, LNP is beneficial in that when changing numbers, we will not be forced to change business cards, stationary, print advertising, Web sites, signage, and invoices. LNP will bring about higher competition resulting in better customer service and a greater focus on the subscriber. It should be noted that the benefits of LNP are not all for the subscriber. Despite the resistance of a few, the Operator stands to gain from LNP as well.

There are many benefits to LNP in addition to cost benefits. Syniverse Technologies also reported that "In the U.S., operators who took a proactive stance in preparing for NP were able to increase net additions in the face of increased competition. This was through a combination of customer service improvements, network improvements, targeted advertising, focus on fixed-to-mobile porting (also known as displacement), and to a lesser degree, more competitive rate plans... NP need not be looked at by an operator as a burden or additional cost; just the opposite, it should be viewed as an opportunity to gain market share..."

A few points made in the Cable & Wireless and Digicel submissions need to be confronted directly. The request for a second round of submissions was granted. Most of the arguments in the Cable & Wireless submission are based on costs, however, they have not shown costs will exceed those mentioned in the

proposal. In section 3.4 of their submission they mention that revenues are taxed at just under 7%, and that only CI\$0.186 would be available to fund the clearinghouse. If this is actually an issue, we would still favor LNP if it meant the charge to us were increased by 1.6 cents CI to negate the tax issue. In section 5.2, Cable & Wireless claims LNP will cause (1) customer confusion, (2) higher bills (3) impaired features and (4) loss of incoming calls. On the contrary, the confusion that occurs now from customers who are forced to change numbers when changing providers is paramount. In the previously cited Nera Smith study it was reported that 51% of subscribers had not been informed of phone number changes made by friends or colleagues. The confusion as to whether or not a number is “in” or “out” of network is secondary to the ability to make a call and successfully connect with another party. As for the “higher bills” portion of section 5.2, we concur that there will be an additional agreed upon charge which applies to all bills, but the likelihood of competition bringing rates down outweighs the nominal charge. They report “impaired features” and site loss of functionality when changing between Mobile to Fixed lines. Again, this is a non-issue. We do not believe there are a number of subscribers in Cayman who believe they will be able to SMS someone from their fixed line simply because they could from their mobile phone. The “loss of incoming calls” argument is flawed as well. On the contrary, a higher loss of calls will occur if we are forced to change phone numbers when changing providers.

The Digicel submission also mentions the loss of calls theory, citing that “The Danish authority was concerned that as a result, some international carriers may simply decide to no longer offer calls to Denmark.” Digicel and Cable and Wireless both currently allow calls to Denmark, as do all other providers of which we are aware. Free competition ensures that customers will be able to call the country of their choice by selecting the provider who is able to complete the call successfully. In the highly unlikely event that one provider decided not to route calls to any LNP countries, they would be crushed by the competition immediately. Most of the Digicel submission focuses on a cost argument, to which Digicel provides no counter evidence showing what they believe costs will be for Cayman.

The approval of an LNP mandate should not be prolonged. The question, as Digicel puts it, is “whether it is worth doing”. Clearly our position is that is well worth doing. We strongly believe that LNP is inevitable. A better question is whether those living in the Cayman Islands want a Telecom system that is up to the standards of the leading countries of the world now, or whether we will lag behind for years to come. The mandate of LNP is a necessary step towards progressive competition, improved services, and ultimately a better Telecom environment in The Cayman Islands.

Respectfully submitted,

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On behalf of The Ritz-Carlton, Grand Cayman

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