Digicel

The Bigger, Better Network.

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July 6, 2011

Mr. David Archbold
Managing Director
Information and Communication Technology Authority
3rd Floor Alissta Towers
P.O Box 2502
Grand Cayman KY1-1104
Cayman Islands

Dear Mr. Archbold

Re Reference: Confidentiality request for letter dated July 6, 2011

The request submitted in our letter of today's date and the statements set out in Paragraph Three Page Two comprises confidential information and we request that pursuant to the Information and Communication Technology Authority (Confidentiality) Regulations you treat same as such.

We claim confidentiality over these statements in Paragraph Three Page Two of the letter dated July 6, 2011 attached hereto under Regulation 3(d) that the disclosure of the information contained therein could reasonably be expected (ii) prejudice significantly the competitive position of any person; (that person being Digicel.

Digicel is seeking to continually improve the technology used to provide mobile telephony to the market in other to provide better, cheaper and more efficient service to the market. It does so by investing in cutting edge technology and by trying to be first to the market with it. LIME at this time has announced that certain technologies are about to be launched in the market and we are seeking by being first to the market, (or as close to first as is possible) to meet and counter any competitive edge this may give them. It is therefore critical that they are not aware of any technical improvements we are about to be made to our systems before we make them.

Further our efforts at introducing this upgrade in our technology is closely guarded and only persons with the company who are involved in planning its introduction are currently aware of same. All persons who are outside the company, who are aware of our progress and are involved in the implementation of the technology upgrade, have being asked to sign non-disclosure agreements to protect the information.

This new upgrade is designed to improve our service offering to the market in a very significant way and we attempt to be first to the market and so how and when any operator introduces same directly impacts its competitive edge.

We are therefore requesting that this portion of the document and the information set out therein be deemed confidential from the date hereof until Digicel at least August 31st 2011 or when we have effectively launched the new technology in the local market.

Victor Corcoran
Chief Executive Officer

Digicel

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Dear Mr. Archbold,

Re: Local Number Portability – Extension to Implementation deadline

In reference to your letter of 24th June 2011, regarding the LNP Consortium's request for the extension of the implementation deadline for LNP, and further to the Consortium's letter of June 30th, please find below an update on progress made related to Digicel's network upgrades in order to accommodate Local Number Portability, followed by Digicel position on the draft porting XS contract.

Update on Progress

Firstly, Digicel is proud to announce that it is able to offer number portability in Cayman as of July 1, as per the ICTA mandate 2008-5. At considerable expense Digicel has upgraded its Main Switching Centre (MSC) to accommodate Local Number Portability (LNP). Below is list showing some of the key things that were involved in the upgrade:
   a. This required the purchase of additional processing capacity,
   b. The implementation of the Flexible Number Registry within the MSC to facilitate the storage of ported numbers.
The result of this investment and work is that today Digicel is confident that it is compliant with ICTA mandate 2008-5.

Work Remaining for Optimized Porting

Unfortunately despite intensive discussions as a committed member of the LNP consortium, and contrary to the note send by consortium Chairman on July 5th, agreement between the operators has not been agreed on a contract with a central database vendor or on porting rules if we are to use the technical solution most convenient for the multiplicity of ICT operators in the Cayman Islands. This has prevented Digicel from completing upgrades to both billing systems and the SMSC and

results in significant restrictions on the port time, functionality and pricing that is now available to any ported number.

Therefore Digicel today offers limited number portability, but still feels for optimal number portability, rules should be agreed for the Cayman Islands and further work to automate number portability and to ensure optimal functionality for ported numbers.

Due to the ongoing delays at the consortium level, Digicel finalized what it believes to be the best porting rules for the Cayman Islands. We circulated these to other operators on June 8th and are happy to enter into a contract with Porting XS or another vendor based on these rules. Based on these rules we have completed the design work for the billing and application platform solution and have raised a purchase order with Redknee to provide the necessary upgrades to both the SMSC and the Postpaid Billing platform. Any changes to these rules have the potential to delay these upgrades and add considerably to the already significant cost.

Unfortunately due to the delay with the Porting XS contract and business demands, **XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXX.**

We are unable to estimate the timeline required for the development of the interface between Digicel's various internal systems, nodes and the Porting XS system until they provide us with WSDL file, which effectively provides the complete outline of the specifications for the interface with Porting XS, As you are aware we have been requested this information from Porting XS from January 2011 and have already escalated this issue to the ICTA on 25th March 2011. We hope we will be able to design and build such a solution within months of receiving the information.

Therefore despite having the ability to offer number portability to customers in Cayman, we intend to continue to work to automate and improve porting before launching it commercially. Completing this task is made challenging by the fact:
1. No Central database contract has been signed,
2. An urgent Redknee systems upgrade could not be postponed further and the inability to complete both upgrades at the same time,

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3. Porting XS continue to refuse to provide a WSDL file, which effectively constitutes a specification for the interface with PortingXS,

Status of Central Database Contract and Porting Rules

What is of major concern to us, and has been from the earliest ICTA decision to mandate LNP, is that not only is the 'when', an important responsibility of the Authority, but so is the "how". Although we appreciate the initiative of the ICTA to encourage the operators to agree how LNP should be implemented in Cayman Islands and agree that a commercial agreement amongst the stakeholders would be the preferred solution, we have always urged the Authority to take an involved role in this process to prevent the current situation from occurring. We are of the view that when a commercial negotiation is not amicably concluded, ICTA has an overriding statutory responsibility to safeguard the implementation of LNP and the Authority is not compliant with its statutory functions, when it delegated this role exclusively to the operators in an ultra competitive environment.

The end result of the Authority's approach to the implementation of LNP in the Cayman Islands is that by a process of operator voting through an association called a consortium, is that, parties are been forced to bind themselves in a database contract on commercial terms which are not in its best interests, in fact, terms which they are diametrically and quite reasonably opposed to. We are of the view that the laws governing telecommunications and the Authority do not allow for this. On July 5th the ICTA consortium submitted to the ICTA a draft contract that the consortium proposes to submit to Porting XS for signing. Digicel has major concerns with two clauses of the contract namely 3.1 and 8.1 and does not accept the current proposed wording in draft contract attached and which has been voted 'accepted' by the other members of the Consortium. This impasse on the contractual terms, sans a determination by the Authority, in our view cannot be settled by the voting regime put in place by the Authority. Should the Authority wish we can make a more fulsome presentation of the position we are taking in defense of our rights to contract voluntarily.

To reiterate our position therefore. Digicel has implemented an LNP solution by the date mandated. The type and functionality thereof is restricted and the pricing not optimal. For the most efficient functionality, we agree a database contract such as the one we are looking at would be more ideal, however, the terms being negotiated are still not to our reasonable satisfaction and we are unprepared to accept that we MUST agree them because two or more operators believe it is satisfactory to THEM. It cannot be that two or three operators can force one or two other operators into a commercial agreement that these parties would not voluntarily enter into themselves. This principle is fundamentally wrong which the following example will show; assume the 2nd or 3rd biggest operator

decided to agree terms that would put one – the smaller and weakest operator under such financial constraints which potentially could put them out of business. The approach by ICTA is that this would be perfectly acceptable since 3 operators are "fine" with the terms and conditions and as such the smaller operator would have to accept to be bound by a contract which they would never have entered into by their own volition and its board never would have approved of. In other words the approach by the ICTA could and will lead to a situation where your competitor can make critical detrimental commercial decisions on your behalf without any remedy. This obviously is unacceptable and a breach of natural justice. Such intrusive decisions should and could only be vested in the ICTA, where an operator would have the possibility to appeal such a decision. This is not the case in this situation.

We therefore call on the ICTA to review the proposed contract and act to ensure all operators have a fair and equal opportunity to compete in the Cayman market and are not coerced into contracts not in their interests.

Even if we were to agree a contract in the coming days, it is technically and physically impossible to have that solution fully operational based on the central database solution without some additional time of approximately 3 to 4 months. Therefore, allowing proper time for the ICTA to evaluate the issues at hand and following ICTA guidance on the outstanding contractual issues, sufficient time to finalise and sign a contract with the database provider and then technical implementation of the solution, we therefore consider it prudent to request a further minimum period of six months for the implementation of improvements to the installed LNP before communicating to the Cayman market that fact that such service now exists

Finally, our efforts to seek agreement has been steadfast and intense and a failure to find agreement and implement within the timeframe handed down by the Authority does not amount to such non-compliance in the absence of bad faith, or negligence as to expose any of the operators to sanction under the laws.

Yours sincerely,

Victor Corcoran
Chief Executive Officer