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September 30, 2004

David Archbold
The Managing Director
Information and Communications Technology Authority
P.O. Box 2502GT
Grand Cayman
Cayman Islands

Re: **Public Consultation on Local Number Portability
CD (2004) 3**

Dear Mr. Archbold:

Attached please find the comments of Wireless Ventures (Cayman Islands) Limited ("WVCIL") on the local number portability consultation issued by the Authority. As a licensed wireless operator in the Cayman Islands, WVCIL is directly affected by the issues raised in this consultation and it appreciates the request of the Authority for public comments on the issues surrounding the implementation of local number portability.

We welcome any questions you may have about the attached comments and look forward to any further requests for assistance on this consultation.

Very truly yours,



Joseph S. Faber

Counsel for WVCIL

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Local number portability (“LNP”) is a complicated issue, and the Authority’s consultative document has properly distilled the matters that need to be addressed. In the comments below, WVCIL will set forth its responses to the specific questions asked by the Authority. As a preliminary matter, however, WVCIL wishes to explain its fundamental view on the question of why it is important for LNP to be adopted in the wireless market in the Cayman Islands.

When the United States Federal Communications Commission (“FCC”) recently faced the same questions as are being addressed in the present consultation, it described its concern as follows:

Unless LNP is available, increasing numbers of wireless service consumers - especially those who routinely provide their wireless number to others - will find themselves forced to stay with carriers with whom they may be dissatisfied because the cost of giving up their wireless phone number in order to move to another carrier is too high. . . . Similarly, as more consumers choose to use wireless instead of wireline services, the inability to transfer their wireline number to a wireless service provider may slow the adoption of wireless by those consumers that wish to keep the same telephone number they had with their wireline service provider.¹

This concern raised by the FCC is particularly important in a newly-competitive market such as the Cayman Islands, where new entrants are trying to gain a foothold against a long-entrenched incumbent. Introduction of wireless LNP in such a market will allow customers to feel free to change carries without

¹ *Verizon Wireless LNP Petition Order* (FCC 02-215, WT Docket No.01-184) (2002), ¶ 18.

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undergoing the difficulties or confusion of having to change their number. Such freedom of consumer choice is essential to allowing new entrants to gain a foothold with the entrenched customer base of the incumbent. Conversely, without LNP, customers of the monopolist will not be able to change their wireless service to one of the new competitors without experiencing unnecessary cost and inconvenience. Thus, the consumer choice issue raised by the FCC is the proper underlying basis for the Authority to use in considering how and when to adopt LNP for the wireless industry in the Cayman Islands.

For a significant period of time, Cable & Wireless has acted as a monopoly provider of both wireline and wireless services in the Cayman Islands. Only in March of this year, when the wireless market was initially opened to WVCIL and Digicel, did the first real steps toward a competitive telecommunications marketplace occur. Now that a few months have elapsed since the opening of that market, it is clear that wireless LNP will be a valuable improvement to the developing competitive marketplace by allowing existing C&W customers the option of switching their service easily and transparently to one of the new competitors.

The introduction of wireless LNP will allow customers of the incumbent monopoly provider to move to services offered by the new entrants without having to give up their wireless telephone numbers. They will not have to change

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their stationery or other phone listings, nor will they have to advise friends or business associates of a new telephone number. The new entrants will also be able to market their services to customers of Cable & Wireless, knowing that those customers will not feel restricted from changing their provider due to the need to change their number. In response, Cable & Wireless will be forced to serve its existing customers more effectively lest it lose those customers to the new entrants.

For these same reasons, WVCIL also favors the introduction of wireline and intermodal LNP at the same time as wireless LNP. With this development, customers who wish to can transfer their wireline number to a new wireless provider. The introduction of this form of wireline LNP will provide similar benefits to consumers and to the competitive market as will the introduction of wireless LNP.

Thus, WVCIL approaches this consultation from the perspective of a new competitor, interested in the benefits to competitors and consumers alike that will be gained from the prompt introduction of wireless and wireline LNP. We look forward to working closely with the Authority and the Caymanian telecommunications industry on this important project, and welcome the opportunity to share the experiences of both AT&T Wireless and Cingular Wireless in successfully implementing wireless LNP regimes.

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ICTA Questions:

1. Although it is likely that the issue of costs and benefits will need to be assessed in more detail once a particular form of LNP is determined, the Authority would appreciate parties' discussion of some of the more significant costs and benefits of implementing LNP in the Cayman Islands, separately for fixed line networks and mobile networks and whether such benefits would outweigh the costs of implementing LNP in each case.

The costs of wireless LNP can easily be kept to a minimum if the Cayman Islands adopts the standards used in the United States, where LNP was introduced in the wireless market less than a year ago. In that market, the FCC adopted specific requirements that have led to the adoption by all carriers of methods of porting in order to meet the FCC's rules. LNP is now working in the U.S. market and it would be beneficial, from a cost-saving standpoint, for the Authority to consider those U.S. standards as a guideline for the adoption of wireless LNP in Cayman.

Of course, this would not eliminate all of the costs that would have to be incurred as part of the development and implementation of LNP. Service providers would still be required to spend capital to upgrade their network elements and operational systems that support the Cayman Island telecom industry. Each carrier would have internal expenses in these areas, allowing them to develop and install the necessary underlying facilities in order for porting

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to occur. Use of the U.S. standards, however, would minimize these costs somewhat, since those are already fully established and less new development would have to take place.

There would also be costs associated with developing the total LNP solution for the Cayman Islands. It would be necessary for all of the carriers, along with the Authority, to reach a consensus on the solution to be adopted. The parties would have to work together to select a vendor for the necessary LNP database. They also would have to provide the necessary oversight and management as well, making certain that each party was functioning appropriately so that porting occurred in a quick and seamless manner. These are unavoidable costs that would be jointly incurred by the parties.

The costs of implementing wireless LNP in a newly -competitive market, however, are substantially outweighed by the benefits that would accrue. As stated by the FCC:

The ability of end users to retain their telephone numbers when changing service providers gives customers flexibility in the quality, price, and variety of telecommunications services they can choose to purchase. Number portability promotes competition between telecommunications service providers by, among other things, allowing customers to respond to price and service changes without changing their telephone numbers. The resulting competition will benefit all users of telecommunications services. Indeed, competition should foster lower local telephone prices and,

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consequently, stimulate demand for telecommunications services and increase economic growth.²

The Authority should be looking to these types of benefits for the telecommunications market in the Cayman Islands. When it does, it will see that the value of implementing wireless LNP is so significant as to justify the costs that will be incurred.

2. Is the existing North American NPAC SMS LNP system feasible for use in the Cayman Islands?

The North American NPAC SMS LNP system is technically feasible for use as a model for LNP operations in the Cayman Islands. However, it is managed and paid for by carriers in the United States. As a result, there are obvious political and financial hurdles to overcome to integrate the Cayman Islands into that system or to replicate it for the Caribbean. Nevertheless, WVCIL recommends use of that model and/or system in the Cayman Islands.

Neustar operates as the local number portability administrator in the U.S. NeuStar developed the Number Portability Administration Center (NPAC) to support the implementation of LNP. The NPAC SMS is the system that manages the porting of telephone numbers from one carrier to another. Through this system, Neustar provides a total solution for maintaining, administering, and

² *Matter of Telephone Number Portability*, FCC 96-286, CC Docket No. 95-116, First Report and Order and Further Notice of Proposed Rulemaking (1996), ¶ 30.

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operating the regional NPACs and the service management system for the implementation and operation of LNP. It has seven separate regions throughout the U.S. for which a database is maintained, with overlap across the regions for roaming purposes.

All of the costs associated with Neustar's operations for wireless LNP are borne by the wireless carriers in the U.S. and, ultimately, by their customers. Thus, it is not a simple matter for the carriers in the Cayman Islands to take advantage of the existence of this LNP infrastructure. Agreement would have to be reached to allow access to the format and methodologies used for the NPAC. Its functions would have to be accessible in some form for operations in the Cayman Islands.³ In addition, the parties and the Authority would need to ensure that the regulatory environment on issues such as data privacy and customer records storage supported the use of certain US-based infrastructure elements as part of the overall LNP initiative.

WVCIL acknowledges that there are numerous hurdles and challenges presented by the use of the U.S. LNP model in the Cayman Islands. Nevertheless, these hurdles should be addressed and the challenges met, as the existing LNP

³ In the event that the Authority decided to utilize the U.S. model, it would be advisable to have this NPAC capability made available to other Caribbean nations, given that Cable & Wireless, Digicel, and WVCIL's corporate parent are all operating as regional carriers.

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system is working in the U.S. and offers advantages that could be leveraged in the Cayman Islands as well.

3. What LNP systems, other than those identified above, should be considered?

4. If the North American NPAC SMS LNP system is not feasible for use in the Cayman Islands, what LNP system should be implemented?

WVCIL does not see any need for the Authority to reinvent the wheel on this issue. The complications associated with devising another operational method can and should be avoided, since the NPAC SMS already exists. Unless a party to this consultation can provide compelling reasons why the Authority should require carriers to incur the costs and complexities in creating a stand-alone solution for the Cayman Islands, there is no need to do so.

Moreover, if the Cayman Islands were to implement wireless LNP, other Caribbean nations within the North American Numbering Plan likely will follow the Cayman lead. As a result, this process could be a model for the other countries to follow. Furthermore, the costs incurred to develop and implement the Cayman NPAC system could be spread across a wider region, thereby reducing the burden on Cayman carriers.

WVCIL does not have a recommendation at this time for an alternative system. However, if the NPAC SMS model from the U.S. cannot be used or

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replicated in the Cayman Islands, WVCIL is committed to working with the Authority and other members of the Caymanian telecommunications industry to design a viable alternative solution.

5. Should each Licensee be responsible for its internal LNP costs?

Individual cost responsibility is an essential part of implementing wireless LNP. Each carrier must be responsible for the costs that it incurs in its own network associated with the adoption of LNP. These costs likely will vary, and it would not be fair for individual carriers to have to bear responsibility for the costs incurred by other carriers. This is particularly true where one carrier can be more efficient or productive than others in its own implementation of LNP, since this would give it an economic and competitive advantage.

Cost recovery is permitted in the United States through optional end-user surcharges. WVCIL suggests that an optional end-user surcharge would be the most appropriate LNP cost recovery methodology for the Cayman Islands. Under such a regime, carriers could decide, based upon their overall business strategy, if they wished to implement LNP at their own expense, thus offering more competitive rates, or whether they would ask their customers to share in the burden of the implementation.

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The former solution may well be the preferable choice, since carriers recognize that the gains from increased numbers of customers due to LNP implementation can partially or completely offset the network costs associated with introducing LNP. Carriers may well decide that the long-term benefits from implementing wireless LNP outweigh the short-term costs and therefore may choose not to impose any of these costs on their customers. On the other hand, even if a carrier were to choose to impose an LNP cost recovery surcharge on its customers, the visibility and competitive impact of that charge would create a strong incentive for the carrier to implement LNP in the most cost-efficient manner.

6. What LNP costs should be treated as common?

7. How should the common costs of a) an LNP database solution and b) the LNP system identified in response to question 4, be recovered from Licensees?

The common costs associated with the introduction and operation of wireless LNP are based primarily on the NPAC costs. These are the shared database costs associated with the development and operation of the database necessary to allow porting to occur, including costs for a portability administrator. Since the database and administrator are necessary elements central to the process, and since they are not carrier-specific, the costs associated

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with that database and with the administrator should be shared among all carriers. Other than these costs, there are no other common costs that would be incurred in implementing or operating a wireless LNP system.

As part of the U.S. LNP implementation, the FCC ordered regional NPAC administrators to allocate shared costs “among carriers in proportion to each carrier's intrastate, interstate and international end user telecommunications revenues attributable to that region.” The FCC reasoned that payments based on proportional end-user revenues would not give any one carrier an advantage over another. Of course, once shared costs are apportioned, they become part of each carrier's specific costs.

This same methodology would work for common costs in the Cayman Islands. Shared costs of the NPAC database and administration should be apportioned among all carriers who use the system for LNP based on their revenues. Such revenues are reported to the Authority on a quarterly basis and it would be a simple matter for the Authority or the LNP administrator to allocate shared costs to each carrier as appropriate.

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8. Should LNP be available throughout the Cayman Islands and, if not, what locations should mandated LNP be required first?

9. What should be the pace for LNP rollout and should rollout be conditional on a trigger (e.g., request for interconnection or LNP)?

Wireless LNP was implemented in the U.S. first in the 100 largest MSAs, on a flash-cut date established by the FCC. This rollout worked well because there was sufficient advance notice and the carriers prepared for the availability of LNP on a nationwide basis. Although minor technical glitches delayed porting in a small percentage of cases, the overall effect was to make LNP available to the vast majority of customers at the same time.

This marketwide implementation approach should be the goal in the Cayman Islands. Given the geographic size involved and the limited number of switches used by the mobile carriers, there is no reason why the implementation of LNP should not occur throughout the entire Cayman Islands. This will provide the benefits of LNP to all residents of the country at the same time.

Implementation will work most efficiently if all service providers implemented on an Authority-mandated date. With a mandated date, each carrier can advertise with certainty the availability of LNP. In addition, a mandated date drives all of the implementation planning and decisions to the period prior to implementation, incenting each carrier to work cooperatively within the same timetable. This prevents any one carrier from gaining an

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advantage over another merely as a result of the requirement for implementation of LNP.

Implementation should not be based on any type of trigger. Each carrier that is providing wireless service in the Cayman Islands should be required to provide the same level of LNP as all other carriers.

10. What role should Licensees play in the selection, implementation and maintenance of an LNP system? Should an industry consortium or association be created to select the appropriate LNP system, the provider of the LNP service, rates for the use of the LNP service and negotiate with the LNP system vendor(s)?

In order for there to be a consensus on the solution that is adopted, the entire wireless industry must be involved in each of the selection criteria. In the U.S. an industry group, the Local Number Portability Administration Working Group, has functioned in that role for both the wireline and wireless industries. WVCIL recommends that the Authority sponsor the creation of a similar organization in the Cayman Islands, to handle all of the issues addressed by the implementation of an industry-wide system.

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11. Should LNP be optional for Licensees, other than Cable & Wireless (CI)?

The implementation of LNP should not be optional. Open competition requires the simultaneous provision of LNP by all carriers.

12. Is the U.S. form of mobile number portability technically and economically acceptable for adoption by mobile Licensees and, if not, are there other forms of mobile number portability that should be considered? Alternatively, should mobile number portability be implemented at all, or at a later date in the Cayman Islands? If the latter, when would it be appropriate to introduce mobile number portability?

LNP should be adopted for all carriers in Cayman at the same time, without delay for any type of carrier. As is discussed in greater detail above, the U.S. model is perfectly functional for the wireless industry in the Cayman Islands.

13. What issues, if any, should the Authority address in advance of industry meetings to discuss the implementation of LNP?

14. What matters, if any, should the Authority address in advance of the introduction of LNP to protect Licensees and consumers from unreasonable practices?

It is not clear that the Authority needs to address specific matters in advance of establishing industry meetings. The role of the participants in scheduled meetings will be to identify the specific issues and concerns they have

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about the implementation of wireless LNP in the Cayman Islands, and to develop a consensus on solutions for each of those issues.

Nevertheless, WVCIL notes that the following two issues must be addressed up-front:

- Feasibility of the LNP administration using the Local Exchange Routing Guide (“LERG”) to maintain NXX code data. The use of the LERG feed is critical to U.S. LNP functionality.
- How to address slamming. If carriers implement the customer data validation practice used in the U.S., slamming can be controlled. Under this process, wireline service providers use “local service request and firm order confirmation,” while wireless providers use “wireless port request and wireless port request response.”

Other issues should be raised by carriers in advance of industry meetings as much as possible so that all carriers can come to the meetings prepared to discuss them and to propose solutions. In addition, WVCIL would also welcome the opportunity to facilitate participation by LNP subject matter experts from its corporate parents.