

30 April 2010

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

Dear Mr. Archbold:

Re: Report of the LNP Consortium

The members of the LNP Consortium have directed me to report to the Authority on the status of the activities of the LNP Consortium. This report is without prejudice to the rights of individual members of the LNP Consortium to submit to the Authority their views on the proceedings of the LNP Consortium, where they may differ from mine.

RFP Activities

During the month of April, the Consortium and its committees have held a number of meetings. At our meeting of 19 April 2010, the Consortium approved the form of the various documents for the Request for Proposals for the provision of central order handling and reference database services which were developed by the Legal and Contracts Committee. These include the RFP itself, the Non-Disclosure Agreement to be signed by prospective vendors and the indicative contract that the Consortium expects the prospective vendors to consider.

The final document which forms part of the RFP is the "Business Rules" document, which will govern the processes and interactions among the operators. This document was finalised by the Business Process Committee on 27 April 2010, and is intended to be ratified by the Consortium on May 14th 2010. Following this ratification, the RFP document itself will be reviewed in order to ensure consistency in form and substance with the Business Rules. At this time, we expect to have published the RFP by 7 June 2010.

In the meantime, we have sent letters to a number of vendors inviting them to respond to the RFP once it is finalized, provided they have signed our Non-Disclosure Agreements beforehand. As of today, we have sent six invitations and received three expressions of interest and signed NDAs. We have also advertised in the Caymanian Compass twice, on 23 April 2010 and today.

Timing

The members of the Consortium discussed in detail the timeframes for the various milestones of the RFP process. Ultimately, we agreed the following schedule was aggressive but feasible:

| | Milestone/Activity | Timeframe | Deadline |
|---|---|------------------|------------------|
| 1 | Solicit expressions of interest from selected vendors and advertise locally | Two Weeks | 30 April 2010 |
| 2 | Execute NDAs and publish RFP | One Week | 21 May 2010 |
| 3 | Receive questions from potential vendors | Two weeks | 4 June 2010 |
| 4 | Answer questions from potential vendors | Two Weeks | 18 June 2010 |
| 5 | Receive Responses to RFP | One Week | 25 June 2010 |
| 6 | Review responses and select vendor | Three Weeks | 16 July 2010 |
| 7 | Negotiate and execute contract with LNP service supplier | Four Weeks | 13 August 2010 |
| 8 | Install, test and integrate order handling and reference database equipment and processes | 90 Days | 14 November 2010 |

It should be noted that these timeframes are optimistic, and a number of them could be at risk. For example, we have assumed:

1. one week for vendors to prepare their responses to the RFP after receipt of our answers to their questions. This assumes they have started preparing their responses even before receipt of our answers. However, it is possible one or more vendors may ask for more time; There are still ongoing discussions on the technical solutions related to the need to have full mobile to mobile interconnect to facilitate number portability.
2. four weeks to negotiate and execute a contract with the selected vendor. However, even though we have provided an indicative contract, vendors might not be willing to accept it. This is likely to delay the negotiation process, as five sets of lawyers will be reviewing the draft contractual documents and SLAs. If this happens, the four-week estimate is at risk;
3. ninety days for installation, testing and integration of the solution with the networks of the members of the Consortium. We have based this estimate on a comment from a colleague in the Channel Islands who noted that, in one instance there, the whole process from signature of contract to “go-live” took ninety days. However, we have no basis for estimating the reasonableness of that estimate. If the vendor advises that a longer period of time will be required to source or install the equipment, or if the testing and integration work identifies unforeseen issues, the ninety-day estimate is at risk. There will be significant interoperability testing on all the relevant network and ancillary systems across the four operators’ network. In the consortium’s opinion this testing, implementation and integration phase will more than likely take 180 Days.

In other words, a 1 November 2010 “go-live” date for LNP in the Cayman Islands is optimistically aggressive and depends on a number of activities occurring without issues. If each of the three activities highlighted above were to be extended by only two weeks, the “go-live” date would itself be extended into the middle of December. From a practical perspective, all telecommunications operators, including those here in the Cayman Islands, “freeze” their networks ahead of and during the Christmas season, and delay any network changes until after the season is over. Local Number Portability would be a significant network change and, given that the service effectively renders all operators dependant on the quality of service provided by the others, this means any issues that emerge would affect the customers of all operators. Operators in this country are also aware that successful testing prior to commercial launch does not always identify all problems or issues that might arise once a system is handling commercial loads. For this reason, the Consortium recommends that LNP not be implemented during any network freeze.

Additionally the Legal and Contracts Committee has also considered options for the sharing of “common costs”, e.g. those costs of the Central Reference Database Operator that are not attributable to a given operator, or the costs of hiring consultants to aid the work of the Consortium. All members provided written “contributions” to the discussion, but an agreement has not yet been reached. Digicel and LIME have presented a position on a cost sharing methodology representing a tentative without prejudice agreement, however both WestTel and TeleCayman have provided alternative options to the cost sharing methodology which was agreed by Digicel and LIME. We cannot at this time guarantee a complete consensus on this issue.

Request for an Extension of Time

In any event, it has become clear to the LNP Consortium that the 30 June 2010 deadline mandated by the Authority in ICT Decision 2008-5 is at risk. While the foregoing discourse suggests an “optimistic” estimate of 1 December 2010, as noted, this estimate incorporates a number of material risks of delay. Further, the “network freeze” means any delay into December will in practice delay implementation into 2011. The Consortium therefore views that a reasonable and likely deadline, given the progress to date is 28 March 2011 and requests that the Authority grants this extension of time to implement Local Number Portability.

Request to Present to the Board of the Authority

The LNP Consortium would welcome the opportunity to present to the Board of the Authority the recent and upcoming activities of the Consortium, as well as on the assumptions and reasons for the timeframes estimated above. We look forward to being able to do so at the convenience of the Board.

We would be pleased to answer any other questions the Authority may have.

Sincerely yours,

Frans Vandendries
Chair – LNP Consortium

c.c. Members of the LNP Consortium (Digicel, LIME, TeleCayman, WestTel)

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