



The Bigger, Better GSM Network

July 1, 2010

Cayman Financial Centre
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The Information, Communications & Technology Authority
P.O. Box 2502
3rd Floor Alissta Towers
Grand Cayman KY1-1104

Attention: Mr. David Archbold

Dear Sirs:

Re: Digicel (Cayman) Limited submission on Cost Sharing LNP

The Information & Communications Technology Authority ("the ICTA") by Interim Decision & Further Process for LNP Public Consultation 2005-1 and ICT Decision 2008-5 determined that the telecommunications operators in the Cayman Islands should implement Line Number Portability by June 30, 2010.

Pursuant to these determinations a consortium of the operators who would be impacted by the decision was formed and they have sought to identify the best solution for LNP in the islands. The ICTA has also mandated that the operators also determine amongst themselves what the costs should be and how it should be recovered.

After several meetings of the consortium of the four operators to whom LNP would apply, these being:

Digicel (Cayman) Limited	Mobile & Fixed Line Operator
Cable & Wireless (Cayman Islands) Limited (LIME)	Mobile & Fixed Line operator
WestTel	Fixed Line Operator
TeleCayman	Fixed Line Operator

there was still no consensus on the method by which the costs were to be apportioned. The consortium provided a report on this issue to the ICTA indicating that both LIME and Digicel were supportive of an equal division of the costs amongst all four operators, with a reassessment of the initial start-up costs each and every time there was a new entrant in the market, and a reallocation of the costs again on an equal basis. WestTel was of the view that Digicel and LIME had 66.66% of the telecommunications market (mobile and fixed) and they should apportion 66.66% of the costs between themselves equally leaving them to split the remaining third between them. We attach a copy of the report submitted to the ICTA on cost sharing. TeleCayman indicated in their letter that they would prefer to know the full cost of the LNP solution before making a recommendation on costs allocation methodology so that they would have an understanding of the financial commitment.



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ICTA has at a meeting of June 30th 2010 directed that each party individually submit its views on the cost sharing methodology presumably to seek either a consensus through intervention or to seek to make a determination/recommendation of its own. The operators were asked to submit their views on or before COB July 1st 2010 a shade over twenty-four hours later. We believe a fully reasoned and substantiated submission on the complex issue of number portability is difficult to do within this time frame. We reserve our right to submit subsequently on our position and/or to provide additional information for the ICTA's consideration rather than ask for an extension of time to respond or not to respond at all. In the circumstances, this being also a vexing issue at the consortium level and given that we have already gone to tender for LNP and MNP solutions, we need to get the issue of the cost allocation resolved without delay. This takes pressing importance particularly as we believe that in the absence of a market survey, only when the true cost of LNP and MNP is ascertained after the bidding process is completed, can a true weighting of its benefits against its cost be made.

Digicel is hereby providing its views on the best methodology for recovering the costs of hiring a central reference database operator to administer LNP and MNP in the Cayman Islands.

The implementation of a solution which depends on a central database solution to update distributed databases is predicated on the assumption that operators will share the costs equally. Indeed this is a major reason for Digicel's support of this solution.

The fairness of an equal payment approach is perhaps most simply illustrated by considering what would have been the position if the operators had chosen to implement a non-central database solution i.e. if each of the four operators were required to set up their own databases and exchange information with the other operators to ensure they had a complete database. The obligation to implement number portability does of course applies to all operators equally. Consequently, in this case, each of the operators would, quite naturally, have been expected to meet their own costs, and the costs would have been the same for each operator.

The industry's preference to centralise the database does not undermine the principles above nor does it conflict with the underlying premise of equal payment.

In addition we can speak to our experience from other jurisdictions. Among Digicel's regulatory staff we have experience of leading industry consortia running mobile number portability systems. In our experience a failure to implement a simple approach to the funding of such joint systems has proven to be the largest single impediment to the proper and efficient implementation, ongoing upgrade and management of such systems.

Digicel™

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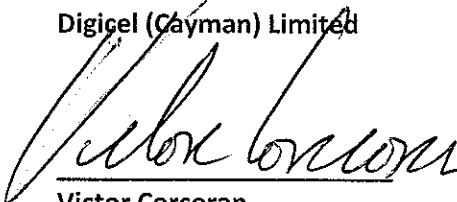
Any cost allocation solution other than the equal sharing of costs, and instead introducing one which allowed costs payable per operator to vary over time depending on market circumstances, would be fraught with practical administrative difficulties and risk significant relationship problems between the operators. Operators' willingness to pay for the system, and their willingness to pay for any upgrades or maintenance, could be as volatile as the ups and downs of the market. Operators' perception of their interests in number portability could significantly vary over time depending on their market position and the extent to which they felt they were being commercially advantaged or disadvantaged by portability. That would inevitably affect their approach to the funding of the system and operator interactions.

As perceptions of what was in each operator's interests varied over time that could lead to endless debate and argument about exactly who should be paying how much toward the system, and when, each time the annual payment assessment was undertaken. The problems would be further exacerbated by the fact that the information that would be required to arrive at appropriate assessments by operator of the continually varying contributions is not transparent to all operators. It may even be possible to "bend" the rules when providing information required for the yearly assessments and there may be incentives to do just that. This could all lead to rancor, funding issues and consequential ongoing problems with the running of the number portability system. In turn that could result in poor public perception of the industry, and dissatisfaction with the Authority's regulation of it.

Notwithstanding the above, if the Authority is still minded to base payment towards the LNP and MNP porting solutions on a variable factor such as market shares or revenue, Digicel believes that its market share or revenues within the mobile market should be taken in to account only when considering Digicel's contribution towards the assumed 50% (ie around \$300k) of the central database solution costs designated for providing MNP. Digicel's market share or revenues within the fixed market alone should then be considered when determining its share to the assumed 50% (around \$300k) of the database costs associated with the provision of fixed number portability. However, as stated, we see this as a second best approach. As a result, and as detailed, Digicel strongly advocates an approach to the funding of number portability which is founded on an equal division of costs between the four operators.

Yours truly,

Digicel (Cayman) Limited



Victor Corcoran
CEO

30 March 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.

The Consortium has held a number of meetings over the course of this month. Of particular note, the full Consortium met on 4 March 2010, when a representative of Sure described the activities undertaken and some of the issues experienced by operators in the Channel Islands and Isle of Man. The presentation was highly useful for the Consortium, and we expect to benefit from the experience of those operators. The Technical Committee has also met to review and discuss the implications of the number portability solution chosen by LIME for implementation in its network. We expect the Business Process Committee to look into the details of intercompany processes shortly (the members of the Consortium have only addressed this at a high level, based on a proposal circulated by LIME).

Finally, the Legal and Contracts Committee has met, and has begun the process of developing an RFP for the selection of a Central Reference Database Operator. That Committee 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. The Consortium cannot at this time guarantee a complete consensus on this issue.

The Consortium continues to believe that the process of implementing number portability in the Cayman Islands would be greatly aided by the active and constructive participation of the Authority. To this end, we intend to invite the Authority to future meetings of the Consortium. The Consortium is still of the view that the implementation of Number Portability is a statutory mandate of the Authority and would prefer to have the Authority take the lead on the implementation of Number Portability as has been done in other similar jurisdictions that are currently looking to implement Number Portability.

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)