

SEMINAR SERIES



John Ure

Director, TRPC Pte Ltd, Singapore

Chair: Viktor Mayer-Schonberger
Associate Professor and Director, Information + Innovation Policy Research Centre
Lee Kuan Yew School of Public Policy

Date: Tuesday, 5 May 2009

Time: 12.15 p.m. - 1.30 p.m.

Venue: Seminar Room 2-3, Level 2
Manasseh Meyer
Lee Kuan Yew School of Public Policy
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Lunch will be provided prior to the talk at 12.00 p.m.

Regulatory Policy for Telecommunications in the Age of the Internet: Two-sided Markets and One-way Bets

ABOUT THE SPEAKER

John Ure is director of TRPC Pte Ltd (Singapore), the consulting, services and training arm of the Telecommunications Research Project (TRP) at the Centre of Asian Studies, the University of Hong Kong where he is associate professor and honorary research fellow. John is an economist specializing in policy and regulatory issues concerning telecommunications and related IT and new media sectors. He is principle author and editor of *Telecommunications Development in Asia* (HKU Press 2008) the sequel to *Telecommunications in Asia: Policy, Planning and Development* (HKU Press 1995, 1997). He serves on the editorial boards of *Telecommunications Policy* and *Info*, and won the *Info* readers' award for the "most outstanding paper of 2003". John consults for the World Bank, the Asian Development Bank, the European Commission, the ITU and other UN agencies such as the UNDP, the APDIP and ESCAP. He also consults for regulators and industry across the Asia-Pacific region. He also directs the Telecoms InfoTech Forum (TIF) an industrial forum including Government, industry and academia, which ran in Hong Kong from 1996 and is now organized on a regional basis, including Singapore. John Ure is a graduate of the universities of Hull and Birkbeck College, University of London. His doctorate was awarded by the Council for National Academic Awards (CNAA) through the University of East London and the University of Hong Kong. It was a study in the political economy of technological change in Hong Kong's public switched telephone network.

SYNOPSIS

The telecommunications industry is facing a mid-life crisis. The vision of the 1990s when it was to be at the centre of the information society, the builder of the Information SuperHighway and keeper of its toll booths did not work out quite like that. In the age of the Internet, interconnection is universal and substitute channels of access are ubiquitous. By-pass of telecoms gateways is an established fact at both technical and commercial levels. The industry is still struggling to come to terms with these new realities. A good example which illustrates this were the 3G auctions in Europe and in parts of Asia around 2000. Operators made one-way bets on creating business models based upon control of the spectrum, without regard to the fact that in an Internet world, markets are two-sided, that is network economies are created mutually by the vendors and consumers. For this reason the "closed garden" models failed. Regulators were also slow to wake up to these changes, even encouraging one-way bets through the use of an economic policy approach (auctions designed to maximize financial benefits) rather than an industrial policy approach (maximizing societal gains or economic benefits by encouraging the spread of broadband networking). There were ways to marry the two approaches. In Hong Kong the use of a royalty auction (the proposal came from this author) is one example. In other areas of broadband, examples would include equal access and local loop unbundling tied to sunset clauses. Lessons from the regulatory failures in other networked industries, notably the banking sector, point up the central importance of enforcing transparency in certain areas of operations, but telecoms remains unique insofar as the impact of the Internet is concerned.