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Bogotá, 20 de abril de 2018

Doctor

GERMÁN DARÍO ARIAS

Director Ejecutivo

COMISIÓN DE REGULACIÓN DE COMUNICACIONES

Carrera 5° bis # 59-23 Piso 9

R#

FECHA: _____

CRC

RADICADO No. 2018307074

FECHA: 20-04-18

Asunto: Comentarios "Condicionamientos de entrada para la comercialización de equipos terminales móviles"

Apreciado Doctor Arias,

Por medio de la presente AVANTEL S.A.S. se permite ampliar los comentarios remitidos de manera conjunta con lo demás proveedores de redes y servicios de comunicaciones móviles no incumbentes en el mercado nacional, en donde se pusieron de presente las preocupaciones, comentarios y análisis sobre el proyecto del asunto.

No obstante lo anterior y en pro de complementar la posición de Avantel como importante actor para la competencia del sector, remitimos una presentación con algunos análisis realizados internamente, junto con gráficas y precisiones que llevan a concluir que la medida propuesta es inconveniente para la compañía y por supuesto para el usuario que al final es lo más importante en la prestación de nuestros servicios. A su vez se adjunta CD con datos e informes relevantes sobre cifras relacionadas con la competencia y el impacto que esta medida puede generar a la misma. Esta información, entre otros argumentos, justifica la remisión a la SIC de este proyecto en virtud de su función de abogacía de



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la competencia y en tal sentido debe ser incluida en el expediente con el que se dé la remisión ya mencionada.

Agradecemos mucho su atención, la revisión juiciosa de todas las cifras que compartimos y quedamos atentos a cualquier duda o inquietud que sobre el particular pueda surgir.

Cordial saludo,

A handwritten signature in black ink, appearing to read "Paula Guerra Támara", written in a cursive style.

PAULA GUERRA TÁMARA
Vicepresidente Legal
Avantel S.A.S.

Adjunto:

- Presentación mencionada
- CD relacionado en el texto

CRC Handset Regulatory Project



- The draft resolution establishes that operators may condition the sale of the handsets that operate in 4G.
- The CRC justifies the proposal by claiming a delay in the mobile internet development (linked to mobile voice) and internet mobile penetration deceleration during last 2 years
- The operators affiliated in ASOMOVIL (CLARO, TIGO Y MOVISTAR) claim that it is necessary to condition the sale of the handsets that work in 4G technology in order to increase the commercialization of these phones and increase the use of 4G technology.
- However, Avantel, ETB and MVNO's considers that this measure is against freedom of choice for consumers and competition in the Colombian market & is based on wrong premises which at the end hide the real target of giving a tool to incumbents to block customers and reduce competition.
- Premises are not only wrong but project even contradict the CRC claim on Dic 2016 about Clause abolishment been a driver for Market dynamic and benefit for customers

Avantel position



- CRC hasn't justified the regulatory proposal. Its based on false premises
- Nowadays consumers have different options to buy phones (vendors, sellers, shops, operators, etc). Draft resolution violates consumers' freedom of choice.
- It's not true that the use of 4G technology has decreased. It's not fair to compare Colombia with Chile or developed countries such as Germany and UK to try to justify a wrong measure.
 - Mobile internet usage leverage on infrastructure, service affordability and security says GSMA
- Promoting 4G Handsets linked or related to a contract does not guarantee the increase in the use of 4G technology but blocking customer freedom to chose best offer anytime
- Its not a matter of naming ("permanence clauses" but a matter of creating way out barriers with penalizations if handset price linked to service price or conditions.
- Mobile internet usage will only increase with promotion of investment and with public policies that incentivize 4G coverage & competition, favouring consumers.

- Meetings are held with government entities and with the FENALCO (Colombian trade association).
- Avantel has been working on the real data about Mobile internet with other MVNO's.
- The problem has been exposed in the main media (press, radio and social networks) in Colombia
- Avantel will send comments to the draft Resolution to CRC (final date April 20).

CRC reason to push



- **Mobile internet Delay & Mobile internet growth slow down last 2 years.**
 - ❑ *Only 42% of population have mobile internet*
 - ❑ Clear Deceleration during last 2 years 2016 & 2017. (Mobile growth and penetration)
 - ❑ % of Mobile internet over mobile users gap growing



CRC reasons to push.

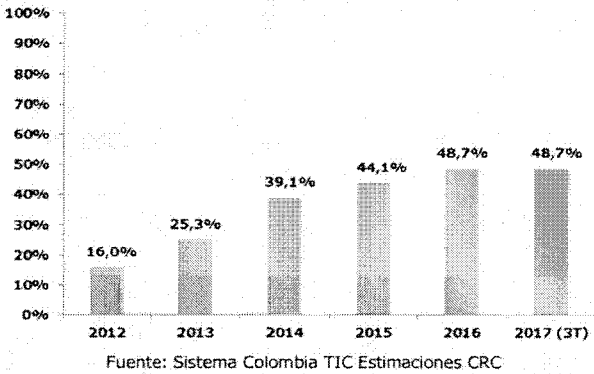
- **Reasons why**
 - Low smartphone penetration.....vs Chile, UK and Germany
 - Smartphone sales reduction due to price increase.
 - Sales restriction to Incumbent Operators to give market transparency and increase competition.
 - Low internet mobile coverage
 - Good 3G Coverage but lack of competition (150 munic with only 1 operator)
 - Low 4G Coverage (593 munic and areas without 4G coverage)
 - Customer Preferences
 - Mobile Internet Service cost or Retail prices (PPGyg)
 - Revenue for Gyga and Cost for consumer (taxes & % of income per capita).

¿Mobile internet delay and lack of growth?



Internet Mobile penetration deceleration in Colombia?

Gráfica 5. Penetración del Servicio de Internet Móvil en Colombia 2012 - 2017

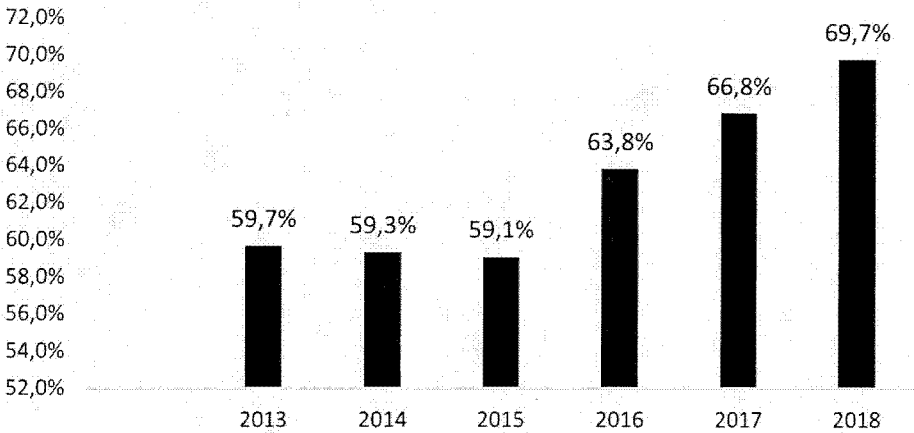


Evolution of Mobile internet penetration without Q4 (non comparable growth)

CRC misleading lines –including, IOT, inactive prepaid customers, double lines- etc

Reality: No deceleration but 67% penetration with 3 pp growth 2017 vs 2016

GSMA. Penetracion del servicio de internet Móvil en Colombia (2013-2017). 2018 projected



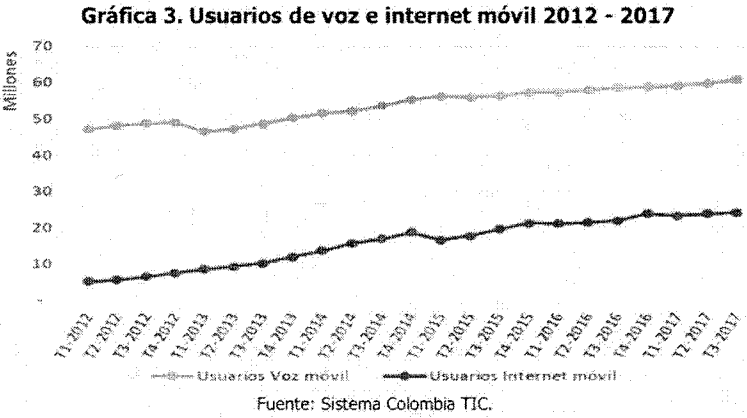
GSMA refers to real unique subscriber/users

3 pp growth in 2017 and equal projected growth for 2018

¿Mobile internet delay and lack of growth?.



high growth 2013-2015, slower growth 2016 and 2017



CRC compare (11,6%)FY growth on 2016 but only MoM up to Q3 on 2017 using non comparable metrics to justify slower growth

Highest growth happens in the Christmas season Q4 not included in the series as happened in Q3

Reality: 2016 & 2017 4 times higher growth than before. NO SLOW DOWN

GSMA: 2016&2017 highest mobile internet growth ever in Colombia
 900k new mobile internet users in 2014&2015 vs 3,6Millions in 2016&2017

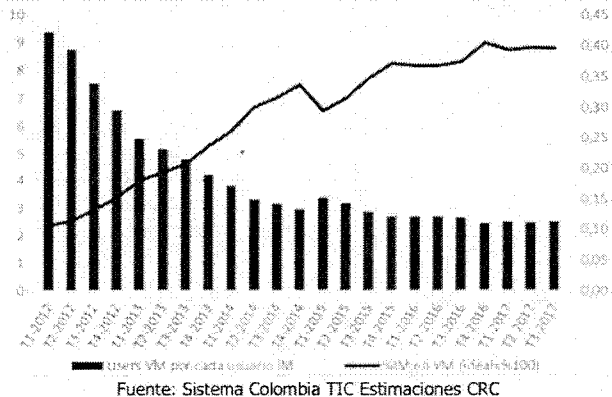
Metric	Attribute	Market, Operator	2013	2014	2015	2016	2017
Unique subscribers							
Unique subscribers Total		Colombia	30.635.246	31.569.130	32.457.456	33.218.557	34.008.205
Unique subscribers	Mobile internet	Colombia	18.280.051	18.729.964	19.169.373	21.203.404	22.731.084
	Net Mobile users growth			449.913	439.409	2.034.031	1.527.680
	growth			2,5%	2,3%	10,6%	7,2%
	User penetration			59,3%	59,1%	63,8%	66,8%



Mobile internet delay and lack of growth.

Mobile users: higher growth than mobile internet growth?

Gráfica 4. Relación de Usuarios de voz e internet móvil 2012 - 2017

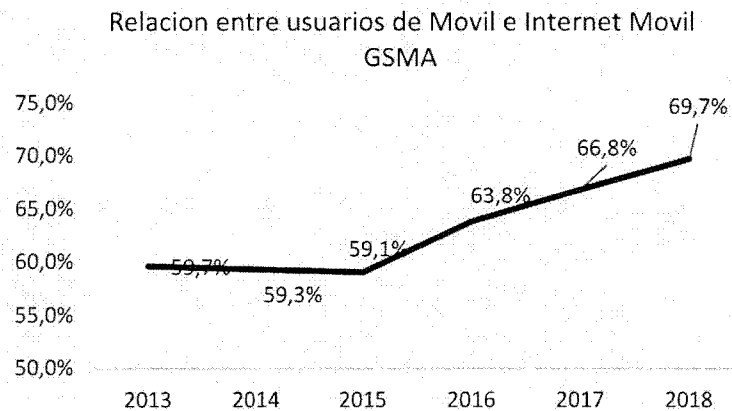


CRC justify the MI deceleration with the relation between total mobile users and mobile internet users. CRC says mobile users growing higher than internet users

Again missing the 2017Q4 and misleading between lines and users.

Reality: Relation between Mobile users and Internet Mobile users is quite different

GSMA: Mobile unique users vs Mobile internet unique users



Mobile internet users vs Mobile users

