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Jake van der Kamp has missed the point, well to be more precise, my point. The question of third generation mobile licenses is not the question of auctions, but what to auction if we choose to auction. Let's look at it this way, if there were no auction, OFTA would issue between four and six 3G licences to do precisely what? To offer mobile voice services? Yes, those are permitted, but no one wants to build out another network just to replicate 2G. To offer mobile access to Internet services, and not just any old Internet services like email and instant messaging, but high-bandwidth Web browsing services.

There are problems. The Wireless Markup Language (WML) to which current standards of 3G are restricted is the poor relative of present-day HyperText Mark up Language (html) which personal computers and handheld computers can access, and this means that 3G may flop completely. Windows CE, Microsoft's cutdown version of Windows for handheld devices, or some similar operating system, may yet prove a more popular means of access to the Internet while on the move. It's all unknown, all uncertain, all risky, and all irrelevant to auctions. Or should be.

To see why, imagine I get a licence, not a licence to own spectrum but a licence to use spectrum. I start up a 'virtual network service', which is a fancy way of saying that I wholesale spectrum from someone who does own it. Exactly as Richard Branson's Virgin Mobile intends to do in Europe, North America and Asia. I offer my own branded handsets and my own Web-based services that prove highly popular. Maybe I joint venture with Yahoo! or CNN or a local provider of content, or with an applications provider who allows my customers to use software online. Maybe I do none of these things, but simply provide access to others who do. The point is, if I am really successful, the spectrum owners may not be able to compete. Maybe they will retrench their business to wholesaling, leaving the rest to me and other successful service providers.

Here's the crunch, what is the wholesale price I pay? Ideally, it is derived from the value I perceive from the online services I retail, and frankly I have no real way of knowing in advance how to value them. It follows that the wholesaler has no real idea what wholesale price can be charged in the future. But it will all come out in the wash as the markets decide. (Jake should like that point.) So what are we auctioning? Certainly not my right to offer 'virtual network services'. We are auctioning spectrum for wholesalers (who just may or may not also become retailers). That wasn't the case with 2G where the service income derives from the network itself. So why try to pre-empt the market? Let the market decide future values and, if we want to siphon off surplus value to the public purse, do so when it arises.

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