



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF INFORMATION AND
COMMUNICATIONS TECHNOLOGY

Inputs from the Stakeholders on the Selection Criteria

Presented by:

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Highest Committed Level of Service (HCLoS)

In lieu of the Highest Committed Investment, some stakeholders are proposing to use the Highest Committed Level of Service (HCLoS) as the criteria for the selection of the New Major Telecommunications Player (NMTP).

Level of Service (LoS) may be based on the following criteria:

1. Percentage coverage of the network committed to be established, either in terms of geography or population. Recommended is in terms of population.
2. Committed speed across the coverage of the networks.
3. Telecommunications services offered (Mobile SMS, Mobile Voice, Mobile Data, Fixed Broadband, and 5G) at established Quality of Service (QoS).
4. Annual and total five year commitment.



RATIONALE FOR USING THE HCLOS

1. This will ensure efficiency of investment, and would not distinguish between operational and non-operational expenses.
2. The committed speed will ensure that the coverage would have the capacity to handle the planned subscriber volume.
3. The service availability would ensure that the NMTP would be at par with the existing major players and would have seamless interconnections.
4. The annual commitments would encourage early roll-out and frontloading of investments.



RECOMMENDED COMPUTATION

$$\mathbf{R_{total} = [R_1 + R_2 + R_3 + R_4 + R_5],}$$

$$\mathbf{where R_n = [(C_{An} + 2 * C_{Bn}) * Sp * (1 + \frac{Se}{10})] * W_n}$$

C_{An} = Coverage Percentage at Cities, 1st class, and 2nd class municipalities at year **n**

C_{Bn} = Coverage Percentage at 3rd, 4th, 5th, and 6th class municipalities at year **n**

Sp = Speed in Mbps

Se = Number of Services offered (Mobile SMS, Mobile Voice, Mobile Data, Fixed Broadband, and 5G)

W = Weight per Year

R = Rating

N = Year; $n=1$ for 2018 ... $n = 5$ for 2022



ANNUAL AND TOTAL FIVE YEAR COMPUTATION

Annual ratings would have the following weight:

- i. 1st year – 30%
- ii. 2nd year – 30%
- iii. 3rd year – 20%
- iv. 4th year – 10%
- v. 5th year – 10%

- The annual committed Level of Service (LOS) will be secured by a performance bond equivalent to $\frac{1}{2}$ of 1% of the estimated annual investment.
- 90 days from the date of award, the NMP shall deposit 25% of the total 5-year investment in LandBank of the Philippines.



RATIONALE OF THE FORMULA

1. An improvement in the speed in Mbps translates to 10% coverage (1 is to 10 Speed to Coverage ratio).
2. An increase in the number of services translates to 10% increase in total rating with full services getting 50% additional points.



SAMPLE COMPUTATION

COMPANY A	Year 1	Year 2	Year 3	Year 4	Year 5
Coverage Cities to 2 nd class municipalities	20%	10%	10%	10%	10%
Coverage 3 rd to 6 th class	20%	20%	10%	10%	10%
Speed	5	8	10	15	20
Service Offered	2	3	4	5	5
Weight	30%	30%	20%	10%	10%
Rating	1.08	1.56	0.84	0.675	0.9

Total: 5.055

COMPANY B	Year 1	Year 2	Year 3	Year 4	Year 5
Coverage Cities to 2 nd class municipalities	40%	20%	10%	10%	5%
Coverage 3 rd to 6 th class	5%	5%	10%	10%	10%
Speed	8	10	12	15	20
Service Offered	2	3	4	4	5
Weight	30%	30%	20%	10%	10%
Rating	1.44	1.17	1.008	0.63	0.75

Total: 4.998



SUPPORT FROM THE GOVERNMENT

1. Ensure frequency bands to be used.
2. Facilitate agreement for use of Transco/NGCP Dark Fiber.
3. Provide access to DICT facilities.
4. Facilitate issuance of the International Gateway Facility License.



There are now 3 versions of the Draft Memorandum Circular (MC)

1. The initial draft as published on 19 February 2018. The main criterium of selection is the highest 5-year committed investment.

Comment- Selection based on committed investment encourages inefficiency that may result to high subscription cost to consumers.

2. ITU Consultant's Input. Selection process is mainly based on highest committed area coverage and will be awarded based on open auction.

Comment- Selection process is only based on coverage, which may result to tied bids that may be difficult to resolved. Also, the open auction may not be practical because a thorough study may be needed to bid effectively.



There are now 3 versions of the proposed Memorandum Circular (MC)

3. Bidding Process Utilizes the Highest Committed Level of Service (HCLoS).

Comment- There are five factors that need to be considered in the selection process as presented. All data/submission (e.g. Coverage, Speed, and Services Offered) will come from the contenders themselves.





**END OF
PRESENTATION**

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