



TAKING ON THE GOLIATHS

There are fortunes to be made in the mobile industry but they tend to evade most of us and remain firmly in the hands of the mobile operators. This may well be because the mobile operators are simply very good at protecting and growing their markets, and leaving budding entrepreneurs frustrated in their efforts to capture part of the market for themselves.

In a market that comprises a small number of Goliaths and many Davids it is good every once in a while to see one of the Davids victorious against a Goliath. Such events are rare but not unheard of and when they do occur it can be a victory that shakes a mobile operator or two as the playing field levels that bit more.

However, there are very few companies inclined to go head to head with a mobile operator; most would rather find some other way of dealing with their issue or drop it altogether.

Since 1999 Hay Systems Ltd (HSL) has been a company involved in the field of mobile messaging, specifically the sending and receiving of SMS. HSL has taken a position in the market that puts them head to head with the mobile networks. This position is as a result of their ambition and, as a result, their strategy to compete in certain areas in which mobile networks are most commercially sensitive. These areas are the wholesale termination of SMS and, more significantly, mobile-to-mobile SMS.

It is HSL's belief that in order to provide a high quality service, comprising high availability and good SMS delivery characteristics, for example speed of message delivery, it is necessary to minimise the complexity of a system and to perform as much of the task in-house as you are capable of performing.

Specifically in the context of SMS termination this translates to using what the mobile networks use themselves for SMS termination (SS7) and using HSL's own Short Message Service Centres (SMSCs)

instead of the mobile network's SMSCs.

In 2001 HSL bought their first SS7 signalling gateway to deliver their first SMSC. Since then HSL have been striving to operate as much of the delivery process for SMS termination as they can.

This has involved protracted negotiations with the UK communications regulator, Ofcom, and its predecessor, so that HSL could attain provisional "operator" status in the early years, to receive "numbering" such as SS7 point codes, a block of mobile numbers and an all important Mobile Network Code (MNC).

One of the biggest challenges HSL faced was to convince Ofcom that HSL, a company without mobile subscribers, network infrastructure and a GSM spectrum license, required mobile numbers and an MNC. However, after numerous meetings, written explanations, diagrams, and re-applying time-and-time again, HSL were granted all the numbering they required to move their business to the next level.

In June 2006 HSL submitted a request to Ofcom asking them to resolve a dispute between HSL and T-Mobile in relation to T-Mobile's refusal to provide SS7 access to their network. Following Ofcom's review of the matter Ofcom accepted the dispute in July for resolution under their powers. A four month investigation was then conducted by Ofcom during which further information was obtained from HSL, T-Mobile and interested parties.

The focus of the dispute became whether the alternative SMPP/IP interface that T-Mobile had offered was a viable alternative to the SS7 interface requested by HSL. The result of the investigation was not what HSL were hoping for. Ofcom found in favour of T-Mobile and ruled that the alternative offered by T-Mobile was a viable alternative given HSL's stated requirements.

When HSL realised it was not going to go in their favour management, staff and HSL's lawyers were disappointed. However, the

outcome was the result of a technicality relating to HSL's stated requirements. These requirements had been simply for access via SS7 for the purpose of SMS termination.

However, Ofcom was of the opinion that you cannot specify the interface you want when seeking interconnect and so this simply left HSL's requirement being for a non-specific interface for the purpose of SMS termination.

By T-Mobile offering an SMPP/IP interface that was functionally capable of terminating SMS, albeit not normally with the degree of reliability, resilience and control of an SS7 interface, they had met their obligations and Ofcom found in their favour.

This does suggest that if HSL go back to T-Mobile and are more specific about their requirements, then they may actually achieve a form of access to T-Mobile's network that meets their requirements for SMS termination. HSL hopes that this interface will be SS7, but T-Mobile may actually be able to produce a non-SS7 interface that does fit HSL's requirements. In this case, and given that HSL's requirements have been met, then it will only be sensible for HSL to accept this interface.

Persistence and determination based on a belief by HSL in what they are trying to do is driving HSL's business forward. There's very much a "can do" attitude in the business. Progress has certainly been slow but progress is being made. There have been many times when management have had to pause for thought about their ambitions. However, there have been many more times when they have decided to "bite the bullet" and drive forward.

The mobile operators are strongly perceived to lead the market and the business plans of the majority of entrepreneurs are servile to the mobile operators. It is a fact that the mobile market will not change as long as mobile operators continue to maintain their

dominance. As it stands right now, mobile operators frequently dictate to the rest of the industry, and the rest of the industry follows behind.

A change of step is required in the industry to address the dominant behaviour of the mobile networks and their market power. The involvement of Ofcom in the UK mobile telecommunications industry to decide on pricing and access issues is important in ensuring a change of step and fair competition.

With this change of step, innovation should be stimulated and new service opportunities and greater competition introduced. The regulator may not always agree with you or be as quick as you would like but persistence in the framing of your issue can and does pay off.

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