

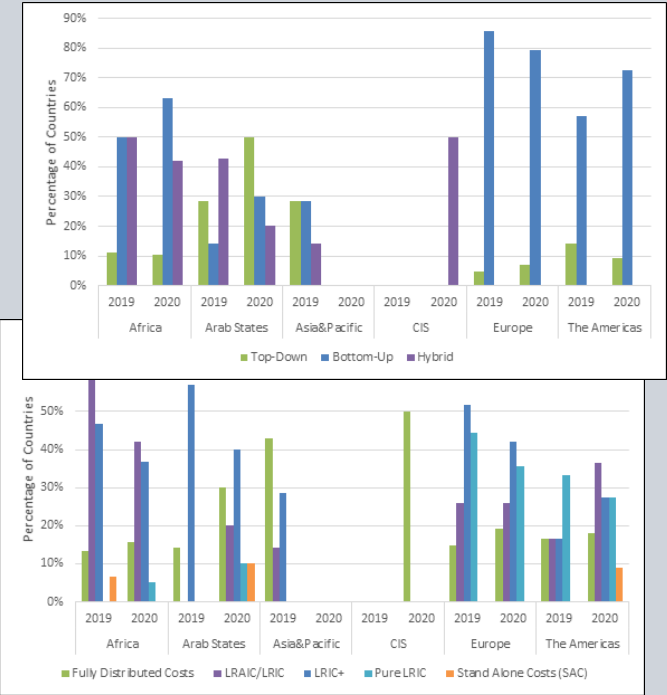
Virtual 2-3 June 2021 - 12:00 to 15:00 (CEST)

Advances in regulatory costing and pricing strategies in the digital era

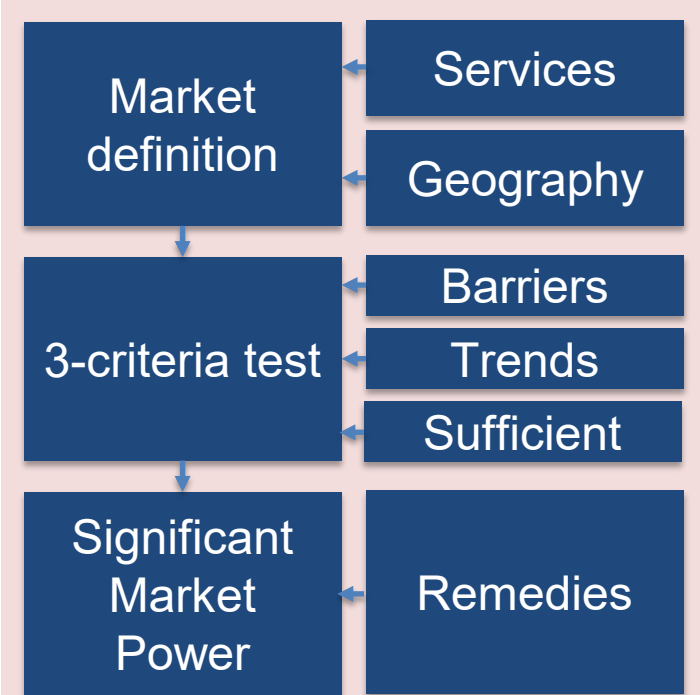
Arab States

As part of ITU-D Q4/1 mandate, we analysed the pricing methodologies applied around the world

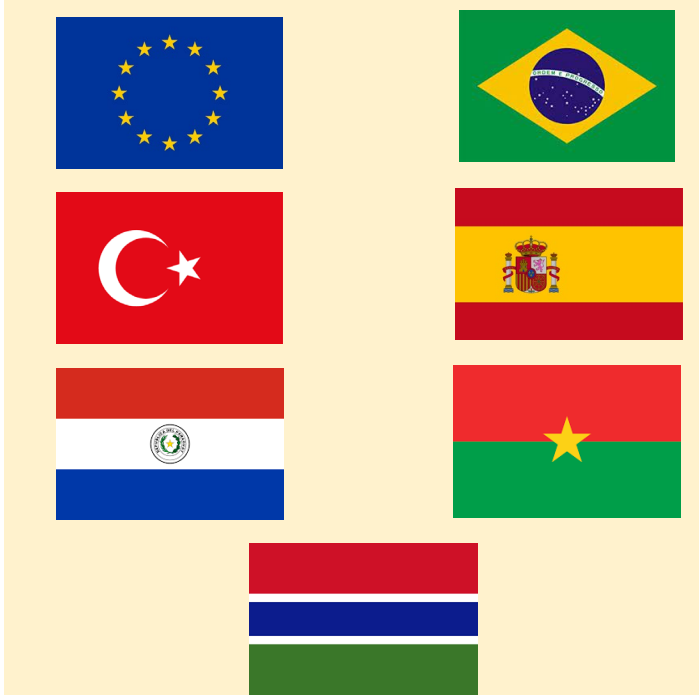
Costing methodologies



Market analysis

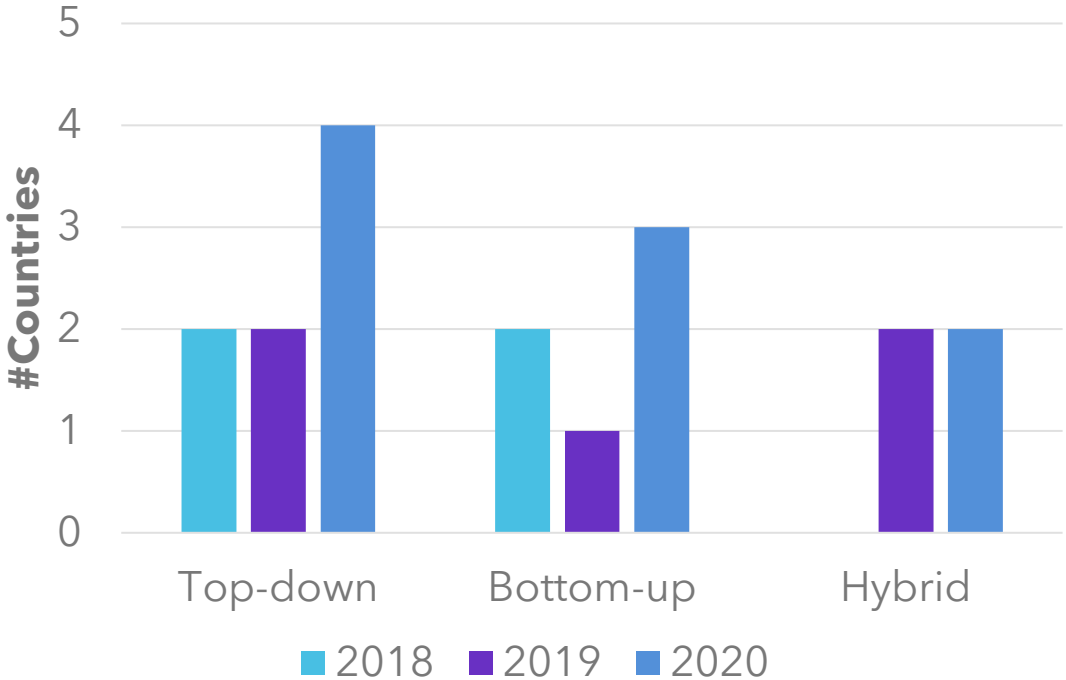


Use cases

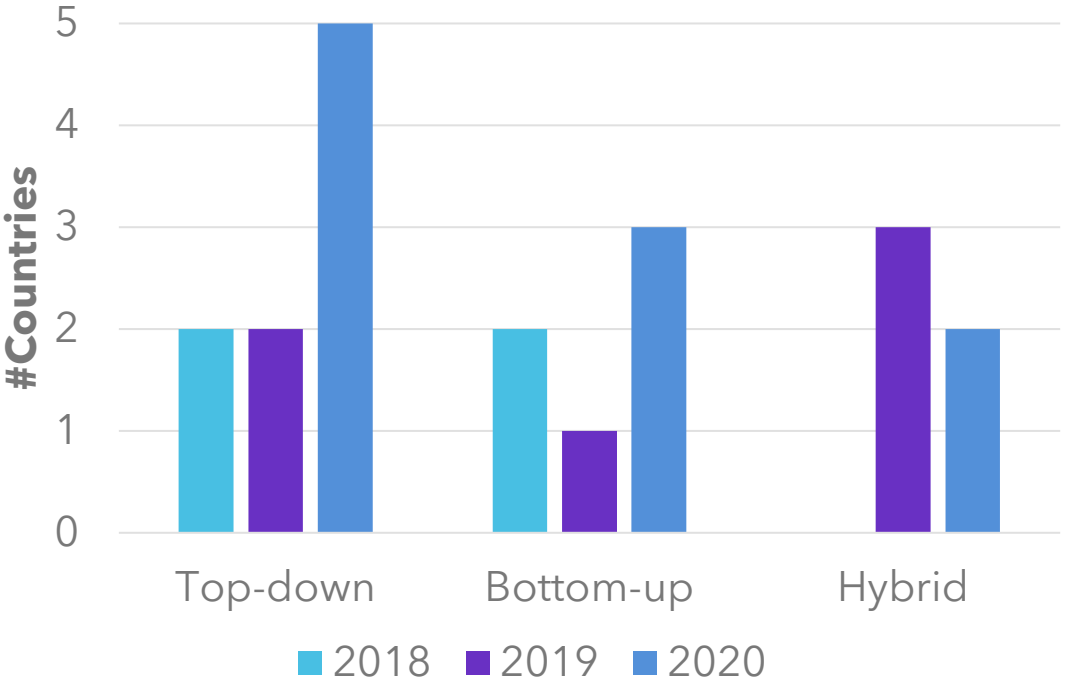


We have observed an increasing use of cost models by Arab States, especially Bottom-Up and Top-Down

Fixed Services - Arab States



Mobile Services - Arab States



We have also delivered a document with Guidelines on Cost Modeling¹

	Relevant topics and options			Bottom-Up	Top-Down
Cost Standard	▶ Fully Distributed (FAC/FDC)	▶ Pure Incremental (LRIC)	▶ Incremental+ (LRIC+)	✓	✓
Cost elements to consider	▶ Network ▶ Licenses and spectrum	▶ Retail ▶ General and Admin.	▶ Cost of Capital	✓	✓
Treatment of capital	▶ Assets valuation	▶ Modern Equivalent Assets	▶ Annualisation method	✓	✓
Treatment of revenues	▶ Financial information and granularity		▶ Treatment of bundles	-	✓
Reference operator	▶ Real Operators	▶ Hypothetical operator	▶ Hypothetical new entrant	✓	-
Services and increments	▶ Services to include	▶ Definition of increments (only for LRIC/LRIC+)		✓	✓
Geographical modelling	▶ Geotypes definition		▶ Modelling based the information available	✓	-
Network topology design	▶ Scorched node	▶ Modified Scorched Node	▶ Scorched earth	✓	-

Legend:  Applicable  Not applicable

The guidelines provide also advice regarding how to structure a cost modelling project

Bottom-up

1. Kick-off

2. Methodology

3. Consultation
on Methodology

4. Data
gathering

5. Data
validation

6. Model
development

7. Consultation
on the Model

8. Regulatory
decision

Top-down

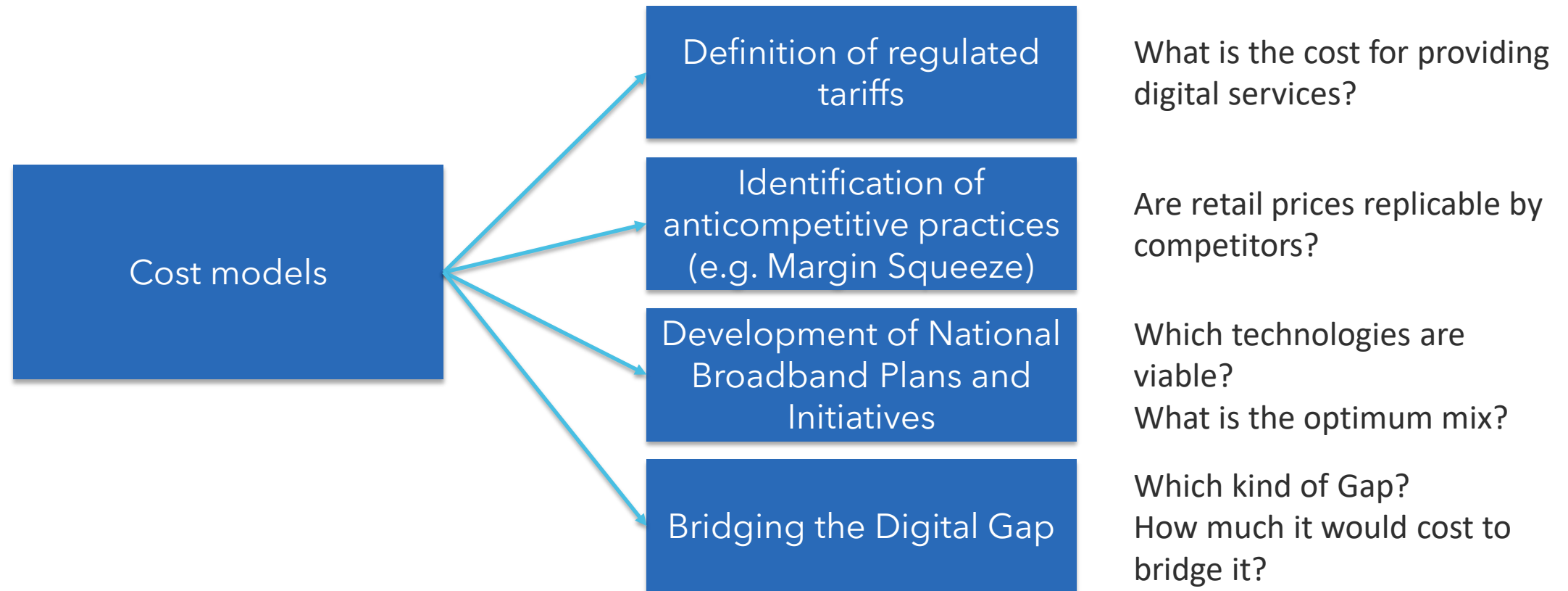
1. Regulatory framework
definition

2. Development of
implementation manual

3. Model implementation

4. Audit/revision

Models support decision making about several regulatory and public policy aspects



Thank you very much

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