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Public Abridged Version

By email: ic.cbmarketstudies-etudesdemarchebc.ic@canada.ca

Mr. Greg Lang,
Major Case Director and Strategic Policy Advisor,
Competition Promotion Branch
Competition Bureau
Place du Portage, Phase I
50 rue Victoria
Gatineau, QC K1A 0C9

Re: Market Study: Competition in Broadband Service

Dear Mr. Lang;

1. In accordance with the Market Study Notice published on May 10, 2018, SSi Micro Ltd (“SSi”) is pleased to provide our brief initial submission as part of your study into competition in broadband services in Canada.
2. We are also willing and hereby request to participate in an oral interview with the Competition Bureau. We will certainly make members of our executive team available to explain our perspective and our experience in greater detail.
3. As requested in the Market Study Notice, paragraph 25, all confidential or commercially sensitive information we provide in this letter has been clearly identified as such by being highlighted in yellow.
4. Founded in 1990, SSi is a pioneer in remote-area broadband, launching service into markets where internet access often did not exist. From our headquarters in Yellowknife and Satellite Teleport and Network Operations Centre in Ottawa, SSi specializes in the design, deployment



and operation of innovative and cost-effective communications networks to support the needs of communities with little to no terrestrial access to the outside world.

5. SSi is the largest broadband service provider in Nunavut, and the only one with residential, business and government customers in all 25 communities. We also provide services in Yellowknife and Fort Providence, Northwest Territories, and are negotiating and completing expansion plans elsewhere in the North and Mid-North. SSi has carried out projects elsewhere across the Arctic and around the world, delivering telecom services to consumers, governments and business.
6. In 2004, in Yellowknife, SSi became the first in Canada to launch state-of-the-art WiMax broadband technology using 2500 MHz spectrum, and in 2005 we became the first (and still only) company to launch broadband service in all 25 Nunavut communities, again using WiMax technology at 2500 MHz, and offering the same service level and pricing to Nunavummiut across the Territory.
7. SSi is now completing a 3-year, \$75 million investment program into Nunavut communications infrastructure, including \$35 million contributed by the Government of Canada through ISED's Connecting Canadians Program. We have invested these funds to upgrade infrastructure upgrades in all 25 communities of Nunavut and other communities in the NWT to bring 4G-LTE and 2G-GSM last-mile technologies for fixed and mobile data and voice services.
8. SSi first launched mobile wireless services in Nunavut on February 1, 2018. With our combination of 4G LTE and 2G-GSM services, we are pleased, once more, to have been first to offer mobile wireless service, including access to broadband internet, in most of the communities we serve in the Territory.
9. We have launched broadband service into many markets where the internet previously did not exist, we have delivered mobile voice and data services where those were not available, and we provide a competitive alternative to the incumbent operator in many other small and remote markets.
10. To offer advanced telecom services in Canada's North, we rely primarily on "last-mile" facilities that we own and operate. However, the challenge of serving remote locations, such as Nunavut, lies in obtaining access to adequate and properly priced backbone facilities to connect our quality local networks to the rest of the world.

11. [XXXX].

12. [XXXX].

13. Unlike in many parts of southern Canada, in the North backbone facilities remain a bottleneck. For many locations, wireline backbone facilities, such as fibre optic cables, simply do not exist. We must, therefore, rely on satellite backbone transport facilities.

14. Therefore, it remains an essential condition of even facilities-based competition to offer broadband services that we have *just and reasonable access* to that backbone. We must rely on the incumbent local exchange carrier - the ILEC - for interconnection at the local level, and for access through mandated wholesale services to backbone facilities that they control.

15. The realities of serving Canada’s remote regions complicate the picture painted by the Bureau’s four broad questions:

Have resellers been able to deploy competitively effective service offers?

- *What competitive influence have resellers had, to date, on traditional phone and cable network owners? How could this competitive influence change in the future?*
- *Are there differences between the services offered by traditional phone and cable network owners and those provided by resellers that could explain the observed consumption patterns? What are the value points that matter the most to consumers?*

How have consumers reacted to new competitive alternatives?

- *How aware are Canadian consumers of their options for broadband services? Are there factors that may drive consumer inertia in this industry and, if so, are there ways to overcome these factors?*
- *How does the fact that resellers do not typically provide other telecommunications services (e.g., television or phone service) affect the competitive attractiveness of resellers?*
- *How do industry contractual practices affect consumer behaviour? How are contract lengths and bundling discounts structured? How aware are consumers of their contractual obligations and rights?*

How does regulation in this industry affect the economic behaviour of broadband suppliers?

- *How does the Canadian reseller regime affect the incentives that network owners have to expand or upgrade their networks? Have network investment levels changed following the establishment of resellers?*



- *What investments must resellers make in order to provide services to consumers? Are there features of the marketplace that impede the expansion of resellers?*
- *Have network owners used the reseller regime to expand their reach outside of their incumbency area? Why or why not?*

How do other countries manage and regulate broadband competition?

- *Do Canadian regulations diverge in any meaningful way from those employed by other countries? Are there significant differences between Canada and other jurisdictions that explain any divergence?*
- *Are there lessons to be learned from how other jurisdictions regulate broadband?*

16. The questions imply that there is a neat division between resellers, on one hand, and broadband suppliers – which the questions implicitly identify with “traditional phone and cable network owners” – on the other. This is simply not true, at least in Canada’s North.

17. While we would be delighted to discuss any aspect of the study with Bureau staff, we may be able to be most helpful with respect to the broad question and specific issues that the Market Study Notice identifies as (c): How does regulation in this industry affect the economic behaviour of broadband suppliers?

How does the Canadian reseller regime affect the incentives that network owners have to expand or upgrade their networks?

18. [XXXX].

19. [XXXX].

20. [XXXX].



21. [XXXX].

22. [XXXX].

23. [XXXX].

24. [XXXX].

25. [XXXX].

26. [XXXX].

27. [XXXX].

28. [XXXX].

29. For competition to work against well-entrenched wireline and wireless incumbents, it must be backed up with an intelligent and detail-oriented regulatory framework to enforce just and reasonable interconnection and wholesale access conditions.

What investments must resellers make in order to provide services to consumers? Are there features of the marketplace that impede the expansion of resellers?

30. We cannot speak to the investments contemplated or made by resellers of the broadband facilities of phone or cable networks in southern Canada. For us to compete against the ILEC in the three Northern territories – a company that also operates the only cable television service in key locations such as Whitehorse and Yellowknife – we must invest in facilities that enable interconnection with that ILEC as a co-carrier, or Competitive Local Exchange Carrier (“CLEC”).

31. We can certainly discuss in further detail these investments with you as part of the interview process.

Have network owners used the reseller regime to expand their reach outside of their incumbency area? Why or why not?

32. While this is a question best answered by the owners of incumbent telephone and voice networks, we do note that resale has permitted Bell to compete in many parts of Canada outside of its traditional incumbency area.

33. We would also draw to the Bureau’s attention the record of regional facilities-based wireless carriers, such as Québecor Média (operating as Vidéotron) and Shaw Communications Inc., taking advantage of wholesale wireless roaming services to expand their data services beyond their incumbency areas.

Conclusion: Request for an Interview

34. In closing, we would like to thank the Bureau for the opportunity to participate in this study of an extremely important market.



35. We would also like to reiterate our request for an interview to discuss these issues in greater detail.

All of which is respectfully submitted,

SSI MICRO LTD.

[SGD – DEAN PROCTOR]

Dean Proctor,
Chief Development Officer
