Coffee Telecom response to Ofcom’s Consultation on Spectrum Framework Review: Implementation Plan - January 2005

Coffee Telecom Limited was founded in March 2003 to develop innovative mobile phone services, initially for the UK market. Coffee Telecom is now at an advanced stage of preparation for full commercial launch in early 2006. A summary of our proposed service plans may be found at www.coffeetelecom.com.

In line with our specific interests, our response is primarily concerned with Questions 5.6 and 5.7 of the consultation which concern the GSM/DECT Guard Bands. We also offer our views in respect of Question 4.1.

We note the reasoning and recommendations in your consultation document.

Concerning Question 4.1

It is our view that there is scope for simpler auction formats to be used in future. Whatever auction format is proposed by Ofcom for the GSM/DECT Guard Band should adequately accommodate the potential asymmetry between bidders which may include smaller innovative companies, such as Coffee Telecom, and larger companies such as the four UK GSM network operators.

Concerning Question 5.7

We believe that the award of a small number of concurrent UK low power licences, on the basis proposed in the consultation document, is the right approach.

Concerning Question 5.8

In our opinion it would be right to hold an auction that could award up to 6 low power licences.

General comments on the GSM/DECT Guard Band

Coffee Telecom has been actively involved in various consultations over the past two years regarding possible uses for the GSM/DECT Guard Band.

We strongly believe that by making the GSM/DECT guard band available for innovative low power applications, the UK will once again lead the world in terms of mobile phone innovation, just as happened 16 years ago when the DTI published "Phones on the Move", a strategically important initiative now credited with having launched the concept of Personal Communication Networks (PCNs).

At the outset, the value of an individual innovation may seem difficult to quantify. But we are not asking Ofcom to consider the value of any of our innovations, rather we are asking Ofcom to create an environment that will allow Coffee and other innovative companies to create and launch smart new services and in so doing stimulate competition and ultimately benefit the consumer.
Given the known and demonstrable benefits of stimulating competition through innovation, we would recommend that Ofcom do not consider making the GSM/DECT Guard Band available for a single high power license; doing so would only make the spectrum attractive to one of the UK GSM operators and in so doing Ofcom would not be creating the environment for innovation that it is presently in the position of being able to do.

In exercising its discretion regarding possible use of the GSM/DECT Guard Band, we note that under the Communications Act 2003, specifically 3(2)(a), Ofcom is "[required to secure] the optimal use for wireless telegraphy of the electromagnetic spectrum". Coffee Telecom's reading of this sentence is that acquisition of a license to broadcast in this spectrum followed by non-use (e.g. sitting on the spectrum or otherwise hoarding the spectrum) does not correspond to "optimal use for wireless telegraphy" and should be disallowed through license conditions.

Finally, we would like to congratulate Ofcom for stimulating debate and discussion regarding use of the GSM/DECT Guard Band and we very much look forward to being a part of the process that ultimately leads to low power licenses being granted in this band.

Martin Wren-Hilton
Founder & CEO
Coffee Telecom Ltd

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