Application Procedure for establishing International Gateways for Telecommunication Services

(September 2016)

1. APPLICATION PROCEDURES

a. The application must be submitted to the Authority along with detail project report (DPR) in the format mentioned below.

b. Failure to furnish any mandatory information and documents shall lead to disqualification of an application. In case the application is rejected, the applicant will be informed in writing along with reasons for the rejection.

a. If the applicant has furnished proper applications along with complete and relevant information, the Authority shall complete the processing of licence applications within one (1) week from the submission of the applications.

2. INFORMATION REQUIRED FOR LICENCE APPLICATION

To facilitate easy assessment of the application, the applicant shall submit DPR in the following format and order of information:

2.1 Organization, Corporate information and experience

i) Name of the applying individual/ group of individual or company, contact telephone number, facsimile number, e-mail address, and name and designation of a contact person within the application's organization.

ii) Comprehensive curriculum vitae of the applicant including details of the applicant's current activities.

iii) Name of the organization (company) proposed.

iv) Detailed information on the proposed company, its corporate and shareholding structure.

v) Detail information on its experience/knowledge of the company or its shareholders, directors, employees, partners in the field of telecommunications business including its Management, Financing and marketing.

vi) Diagrammatic representation of the management reporting structure as well as general organization chart indicating the distribution of function within the organization.

5.2 Project Management and Implementation Plan

The applicant shall submit detail information on:

i) Location of the International gateway and its interconnection plan with other service provider.

ii) Implementation and management plan including implementation schedule in Gantt chart.

iii) Management strategy and its future plan for first three years.

5.3 Infrastructure and Technologies

Among other information, infrastructure and technology details should include:

i) Detail block diagram of system network with descriptions.

ii) Technical system configuration including technical specification of the major equipments.

iii) Network connectivity with other service providers.

iv) Quality of Service Obligation fulfillment plan including Monitoring and compliance detail.

v) System arrangement to identify, block and eliminate illegal traffic.

vi) Network security including risk identification and risk respond strategy and plan.

5.4 Financial Information and Business Plan

The financial information should include:

(i) Projected operating and capital expenditure.

(ii) A breakdown of the proposed capital expenditure and working capital requirements for the first five years of operation.

(iii) Sufficient documentary evidence to prove that the applicant has the financial

capacity to meet the capital investment required in carrying out the activity proposed. Additionally, include details of proposed financing structure including proposed source of funds.

(iv) Financing from the foreign sources shall be a cause for rejecting an application.

Among other things, Business Plan information should include:

(i) Comprehensive business plan including service (internet) expansion plan, in phase-wise, to all 20 Dzongkhags.

(ii) Projected volume of business, indicative prices for the services and market share for the first five years of operation.

(iii) Projected profit and loss account including details of revenue (the method of calculation should be clearly outlined), balance sheet and budgeted cash flow statements, showing the amount of capital to be invested on an annual basis for five years. All assumptions used (asset depreciations policies, annual increase/decrease in operation expenditure) shall be clearly explained.

(iv) The forecast internal rate of return and payback period of the investment.

(v) The segment of the market that the applicant will target (e.g. specific geographical area, activity, viewership or other service providers).

(vi) Distribution, marketing and promotion strategy.

5.5 An Impact Report

An impact analysis report on the following subject must also be submitted:

a) How the applicant's operations will benefit/impact the country, people and ICT sector.

b) Strategies that will be employed to compete effectively in the Bhutanese ICT sector.

c) Details of any initiatives that would be undertaken towards sharing of infrastructures.