



THE FIRST ICT PPP in the Czech Republic and liberalization of telco industry in CR

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ICTunie Introduction

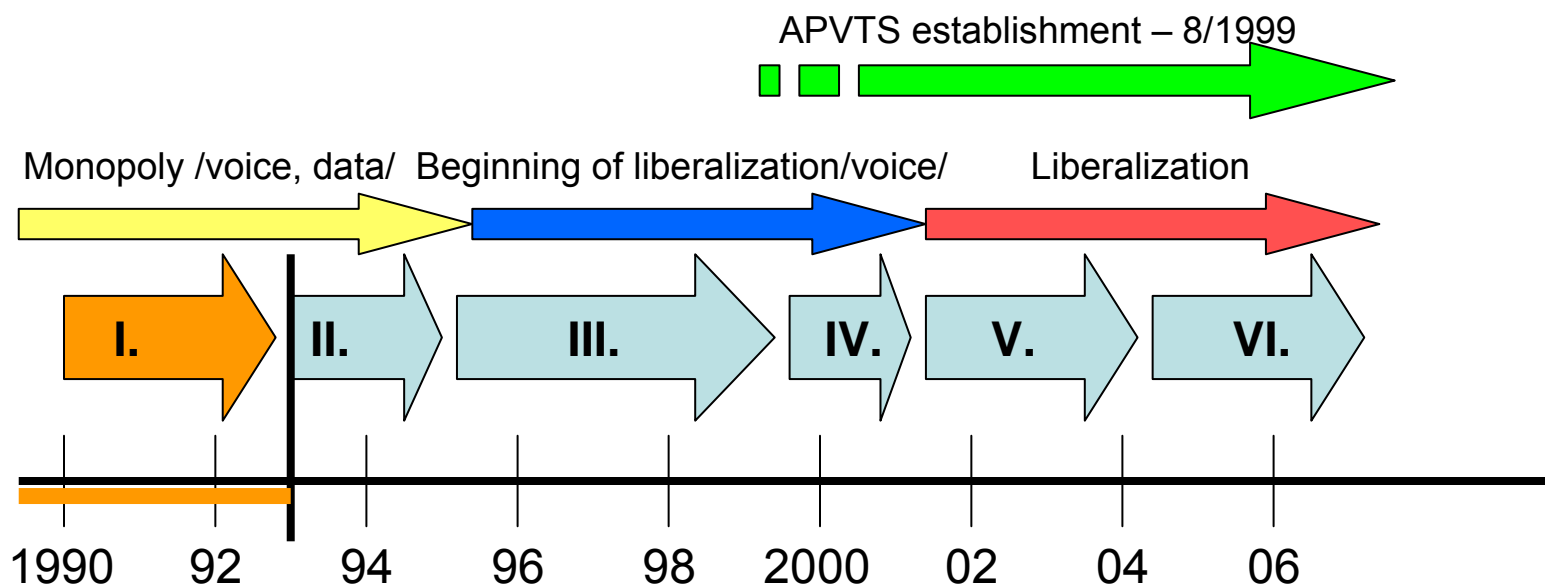
75 members (200bln CZK turnover)

www.ictu.cz

Professional Activities:

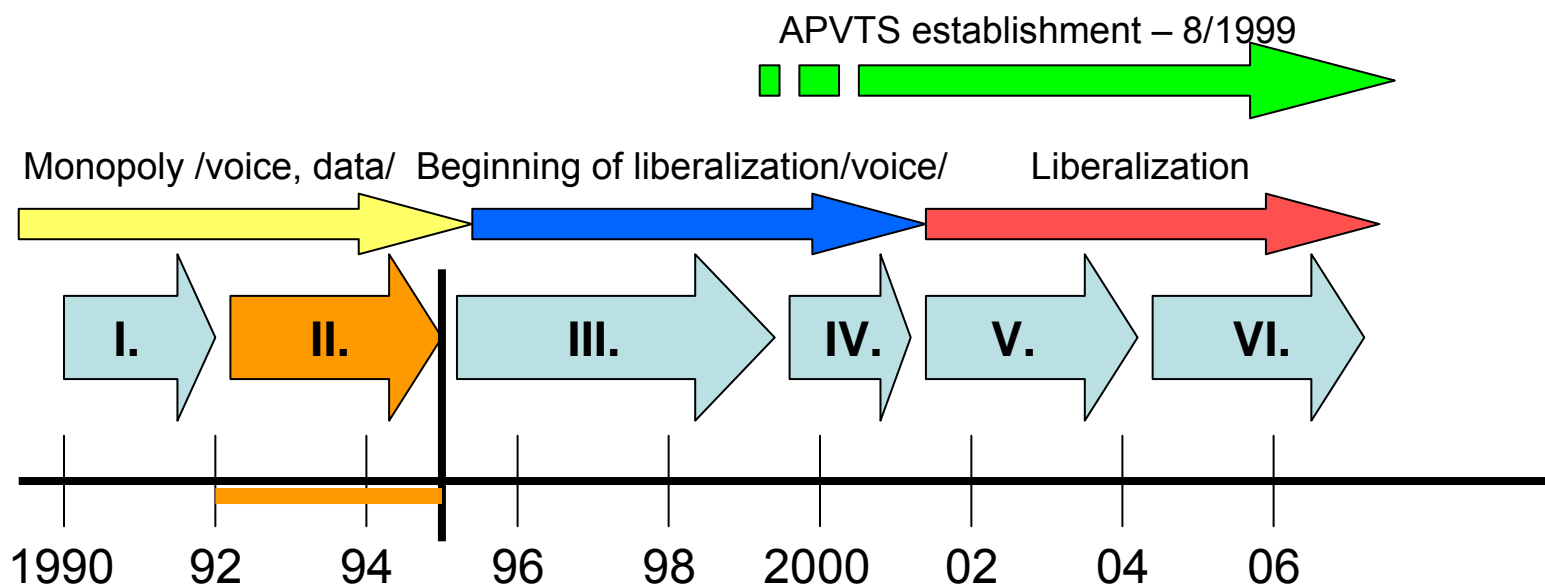
- CS, CPS, NP services specification, documents development
- Implementation of the Number Portability service – founding the CNPAC
- LLU project
- LRIC project
- Participation on the Act on Electronic Communications preparation
- Fixed network development: support of Internet development
- Interconnection rates, fixed-mobile models
- Participation on the Act of Electronic Signature preparation
- Manifesto of Knowledge Society
- Electronic Invoice – ISDOC
- Scenarios of possible realization of eGovernment
- Decalogue of eGovernment suppliers

Milestones of the Czech Telecommunications/phase I.



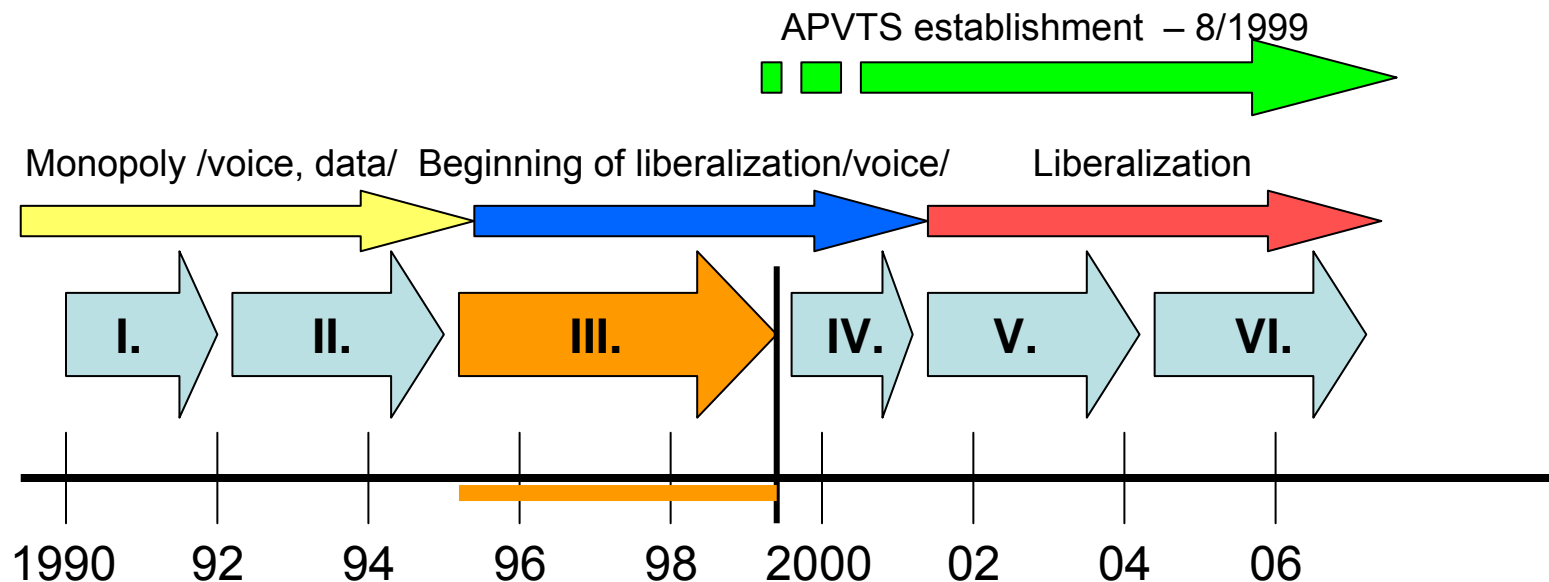
- 12/1991 Association agreement – commitment to disestablish and liberalize tkm. market in harmony with the EU
- 1.1.1993 Country separation – the commitment passed on to the new CR
- 1993 Separation of state administration and business – Ministry of Economy, CTU (regulator), SPT Telecom, Czech Radiokomunikace, Czech Post
- Liberalization of terminal tkm. equipment, instal./service activities
- CATV operators entered the market

Milestones of the Czech Telecommunications/phase II.



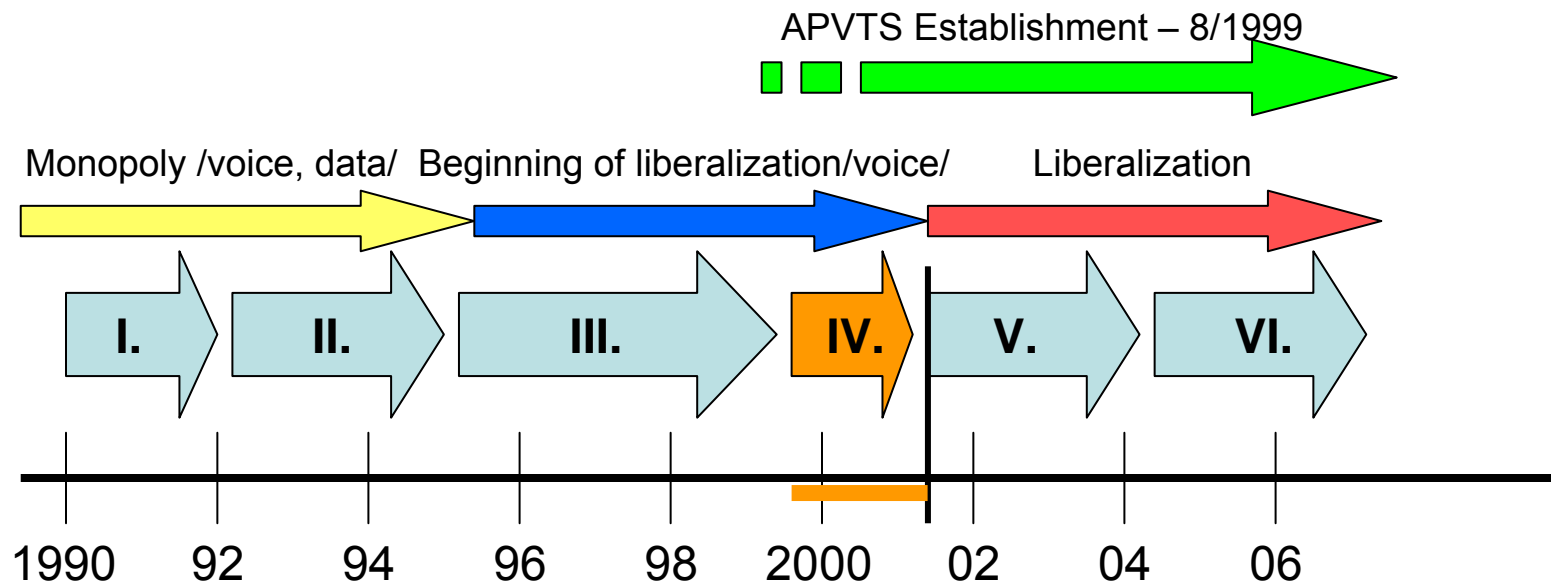
- State owned tklm. businesses transformed into joint-stock companies
- 1994 Telecomm. State policy formulated – liberalization by the 2000
- 1994 The first pilot license for alternative operator issued
- 1994 The Rules for competition in local networks determined
- 1995 Foreign investor entered the SPT Telecom (Telsource 27%)

Milestones of the Czech Telecommunications/phase III.



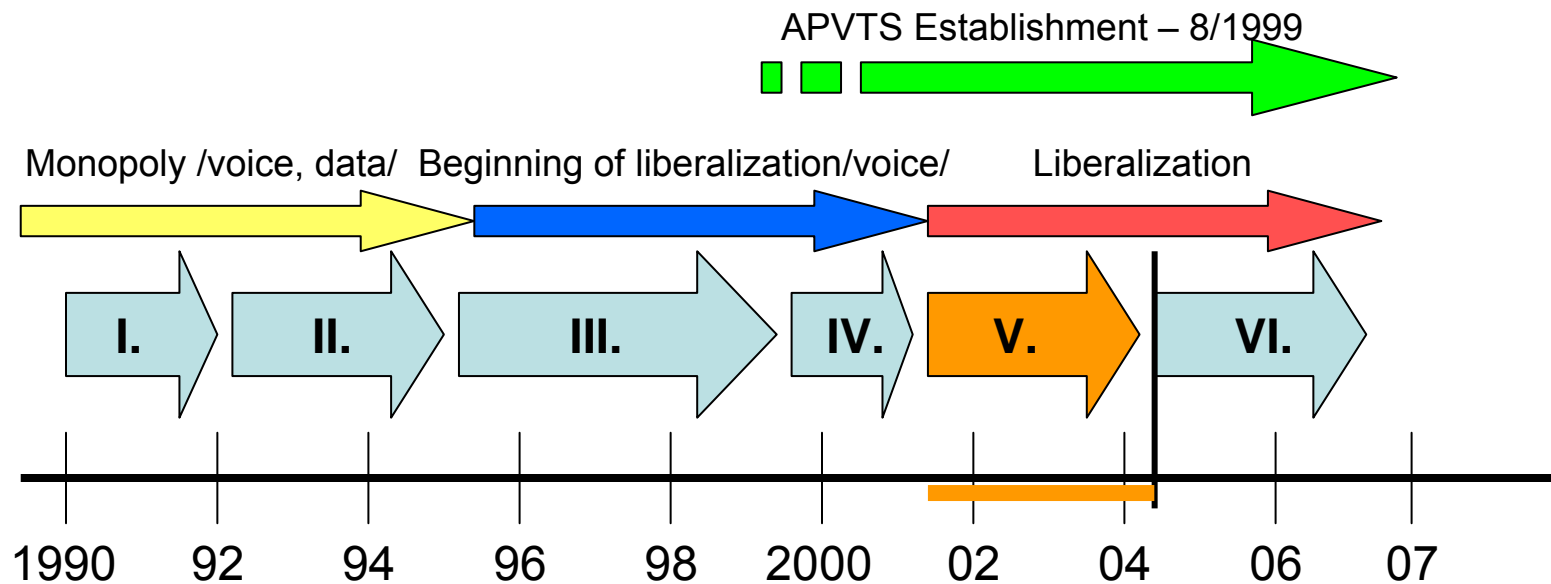
- 1996 Competition enters into mobile networks (T-MOBIL)
- 1996 Liberalization of data services
- 1996 Start of the Internet, callback, VSAT, establishment of ISPs
- 1996 – 99 Massive growth of transport and local networks (SPT Telecom)
- Persisting criticism of the monopoly operator–stock price decrease, liberal.
- 1999 Third mobile license issued for T.I.W. Canada (now VODAFONE)
Genesis of mobile market in the CR approves the efficiency reached by competition

Milestones of the Czech telecommunications/phase IV.



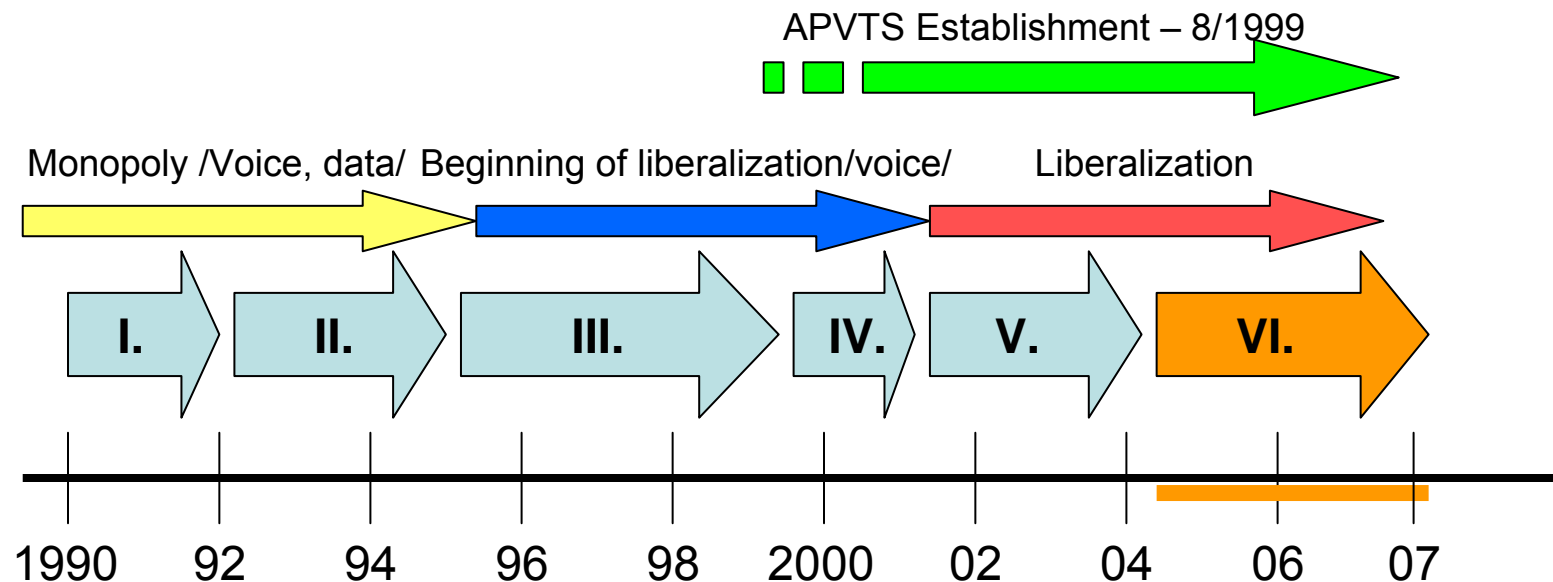
- 1999 Internet telephony liberalized by the CTU
- 1999 APVTS established (Association of Public Telecommunications Network Operators)
- 2000 The New Telecommunications Act comes into effect
- 2000 The independent regulator (CTU) established according to the Act
- 2000 The first nationwide license issued for alternative operator + others
- **1.1.2001 Monopoly of the Czech Telecom (SPT T) abolished**
- First interconnection agreement signed– but no in harmony with the CTU
- APVTS takes up an important role in liberalization process

Milestones of the Czech telecommunications/phase V.



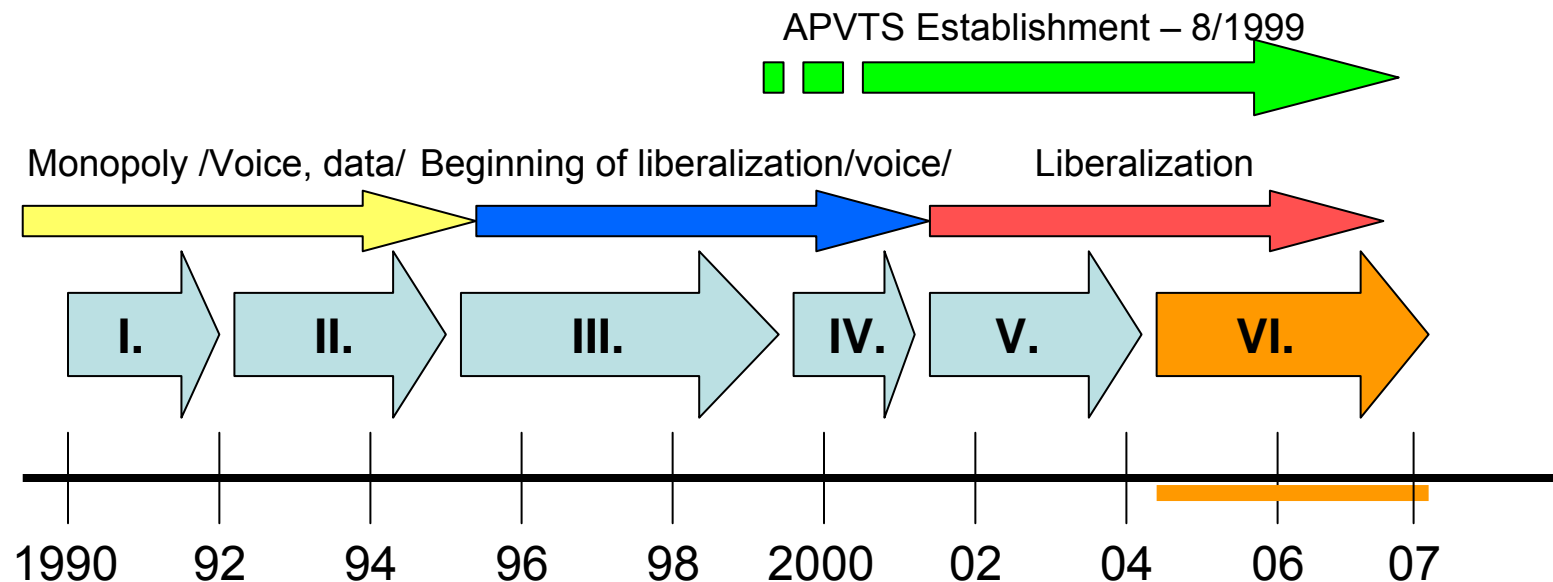
- 2001 – 02 Cost based interconnection method LRAIC – adopted by CTU
- 1.7.2002 Carrier selection
- 1.1.2003 Number Portability in fixed networks
- 2002 Discussion on the new Act on Electronic Communication started
- 2003 Principles of the LLU determined (Local Loop Unbundling)
- 2004 ADSL wholesale offer available for alternative operators
- 1.5.2004 The CR becomes the EU member

Milestones of the Czech Telecommunications/phase VI.



- 2/2005 The Act on Electronic Communications comes into force
- 1.1.2006 Number portability in mobile networks comes into effect
- 2006 Relevant Market Analyses
- 2006 Revision of the EU Regulatory Framework
- 2006 APVTS attacks projects „Internet for Free“
- 2006 APVTS + CAKK filed a complaint to EC/DG COMP
- Projects : Convergence, NGN, Safe Internet

Milestones of the Czech Telecommunications/phase VI.



- 2/2005 The Act on Electronic Communications comes into force
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- **1/2010 SPIS + APVTS = ICT unienew structure of association**

PPP Legislative Framework

- Concession Act
- Public Tenders Act
- PPP Government Resolution
- PPP Centre Establishment

PPP or Public Tender?

- Sufficient amount or lack of financial means
- Risks assessment
- Decision

PPP or Public tender?

Short Overview of PPP

PPP (category)	Contracting Authority	Sales Volume (in mil. CZK)
Highway D3 (BOT)	Ministry of Transport	40 400
Hospital Reconstruction in Pardubice (DBFO)	Pardubice Region	2 300
Industrial Area in Třinec (BOT)	Třinec Municipality	1 800
Justice Campus in Ústí (DBFO/BOT)	Ministry of Justice	1 400
Central Military Hospital in Prague (DBFO)	Central Military Hospital in Prague	1 000

BOT: Build-Operate-Transfer
DBFO: Design-Build-Finance-Operate

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PPP Electronic Toll Collection

Role of State Administration

- Contracting Authority: Ministry of Transport
- User: Road and Motorway Directorate
- Mobile Inspection: Custom Administration
- Project Managers: Deloitte Czech Republic and Bovis Lend Lease
- Independent Auditor: Logica CMG

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PPP Electronic Toll Collection Role of State Administration (cont'd)

The Tender Was Called in July 2005 and 4 Offers Were Submitted

C-WAY	A-WAY, Efkon, Egis, Reiffeisen Informatik Consulting, AŽD Praha
Mytia	Fela, Ascom, Damovo, ABD Group
Kapsch	Kapsch TraffiCom, Kapsch Telematic
Autostrade	Autostrade

Kapsch declared the winner

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PPP Electronic Toll Collection

Role of ICT Companies

Kapsch (Asseco)

- » Central system
- » Tolling technology and equipment, OBUs

AŽD Praha

- » Tolling and enforcement gantries infrastructure

Telefónica O2

- » Data communication
- » Call center, hosting, printing center

Cross Zlín

- » Mounting and service

ČSOB (Ness)

- » Financing and billing
- » Operation of distribution points

Eltodo

- » Engineering, building operations, electric lines

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PPP Electronic Toll Collection

Role of Telefonica (eg.)

During 9 months Telefónica O2 arranged:

Data connection

- Connection of central systems (hosting, surveillance centre)
- 172 gantries connected by fibre optic cables or microwaves
- Enforcement vehicles connected by mobile technologies

Call centre

- Services in 7 languages
- 99% of reaction till 120 s

Printing centre

- Invoices printing on the base of customer requirements

Hosting

- hosting for central systems in two independent localities

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PPP Electronic Toll Collection

Role of **Asseco** (eg.)

During 9 months Asseco arranged:

On Board Unit distribution points

More than 100 Distribution points include:

HW equipment (HW delivery, operation, maintenance)

System Surveillance (network and servers monitoring and administration, customer support)

Central Help Desk Operation (24x7x365, communication channels via web, email, phone, fax,)

SW Applications (application for distribution point, active screen, user and operational documentation)

PPP Electronic Toll Collection Project Evaluation

- The implementation took the same time as appeals (9 months each)
- The elections took place during implementation and government changed
- E-Toll tender became hot topic in media
- New technologies were in the game (satellite based tolling)
- Always take into account the worst scenario
- The biggest problems are various permits, mainly building approvals and rights of way
- The time for implementation was very short
- Companies from different countries speaking various languages had to be coordinated
- All of this under big political and media pressure

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PPP Electronic Toll Collection Project Evaluation (cont'd)

Only after seven (7) months of operation, the total amount of the collected toll reached the total capital expenditure! This excellent indicator is in addition amplified by the fact that the system was built using the contractor method, which means that the general contractor bears the initial costs related with the construction – example of **PPP project!**

The state will reimburse the general contractor for such costs gradually within a horizon of 30 months after the launch of the system. Thus, in the first year of the system functioning, the state has only paid 25 % of the total acquisition price of the work!

The revenue estimation of **ten years toll collect operation** in highways and motorways is about **EUR 3 billion** (without toll rates increase). The calculation includes extension of toll collect obligation to vehicles 3,5 tons weight and increasing number of toll collected highways and motorways.

Huge opportunity for ICT companies (design, build, operate and maintain)

Conclusion

- Make the tender as transparent as possible. During preparation do not underestimate advice of the experts.
- The most important is clear definition of the goals of the e-toll system, discussion about used technology is far less important
- Provide enough time for implementation
- It is important to pay attention to a clear and qualified communication with media