

The Important Contribution of Over-the-Top Services in Thailand

OTT's are an important part of the innovation ecosystem and critical for helping Thailand achieve the ambitious goals as outlined in Thailand 4.0. These services and platforms offer small and medium sized enterprises (SMEs) the ability to expand their businesses to the global digital marketplace. OTT services are providing great economic empowerment to SMEs in Thailand.

OTT's are an essential—and increasingly important—element of the broadband value chain. Innovation in OTTs has led to a rich and diverse Internet, and has stimulated consumer demand for broadband Internet access, which in turn is a key driver for network operators to upgrade and expand their networks. Any attempts to impose additional regulation on OTTs would create business uncertainty and lower economic growth and investment. Ambiguous, unnecessary or misapplied rules will harm innovation and pose significant jurisdictional challenges for enforcement.

The Value of OTT's

A recent [study](#) conducted by WIK¹, an independent thinktank focused on Rich Internet Applications (RIA's), found that these OTT applications have many benefits to countries around the world, including:

- ***The multi-sided interaction on RIAs enable new local value creation.*** For instance, local merchants gain access to new markets and can advertise their products and services globally with almost no barrier to entry and very little monetary risk. The integration of payment and money transfer functions with RIAs enables remittance payments at substantially lower cost; for India alone, these savings could amount to US\$4.4 billion annually. Each 10% increase in RIA usage has added on average US\$5.6 trillion in GDP (0.33% of GDP), exceeding the economic benefits of basic telecommunications services across a panel of 164 countries in the period 2000 to 2015.

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http://www.wik.org/fileadmin/Studien/2017/CCIA_RIA_Report.pdf

- ***RIAs also generate significant social benefits.*** For example, standard RIA functions, including video and voice recognition, are often considered superior to specialized applications in supporting people with disabilities. RIAs can also play an important role in disaster relief as an increasing number of them offer broadband-free access. Thus, up to 80% more people can receive potentially life-saving information when it counts.
- ***RIAs can help to reach the United Nations Sustainable Development Goals*** on health and education by providing crucial health information even in remote areas and empowering community health workers. By using RIAs, community health workers can learn more, take more responsibility and consult experts when required.
- ***By delivering audio and video-based teaching aids, RIAs can also have a significant impact on education in developing countries.*** For instance, an Indian education project using these functions doubled the effectiveness of reading education when compared with schools counting on traditional learning materials.

The Benefits of Internet Openness

The report "[Open for Business](#)" by Dalberg² states "The idea of 'openness' is intrinsic to the Internet and how it creates value. The Internet was designed as an open platform across which innovators, entrepreneurs, and everyday people could freely exchange information and ideas—as well as products and services—without fear of repression or reprisal. While exact definitions of openness vary, virtually all experts and commentators agree that it is not just any Internet, but a free and open Internet, that drives the digital economy and its ability to create value."

The report concludes the advantages of internet openness are:

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http://www.dalberg.com/documents/Open_for_Business_Dalberg.pdf

- **Impact on the ICT Sector:** Policies and regulations that support Internet openness make it easier for people to access the Internet, which in turn creates a market for Internet-enabled businesses. Conversely, policies and regulations that restrict openness make it costlier and riskier for Internet-enabled businesses to operate, which can depress economic growth.
- **Impact on e-Commerce:** Higher levels of Internet openness are associated with greater volumes of e-commerce, including online banking. Especially in developing countries, increases in e-commerce represent new economic activity, rather than merely replace in-person transactions. Moving transactions online can also enhance productivity and thus supports economic growth.
- **Impact on Investment:** Multi-national companies report that they are more likely to invest in countries with an open Internet and far less likely to invest in countries with significant (and especially unclear or non-transparent) restrictions on openness. By ‘scaring off’ potential investors, countries that restrict Internet openness limit their economic growth.
- **Impact on Innovation:** Countries with a free and open Internet tend to be more innovative. Innovation, in turn, is broadly recognized as an important driver of economic growth.
- **Social Gains that Support Long-Term Economic Growth and Stability:** Finally, an open Internet facilitates improvements in education, institutions, and the formation of social capital— all of which are associated with robust and resilient economic growth over the long term.

What could happen if poor regulations are made?

In AIC’s paper, “Smart Regulation for OTT Growth” we explain the possible consequences that poor regulation

of OTT service providers could result in. The key points are:

- **Potential harm to the global Internet and innovation.** Because the Internet is inherently global, regulation in even one country can adversely impact innovation, economic growth and the availability of services, particularly because it can start a trend in which other countries also impose rules to protect their own operators or users (i.e., censorship). This trend risks fragmenting the global Internet, resulting in irrevocable harm to the Internet’s openness and innovation.
- **Jurisdictional challenges would make compliance and enforcement difficult.** The international, borderless nature of the Internet means that compliance and enforcement of national OTT regulation would be difficult, if not impossible, to achieve. OTT providers often do not have control over who accesses their applications and where those users are located. To monitor and limit users’ access to OTTs would impose significant costs on governments and providers, and could also severely threaten basic human rights, including freedom of speech and expression.

A recent [study](http://www.fifthera.com/perspectives-blog/2016/1/7/report-the-impact-of-internet-regulations-on-investment)³ by a US-based think tank Fifth Era that conducted a survey of domestic and foreign investors in 15 countries across Africa, APAC, Europe, Middle East and North America, to determine the impact that potential internet regulations may have on investment in developed and developing economies globally, found that the majority of the investors are deterred from investing into online intermediaries and OTT providers as a result of higher risks of liability for third party content:

- **89%** of global investors consider the **legal environment to have the most impact on their investing activities** surpassing economic stability of the markets and over **70%** of investors globally are uncomfortable investing

³ <http://www.fifthera.com/perspectives-blog/2016/1/7/report-the-impact-of-internet-regulations-on-investment>

in Internet businesses where the **intermediaries could be held liable for third party content** or actions;

- Indonesian investors in particular view the legal environment as having a negative impact on their investing activities (over 90% global and domestic investors surveyed agreed with this statement), and **regulatory ambiguity reducing the appeal of investment climate in Indonesia**;
- 88% of Indonesian investors surveyed said they are uncomfortable investing in business models in which the regulatory framework is ambiguous;
- Of most significant concern to Indonesian investors is **the risk of secondary liability and the exposure to potentially very large damages**, with 76% of investors raising this concern;
- 77% of Indonesian investors are **uncomfortable investing in internet businesses where the intermediaries could be held liable for third party content** or actions;
- 68% are **uncomfortable investing in digital intermediary businesses that would be required by law to run a technological filter** on user-uploaded content;
- 59% of investors confirmed they would not invest in internet businesses if local law in Indonesia allows **site blocking** for different (alleged) offenses.

About the AIC:

The Asia Internet Coalition (AIC) seeks to promote the understanding of Internet policy issues in the Asia Pacific region.