Annexure A

IDEA CELLULAR RESPONSE ON TRAI DRAFT RECOMMENDATIONS ON EASE OF DOING TELECOM BUSINESS IN INDIA

Preamble

At the outset, we welcome this opportunity provided by the Authority to respond to these Draft Recommendations on "Ease of doing Telecom Business in India" that seek to address the various bottlenecks, obstacles or hindrances that are making it difficult to do telecom business in India from a "process" point of view and thus recommend the action to be taken. **We also urge the Authority to follow this often overlooked process of first circulating the Draft Recommendations for comments of the stakeholders so that the process of issuing Final Recommendations can become more inclusive, transparent and non-arbitrary.**

It is already well acknowledged that "Ease of doing business" is one important factor that contributes towards building a mature investment climate. The Hon'ble Prime Minister has already shared his vision and commitment to adopt policies that would catapult India to a spot in the top 50 ranks of the World's Bank Ease of Doing Business rankings. **We are confident that the Authority's recommendations, as agreed by us in the following paragraphs, shall lead to an enabling regulatory environment with better and simpler Regulations for businesses, thus allowing the industry to take the next leap in a truly digital world.**

Further, we note from the TRAI Draft recommendations (para 1.4) that TRAI wishes to address only "process related issues" and not "policy related matters". Hence, we are not reiterating our earlier submissions relating to the issues such as reduction in license fee, SUC, revision in spectrum caps etc. Our submissions on such policy related issues have already been highlighted in our earlier submissions for this consultation process and in case the Authority decides to address these, we hope we would be provided ample opportunity to represent separately on them.

At the outset our response & suggestions in context of TRAI draft recommendations on M&A guidelines is as under:

The extant M&A Guidelines were designed to promote greater consolidation in the Indian mobile telecom market, amidst an environment of hyper-competition amongst multiple operators. In addition to these M&A Guidelines, other policies such as Spectrum Trading, Spectrum Sharing and Spectrum Liberalization norms were also introduced by the DOT (Licensor) to further lead the sector towards a more sustainable and healthy market structure. **While TRAI has rightly identified certain issues and provided relevant recommendations with reference to these existing M&A Guidelines and related processes, the Authority's proposed recommendation on redlining of market share is clearly retrograde, inconsistent with the objectives of the M&A Guidelines, and would make any further consolidation in the sector impossible.**

Our point wise comments on draft TRAI recommendations in respect of M&A Guidelines are as under:

Draft Recommendation 5(a):

The Authority recommends that; "When any merger proposal of companies as filed before the Tribunal is notified, representation/ objection, if any, by the Licensor on such scheme has to be made within 30 days. The Licensor should use this window of 30 days to file objections, if any, for the merger of licences also. DoT should spell out a definite timeline, not exceeding 30 days post NCLT approval, for providing written approval to transfer/merger of licences by the Licensor and it should be made a part of the M&A Guidelines."

Idea Response:

- **We completely agree with this draft recommendation of the Authority. Since the prevailing provisions of Companies Act 2013 make it mandatory to file the NCLT order with the Registrar of Companies (ROC) within 30 days from the date of NCLT order, DOT timeline for its consent for a proposed merger should also be aligned with this statutory requirement and therefore be set at a maximum of 30 days post NCLT approval.**

- **Additionally, if such approval is not explicitly given by the DOT, there should be provision for 'Deemed approval' by DOT on expiry of 30 days.**

<u>Draft Recommendation 5(b):</u>

The current provisions of M&A guidelines do not define a red-line for the market share of resultant entity in a service area. Therefore, DoT should define a cap on the permissible market share of the merging entities taken together; beyond which merger proposal should not be accepted.

<u>Idea Response:</u>

- **At the outset, we would like to express our complete disagreement with the above draft recommendation of the Authority. The proposal to "define a cap on the permissible market share of the merging entities taken together" extends into the domain of policy guideline – contrary to the approach outlined by the Authority while making these draft recommendations.**

- **Further, this proposal is not only out rightly antithetical to the objectives of DoT M&A guidelines and ignores the practicality envisioned in these guidelines, but also disregards the prevailing state of the Indian mobile telecom sector. O**

- **Our detailed submissions on this issue are as under :**

  I. **The draft recommendation is proposing a change in extant policy guideline (M&A), and is not restricted to merely a process guideline.**

     - While setting out the draft recommendations, The TRAI has itself outlined its approach for making these recommendations as evident from the para 1.4. where in the Authority has expressed, "*Only issues related to the processes that TSPs are required to undertake for various telecom related activities have been dealt with. <u>Some issues, raised by stakeholders, … which relate to policy matters are out of the purview of the subject, hence are not included in these recommendations</u>".* The proposed recommendation tends to introduce a new concept of redlining at 50% market share and tantamount to a fundamental shift in M&A policy guideline. **This recommendation is clearly extending beyond the purview of a 'procedural / process' guideline, and thus needs to be excluded from the current set of recommendations.**

II. The draft recommendation is antithetical to the objective of DOT's M&A guidelines; it further ignores the practicality envisioned in these guidelines.

- The M&A guidelines were introduced by the DOT in February 2014 to facilitate a greater consolidation in the Indian mobile telecom sector, amidst an environment of hyper-competition amongst multiple operators. In addition to these M&A Guidelines, other policies such as Spectrum Trading, Spectrum Sharing and Spectrum Liberalization norms were also introduced by the DoT to further lead the sector towards a more sustainable and healthy market structure, by enabling a policy environment that would facilitate exit of existing players, if they decide to do so. It is critical to note that <u>there is no concept of "redlining" of market share in DoT guidelines</u>.

- The extant DoT M&A guideline, in spite of 50% spectrum capping, clearly acknowledges the practicality associated with any M&A activity. <u>The DoT had rightly recognized that post any M&A activity, the market share of the resultant entity may undergo changes and hence provides adequate time period of one year for necessary correction.</u>

  It is essential to appreciate the various subtleties that can drastically affect the market share reality of the merging entities, pre and post an M&A activity. Some of these are:

a. The combined revenue market share of the merging entities, post completion of a combination will reduce due to the extent of inter-operator billing, except for IUC which is already deducted for determining AGR.

b. Similarly, the customer market share of the merging entities may also reduce due to consumers' decision to give up one of their additional SIM cards, especially if these SIM cards happen to be from the two merging entities. This is specifically true in case of high dual SIM usage markets such as India.

    i. A practical timeline of one year as set out in the current M&A policy provides adequate time frame for above subtleties to be factored in while determining the appropriate market share of the merged entity post combination.

c. Further, it is also important to note that the current competitive conditions of the fast-evolving Indian mobile telecom market are inaccurately represented by merely looking at the legacy and static market shares. The very high churn experienced by all operators implies that an operator's entire base can turn over in less than 18 – 24 months (only indicative). Thus, current installed subscriber base is no guarantee of future success since each mobile operator needs to constantly renew its subscriber base. In such a scenario, current level of net additions may be a better representation of the prevailing market dynamics of the sector.

   i. In para 2.27 of the "TRAI Draft Recommendations" it is stated that "*The pertinent issue is how a company can ensure that it loses its market share. Should it stop rendering services to a section of subscribers? Reducing subscriber base is certainly not feasible as a subscriber cannot be forcefully moved out of the network; also not acquiring further subscribers could be detrimental for the merged entity. Similarly, reducing market share in terms of revenue would also be very difficult. Reducing market share may not be in the hands of the resultant entity as it is a function on other service providers' actions/policies also*."

   ii. As explained above, the Indian mobile telecom market is characterized by high customer churn rates, and hence reducing market share may not be an impediment. Further, if the two entities are merging with the understanding of the guidelines, then it is for the merging entities to ensure compliance with the extant guidelines.

d. Similarly, market shares based on revenues would also provide a less reliable guide to the current or future competitive dynamics. By their very nature, such market shares represent a 'lag indicator' since they reflect revenue for the prior accounting cycle. The Authority is well aware that a new, large operator has launched pan-India services, and based on its free offerings captured a large subscriber market share. Despite reporting an overall base of over 123 million subscribers (at end of June 2017), the operator in question reported a negative Adjusted Gross Revenue (AGR) of approx. Rs. 1,037 crores (for Q1FY2018). Resultantly, such peculiarity on account of actions of one operator adversely impacts other operators in the market since their revenue market shares calculated on the basis of AGR are artificially inflated.

III. The draft recommendation has completely ignored the prevailing state of the Indian mobile telecom sector. Given the current precarious financial health of the sector, policy changes should only be directed towards a more sustainable and healthy market structure by facilitating consolidation through relaxation in market share caps, rather than ushering in changes which hinder such M&A proposals and stymie the much needed market transition.

➢ The Authority is well aware of the current financial stress in the Indian mobile telecom industry. In fact, through various representations, it has been highlighted that (based on the publically available financial information for 4 mobile operators):

a. Mobile telecom industry has witnessed a Year-on-Year de-growth for the first time in its history in FY17.

b. Industry lost nearly Rs.8,200 crores of revenues in H2FY17 over H1FY17, a de-growth of 10.2%.

c. This decline in revenue was directly reflecting in form of EBITDA fall. The industry registered an EBITDA decline of Rs. 6,571 crores in H2FY17 over H1FY17.

d. The Return on Capital Employed ("**ROCE**") for all operators is in single digit / negative. For Idea which has the second best ROCE after the market leader, it was an abysmally low ROCE of 0.4% in Q4FY17, which has turned negative in Q1FY18.

➢ In fact, only one mobile operator has reported profitable operations during financial year 2016-17. Even the Reserve Bank of India has issued cautions by way of circular dated April 18, 2017 advising that "as the telecom sector is reporting stressed financial conditions and presently interest coverage ratio for the sector is less than one. Board of Directors of the banks may review the telecom sector latest by June 30, 2017, and consider making provisions for standard assets in this sector at higher rates…".

This situation has further worsened in the current financial year 2017-18:

a. The Mobile telecom sector registered a Year-on-Year de-growth of 13% (Q1FY18 vs Q1FY17) as per the TRAI's revenue reporting for the quarter.

b. The market leader reported ~75% decline in its profitability (consolidated PAT) on a Year- on-Year basis, with Idea recording a negative ROCE of 0.3% in Q1FY18.

- The following table depicts the industry wide financial stress, which only continues to worsen (the last 4 entities where figures have been given for FY16 will have a higher loss in FY17). Also wherever data is available, the losses have further increased in Q1FY18 as shown below:

Rs Crs.	Period	Revenue	EBITDA	PAT	PAT (Q1FY18 Annualised)
Idea	FY17	35,576	10,244	(400)	(3,260)
Bharti	FY17	95,468	35,621	3,800	1,469
Voda	FY17	43,091	11,772	-	-
RCom	FY17	19,949	5,391	(1,440)	(4,840)
Tata (TTSL+TTML)	FY17	12,428	2,087	(6,974)	
MTNL	FY17	3,655	(378)	(2,936)	
RJIO	FY17	1	(42)	(31)	
BSNL	FY16	28,449	3,780	(3,880)	
Telenor	FY16	4,541	(136)	(2,301)	
Aircel	FY16	11,469	2,147	(3,713)	
MTS	FY16	1,470	(229)	(1,515)	

- Several existing factors such as exorbitant spectrum pricing and high taxation levels along with a falling tariff environment continue to plague the profitability of the Indian mobile telephony industry. Details are as follows:

a. Exorbitant spectrum prices and rising debt levels:

Due to multiple factors such as high reserve prices, auction design and the need to necessarily renew spectrum for business continuity, the spectrum prices in India have become high and are amongst globally highest. This high pricing of spectrum has resulted in Indian TSPs committing nearly INR 350,000 crores in the six auctions conducted so far. More than two-thirds of this spectrum investment has been made in the last 3 years alone. Such high spectrum commitment has resulted in ballooning of debt for the industry which has swelled up from ~INR 270,000 crores in FY14 to ~INR 425,000 crores currently. This is resulting in severe stress on balance sheets and profitability of TSPs. Resultantly, many of them have been converted from profit making to loss making entities and have reduced abilities to either compete with emerging competition or invest in building future telecom infrastructure for the nation.

b. High levels of taxation:

The Indian mobile telecom industry remains one of the most highly taxed sectors in the country with multiple levies imposed on operators. The sector faces high taxations levels of ~30% on revenue (on account of License fees, Spectrum Usage Charges, Goods and Service Tax, etc.) in addition to the tax payable on profits made, which of course have disappeared post the entry of new operator with free / below cost services being offered over a prolonged period.

IV. The draft recommendation has also ignored the rise of OTT communication providers offering substitute services to licensed telephony services, and their impact on the telephony sector. Given the extent of substitute services available, the reported mobility market shares based on AGR may not truly represent the true market size and market shares.

a. OTT communications providers such as WhatsApp, WeChat, Google Talk, Skype, Facetime (Apple), etc. operate by riding on telecom infrastructure created by other licensed telecom players. They have no major underlying costs since they neither have to acquire any spectrum nor build vast telecom networks to offer the same mobile voice / messaging service as the one offered by licensed TSPs. Further, these players are not subject to any kind of licensing requirements. The Mobile Telephony sector has been consistently stressing the need for 'Same Service, Same Rules' regulation with regard to OTT communication players.

b. Since these OTT communication providers do not operate on any access related revenue model and do not have any underlying costs, they offer competing voice / messaging services free of cost to subscribers (as their operating business model is either led by advertising revenues like in case of Google & Facebook, or valued added revenue growth in case of

Whatsapp & WeChat). There are multiple such digital communication providers in India, who have garnered substantially high subscriber base. With increasing penetration of wireless broadband services, these digital communication providers continue to attract new subscribers and disrupt telephony services of Indian TSPs.

c. Given this context, OTT communication providers who essentially offer similar services as to the ones offered by licensed operators, but do not report any revenue for the same due to their unregulated and unlicensed nature of operations, drastically alter the true representation of the market size and market shares. The market shares based on AGR would actually be overstated to the extent of revenue not being reported by OTT players. In fact, the AGR based market share will be lower if the entire gamut of unregulated substitute services is taken into account.

Thus, in conclusion:

1. Any policy changes should be directed towards facilitating consolidation in the sector, and attaining a healthy market structure.

2. Also the market share should be seen from All India perspective. In an era when there is increasing discussion on "one nation one license " concept, the TRAI recommendation would stymie any consolidation move just on basis of the market share being beyond 50%, say in very few service areas out of total of 22 service areas. In such a situation, DoT policy has wisely decided that even if such situation raises, adequate time period may be provided to TSPs for making necessary corrections over a time period of 1 year.

3. Keeping in mind the precarious health of the industry and the ongoing market evolution with availability and growing adoption of substitute services, consolidation is the need of the hour for the Indian mobile telecom sector. Blocking M&A proposals merely on basis of artificial restrictions, could lead to closure of TSPs rather than facilitating consolidation and promoting overall growth of the sector, and hence, this draft recommendation of the Authority ought to be excluded.

Draft Recommendation 5(c):

If a transferor company holds a part of spectrum, which (4.4 MHz/2.5 MHz) has been assigned against the entry fee paid, the merged entity should be liable to pay the differential amount for the spectrum assigned against the entry fee paid by the transferor company from the date of written approval by DoT.

Idea Response:

- **We agree with this draft recommendation of the Authority. Since the spectrum cannot be used as 'liberalized' spectrum until DOT gives its approval, the transferor company should be liable to pay the differential amount for the spectrum assigned against the entry fee paid only from the "date of DoT approval", and not from the "date of NCLT / Company judge approval" as is currently required.**

Our issue-wise response to the remaining Draft Recommendations are as follows:

Draft Recommendation 1:

1. ***The Authority recommends that entire process of SACFA clearance as well as grant of all licences /approvals, that are issued by WPC, should be made paper-less and executed end-to end through online platform.***

Idea Response:

- **We agree with this Recommendation as it is likely to enable faster clearances and faster roll-outs by the industry while also helping in the go-green initiative**. However, while this Recommendation addresses the "modality" part of making any SACFA application, it is not by itself likely to lead to a reduction in the number of SACFA applications.

- We would like to thus enumerate below some of our recommendations aimed at bringing about a reduction in the number of SACFA applications, as well "cost optimization "in the Industry for the kind consideration of the Authority:

a. **Reduction in number of applications leading to cost Optimization**

i. Requirement for additional SACFA clearance for the same site/tower location should be done away with.

ii. Further, there should be no need to obtain SACFA clearance for each and every site deployed in the network as all sites do not affect the aviation safety and security aspects. In view of the same, it is suggested as follows:

- SACFA to be obtained only for those sites which are <3 Km from the nearest Airport and for the sites having height >40 m between 3-10 Km of the airport.

- Only intimation to be given to SACFA secretariat for sites <40 m height & distance >3 km from Airport and for the sites which are >40m in height but beyond 10 Km from the nearest Airport.

iii. It is also submitted that the Microwave sites SACFA application parameters need to be merged with RF sites so as to avoid duplicity in filing.

v. For sites rejected by the SACFA members, a periodic (bimonthly /quarterly) SACFA meeting may be called by the Secretariat with relevant SACFA members and the affected service providers wherein rejected sites can be discussed as per pre-circulated agenda and the SACFA Secretariat may decide the case on merit.

b. Reduction in the SACFA Application Fee

i. **The current Application fee and its structure need to be reviewed.** It is suggested that WPC should charge a flat nominal amount per application (*say Rs 10 per application*) or alternately a lot size rate such as Rs 1000/- per 100 applications lot instead of each application to compensate the administrative / website maintenance charges.

c. Single clearance for multiple technology application

i. It is submitted that in view of the cumbersome process of seeking approvals for each and every deployment, instead of multiple approvals for each application for a particular tower, one single clearance should be allowed to suffice.

<u>Draft Recommendation 2(a):</u>

2. ***The Authority recommends that:***
   - ***There should be a defined time-line within which an Import Licence should be granted and the same may be declared in the portal as well as in the Citizen's Charter.***

<u>Idea Response:</u>

- We strongly suggest that the very need of having import license needs to be reviewed. Import license is only necessary to ensure that equipment being imported are being deployed against specific network requirement. However the delays in grant of import license are leading to massive delays on rollouts. To meet this requirement, a simple certification can be taken from the TSP and the requirement of import license can be done away with.

<u>Draft Recommendation 2(b):</u>

2. ***The Authority recommends that TSPs should be allowed to reinstall/deploy their wireless equipment into another LSA after giving prior intimation to WPC preferably through the online portal. There <u>should not be any requirement</u> of taking prior permission of WPC for this purpose.***

<u>Idea Response:</u>

- We agree with this Recommendation. This recommendation would provide flexibility to TSP on network deployment and would encourage swifter rollouts.

<u>Draft Recommendations 3 &4:</u>

3. ***The Authority recommends that the applications for Demonstration Licence and Experimental Licence should be processed and the licence should be granted within a maximum period of 15 days and 30 days respectively. This time period should be declared at the portal as well as in Citizen's Charter (Para 2.16).***
4. ***The Authority recommends that the validity period of the Experimental (radiating) Licence should initially be six months, extendable by another six months. (Para 2.18)***

<u>Idea Response:</u>

- We agree with this Recommendation

Draft Recommendation 6:

6. ***The Authority recommends that the TSPs should be charged for roll-out obligations test fee only for the DHQs/ BHQs/ SDCAs which are actually tested by TERM Cells. The Authority also recommends that there is a need to rationalize the structure of testing fee to avoid double payment for testing the same MSC. MSC test fee should only be charged once for all the towns served by the common MSC, which are being tested by TERM Cells under sample testing.***

Idea Response:

- We agree with these Recommendations.

Draft Recommendation 8:

8. ***The Authority recommends that in respect of EMF compliance, DoT may review the need of calling biennial certification for all the existing sites of every TSP. The Authority also recommends that TSPs should be asked to submit all requisite certifications only through Sanchar Tarang portal. TSPs should not be required to re-submit these certificates/reports separately in any other forms such as in hard copy or through email.***

Idea Response:

- We agree with the above Recommendation.

- It is further submitted that the provision for submission of upgrade self-certification should be restricted to just the tenant who carries out an upgrade or a new site and only that TSP should be required to effect an update on the portal of the changes being made while also notifying all other tenants of the change made. There should be no requirement placed upon the other tenants for submission of up gradation certificate for that same site.

Draft Recommendation 9:

9. ***The Authority recommends that PBG for a particular phase of roll-out obligations should be released after successful certification by TERM Cell. If TERM Cell fails to submit its report within 12 months after the date of offer, PBG should not be held back on account of pendency of testing. Further, DoT should review the process adopted by CCA for the refund of bank guarantee and should ensure that CCA do not take more than 30 days for the release of bank guarantee.***

Idea Response:

- We agree with the above Recommendation. In current environment wherein TSPs are under huge financial stress, the delay in return of BGs is putting additional load on the TSPs and hence BGs return, in applicable cases, needs to be expedited.

<u>Draft Recommendation 10:</u>

10. The Authority recommends that DoT should place an updated list of OSP registration holders with their validity of registration and place of OSP centre at its web-site.

<u>Idea Response:</u>

- We agree with the above Recommendation.

<u>Draft Recommendation 11:</u>

11. The Authority recommends that DoT should device a suitable matrix, linking the penalty to the severity of the incident and the number of occurrence of the violation for imposition of financial penalties.

<u>Idea Response:</u>

- Firstly, it is submitted that the penalties have to be within the provisions of the Indian Telegraph.
- Further, as also submitted earlier in our response to the Consultation Paper, we would like to highlight that it has often been observed that Interpretations / decisions of TERM cells are very subjective in certain cases and fail to appreciate the issues in totality. As a result the current process of penalties imposed by TERM cells leads to filing of avoidable legal cases. We would like to thus recommend setting up of a centralized appellate mechanism within the DoT Structure for review and hearing of cases in respect of penalties imposed on TSPs. This will lead to the TSPs getting an impartial platform to voice their grievance in respect of the penalties imposed**.**

II. <u>Additional issues that need to be resolved for facilitating the Ease of Doing Business:</u>

Some of the other processes and Regulatory/policy issues which should be reviewed for enabling a more process-friendly environment for the telecom industry are listed below under the following heads:

A. <u>Issues around Subscriber re-verification, Activation and E-KYC</u>

- It is submitted that the concept of Industry bulk customers should be done away with, in the absence of any mechanism with operators to identify "Industry Bulk"; the regulation should only mandate that any single operator is not allowed to have more than 9 connections on a single individual's name.

- It is further submitted that the submission of cropped photograph for entire subscriber base repeatedly is highly time consuming and adds to E-waste as Hard Disks are submitted to TERM month on month. It is thus recommended that the requirement for submission of cropped photographs to the local TERM Cells should be only towards incremental subscribers

- Finally, for migration from Pre to Post or Post to Pre, the process should allow use of the same SIM Card as the same will be in customer's interest as well as the operator's interest due to the ease involved. This would also eliminate the e-waste and shall enhance customer satisfaction.

- **For the LSAs of Assam / NE/ JK**

  - It is submitted that as per the current process for appointment of franchisees in Assam/ NE/J & K, licensees are required to take prior clearance for appointment of new franchisees / vendors from respective TERM Cell of DoT and for that purpose the respective TERM Cell adopts a process of police verification before issuance of clearance for appointment of any new franchisees / vendors. Through its letter dated 11.02.2016, the DoT has directed the TERM cells of these LSAs to do away with the requirement of police verification in case the existing franchisees / vendors have already been verified by Police Authorities and clearance has already been issued by TERM Cells. It is requested that this process be enforced on the respective TERM Cells more efficiently and DoT institute a system of monitoring the enforcement of this process by the respective TERM Cells.

  - It is also submitted that in cases where any reply is not received from the Police within a defined timeframe (say 10 days), the TERM Cells should allow onboarding of such a franchisee / vendor by the TSP.

  - Currently, a TSP is allowed to onboard a customer who has applied for a second connection only after local police verification. However, it is submitted that since the first connection is already allowed, the second connection too should be allowed and requirement for such police verification in the case of users requesting > 1 connection should be done away with.

B. <u>Account and Finance Related Issues:</u>

- **Setting up of a portal to simplify the process and have online verification of LF /SUC.** This portal can be set up on the same lines as the current portal maintained by NSDL for TDS. Further, there is a need to move to a system of single return filing on a National basis with audit and assessment also happening at one location instead of 22 different locations, as is the current practice.

- **Introduction of a system of LfDS**: DoT should develop an e-portal for the submission of LF and SUC, Electronic/ online filing of licensees' returns in line with the TRAI Recommendation dated 06.01.2015. Though TRAI had recommended a transition to the LfDS system, there has been little progress in this regard. We request TRAI to kindly reiterate its Recommendations to DoT on LfDS and get the system instituted / operationalized at the earliest. Accordingly, every provider of services, on which, as per license, is supposed to pay license fee to DOT, would charge the said license fee as a part of the invoice to the recipient of such services and deposit such license fee with DOT. As a verification mechanism, a portal can be created where all licensees file relevant details of their invoicing to other licensees so as to make the verification process transparent and simple.