FCS around the UK - Manchester

Programme for the day

10.30	**Telephony Session**
12.00	Break
12.15	**The Bigger Picture**
13.00	**Lunch & Networking**

Telephony Session

Programme for this session

10.30	Introductions	All
10.35	Codes of Practice update	Michael Eagle
10.45	WLR update	Michael Eagle
11.00	Ofcom switching review	Michael Eagle
11.15	NGA progress report	Michael Eagle
11.40	Numbers	Jacqui Brookes

Codes of Practice

- New requirements on complaints handling came into force on 22 January 2011
- The new requirement is for a standalone code based on Ofcom guidelines
- Ofcom also published specific requirements on where to place the code on CP websites
- Requirement to proactively offer access to Alternative Dispute Resolution and to provide information on ADR on paper bills will come into force in July

Codes of Practice

- Requirements on call recording & information to be provided at point of transfer have been deferred and will now be part of Ofcom's "customer switching" project (i.e. will depend on new process adopted)
- Other GC14 requirements unchanged – provision of a "basic code" and codes on PRS, NTS and VoIP
- Changes to requirements on Sales & Marketing came into effect last year (new General Condition 24 directly prohibits specified activity)

WLR Market Size

- WLR is continuing to grow
- Total (non BT) lines now stands at over 6.2 million
- Small ongoing falls in ISDN2 and ISDN30
- Move to Basic from Premium (but premium still growing)
- Total business lines in excess of 3 million

WLR2 withdrawal

- No new orders after 31 March
- Final close down of SPG on 30 June
- 74% of WLR2 base now transitioned and 99% of total booked prior to June
- Contingency arrangements for “stranded” assets now published - CP registration fee and premium charged for each order
- Anticipated that CPs can self transition to avoid charges
- No charge where CP is unable to transition
- FCS has identified “blockers” to transition

WLR Contract Review

- WLR contract review now underway
- FCS is representing its members in the industry negotiating team
- Schedule of issues has been agreed with Openreach and circulated to members
- Split into two workstreams – legal and product
- Changes requested to e.g. time after which Openreach can charge CPs and improved SLGs
- Original end date March but slow progress
- Industry has reserved the right to dispute with Ofcom where agreement not reached

Openreach Service Delivery

- Openreach service delivery is a major concern
- Problem now ongoing since September 2010
- Situation has not improved and was deteriorating in early 2011
- CPs have been patient but now concerned about increased cost, credibility and loss of business
- FCS has written and met with Openreach and cc to Ofcom , EAO and OTA
- Seeking explanation of root cause, credible action plan and public statement on situation to assist CPs to manage customers

Meeting with Openreach

- Crisis caused by a combination of unforecast increase in demand and bad weather
- 2,000 additional engineers recruited (no group constraints on investment)
- Targets for BAU identified (March for repair and July for provision)
- Monthly milestones to be monitored by FCS
- No evidence of preferential access by BTR
- Use of cancellations, evening and weekend appointments
- Public statement in form of briefing

WLR –Ongoing work

- FCS Fixed Service Providers group meets monthly
- Rolling issues list to address day to day CP experience and escalate issues where necessary
- Monitoring and generation of industry Statements of Requirement
- Engage with Openreach on e.g. introduction of flexible demarcation
- Also generates consultation responses, reviews and explains relevant regulation on implementation

Customer Switching review

- Ofcom consultation published September 2010
- Objective is to improve consumer switching experience (particularly for bundles)
- Fixed, broadband, mobile and pay TV in scope
- Underplays growing importance of number portability
- Focus on consumers residential & small business
- Aim is a single process for all transferable products
- Ofcom currently favours Gaining Provider led process

Customer switching -strategy

- Statement not yet published – second consultation due later this year
- Industry working group has been established to consider options for GP led processes
- Now expanded to include consideration of a Losing Provider led process
- Initial focus on fixed and broadband
- Cease and provide (i.e. cable) now also in phase 1

Customer switching -strategy

Criteria for assessing possible new processes

- minimises cost
- correctly identifies customer and assets
- checks consent to switch and understanding of consequences (e.g. ETCs)
- reliable process
- maintains continuity of service
- supports competition
- future proof (e.g. fibre)

Customer switching -strategy

- Current focus on two main GPL options (with some variants)
- **Universal Service Number** (a variant of the "Code on Bill" process used in the energy industry)
- **Third Party Verifcation**
- Both options envisage automated code generation and electronic communication via a central hub
- Group working on detailed specification and costs
- FCS coordinating input from TPIs and billing cos

Migrations- FCS policy

- A common pan-industry process
- Covering all transferable products
- Simple process easily understood by customers which minimises disruption (no loss of service)
- Fulfils new EU framework obligations for e.g. one day porting

Migrations- FCS policy

- Gaining provider led process
- Central registration avoiding need for bilateral agreements
- Based on soft switching to minimise cost
- Provides appropriate consumer protection
- Symmetrical processes provided for reverse migrations
- Emergency restoration process for erroneous transfers
- Transparent governance process via new Telecoms Forum
- Effective enforcement to ensure compliance by CPs

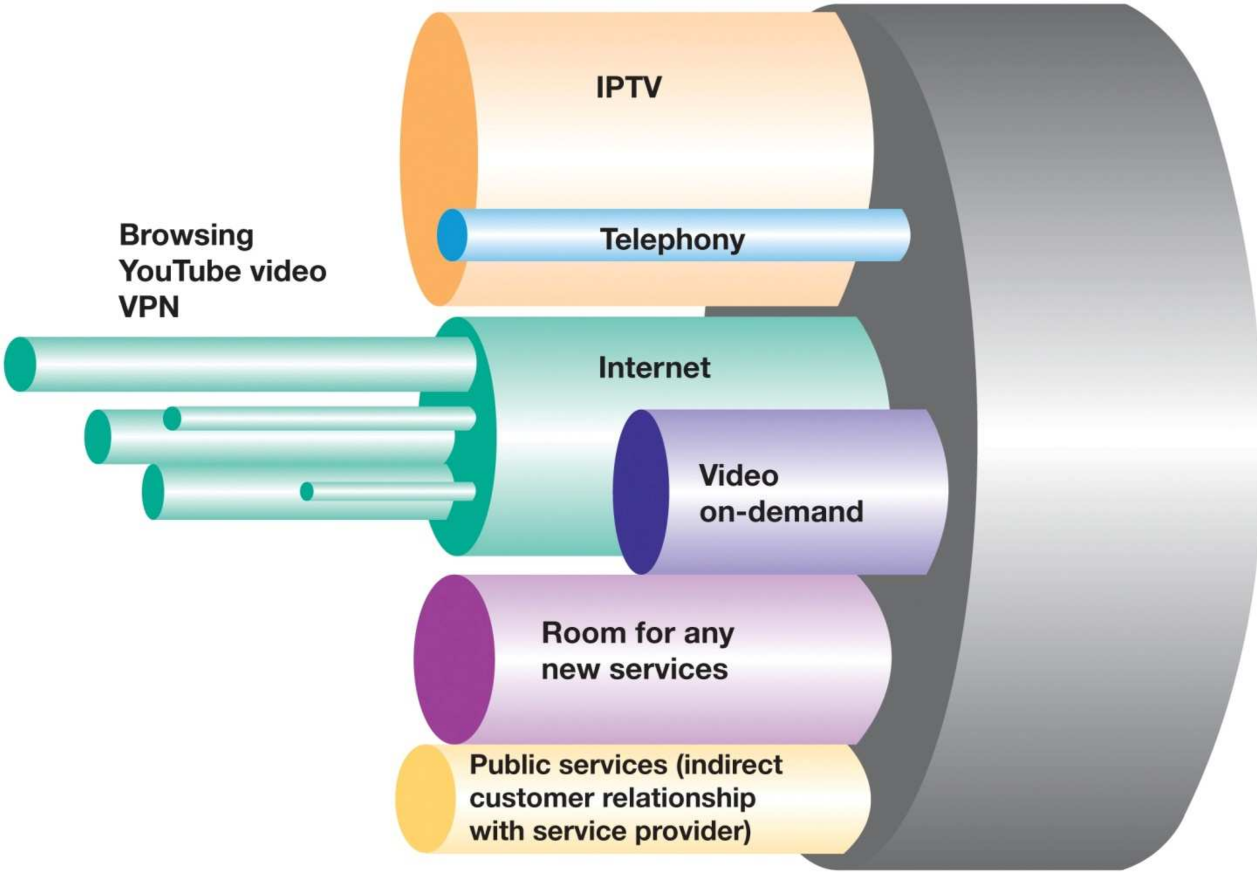
NGA Progress Report

- FCS position
- The multi service pipe
- Importance of resellers
- Voice strategy
- Competition issues
- Ofcom consultations
- Openreach delivery

FCS position

- Welcome the roll out of fibre and opportunities it brings
- Ensure NGA products do not break the market and allow new monopolies to prevail- reducing consumer choice
- The infrastructure competition model is limited
- Re-focus competition policy at the retail level by providing suitable reseller products
- The multichannel pipe model allows the widest range of service models
- Regulated wholesale products are preferred by resellers
- Ensure effective two way migration processes- industry to self regulate via governance process akin to energy sector

NGA – Multi service pipe model



NGA – Importance of Resellers

- 9 million UK business connections (Ofcom stats)
- 3 million (non BT) WLR business lines
- Mostly provided by independent service providers resellers
- Rapid growth of WLR demonstrates success of this model
- FCS CP and reseller members have about 4000 employees
- Representing £300-500 million p a turnover
- Offer WLR - ***6 million lines in total- 3 million lines for business-*** broadband, VoIP, numbers, mobile and hardware

Why SMEs purchase from independent SPs and resellers

FCS commissioned independent research from YouGov in 2010:

- 27% of 500 SMEs sampled use independent Service Providers
- Most important attributes were:
  - Responsive
  - Sympathetic
  - Flexible
  - Tuned into the needs of small businesses
- Independents scored better than national providers in all of these areas
- Customers more likely to recommend independent SPs

Competition and regulation

- Ofcom Wholesale Local Access review focused on infrastructure based competition
- Ofcom proposed new service -**"Virtual Unbundled Local Access"** (VULA) – "wires only" option is a concern
- OTA has been tasked with monitoring delivery of VULA
- Openreach withdrawal of VoNGA (WLR type service)
- Openreach delivering Generic Ethernet Access (GEA) and Fibre Voice Access (FVA)
- FCS Engagement with Ofcom now via the Wholesale Fixed Exchange Line Consultation - Ofcom recognises BT has SMP in this market
- Meeting with Ofcom to discuss issues raised in FCS response – Ofcom recognises FCS concerns and has asked to be kept informed of discussions with BT

Engagement with BT

- Ongoing discussions with BT Wholesale
- BTW assessing end to end (WLR type) voice service as a commercial proposition
- But FCS has made clear that this in the context of BT Group's SMP obligation
- BTW offering 2 port solution suitable for residential and some small business clients
- BTW proposition is based on consumption of FVA from Openreach
- Business propositions from BTW and others will also be considered

Engagement with BT

- Openreach commercials suggest CPs must source voice and broadband a from single provider to be competitive
- Feedback suggests consumption likely to be via TPIs
- Decision by BTW on 2 port solution was due by end of February
- BTW decision now delayed to early April
- Meeting with Ofcom on 3rd March to update on progress
- Confirmed BT's SMP and explained basis for raising a dispute, if necessary
- FCS also plan to engage with BT at group level

Openreach roll out

- Important to monitor Openreach's fibre roll out
- 386 exchanges are already enabled
- Typically 80% of cabinets in each exchange area now "ready for service"
- Information publicly available at exchange level on the "Superfast Broadband" microsite
- More detailed information is available using MLC (via EMP) for CPs who have completed GEA establishment
- Demand driven exchange enablement initiative
- No change in Openreach policy on ISDN30

Local fibre networks

- How to connect with the "Patchwork Quilt" of local networks
- COTS project sponsored by Broadband Stakeholders Group- Government Advisory body on broadband
- COTS = Commercial, Operational and Technical Standards
- For the "final third" community networks
- FCS engagement on Executive
- www.broadbanduk.org/COTSprogress
- JON – Joint Open Network Exchange
- Openreach will provide in Cornwall

Thank you

Any Questions or Issues?