

Telephony Session

Programme

- 10.30 Welcome and introductions by Michael Eagle
- 10.40 WLR update Michael Eagle
- 11.10 FCS representation of telephony companies Michael Eagle
- 11.20 Europe, Digital Britain and Ofcom Jacqui Brookes
- 11.40 Numbering, NTS, PRS, number portability Jacqui Brookes
- 11.55 Mobile market assessment Jacqui Brookes
- 12.05 Data retention & access by public authorities Jacqui Brookes
- 12.15 Regulatory compliance and codes of practice Michael Eagle
- 12.30 Open forum
- 13.00 Lunch

WLR -progress of WLR3

- What's been delivered works well
- This is a big improvement over WLR2
- This has created a TPI market TPIs have made large investments and nearly all CPs using WLR3 do so via a TPI
- On PSTN there are some small issues which are being slowly addressed, ISDN30 is still in a bedding in phase and there are more issues being worked on – but things are moving in the right direction
- The CPs who have moved over to WLR3 have not looked back
- Those who haven't moved don't know what they are missing
- Resistance to moving to WLR3 is a bit short sighted, although for larger companies that have to write business plans it can be hard to quantify the benefits
- The sooner CSS is retired the better!

WLR -key Undertakings issues

Late delivery of WLR functionality

- PSTN baseline “parity” still not delivered
- Unclear if baseline will be completed in R1100
- Delivery of further WLR functionality is closely linked to the systems prioritisation consultation by Openreach

WLR -key Undertakings issues

Systems prioritisation

- This is Openreach pushing industry to decide between delivery of functionality versus system separation
- A culture of resource scarcity has been created by Openreach
- Both delivery of functionality and systems separation were separate promises made via the undertakings – these are now being squeezed into one
- There has been a messy consultation via industry via several means (has an element of divide and rule about it)
- Still uncertainty over delivery plans

WLR -key Undertakings issues

- Uncertainty means it's difficult to make investment decisions
- Unfair on TPIs who have made significant investments
- Delayed IBMC date looks like “do as I say, not do as I do” by BT (another broken promise from the Undertakings)
- Closure of SPG (another broken promise as the date seems to have slipped)
- Lack of closure undermines TPIs Stifling uptake of WLR3
- Cumulative effect of several broken promises is damaging the industry and TPIs
- EMP and WLR3 are definitely the way forward

WLR -NGN Strategy

- Changes too often
- Really unclear
- Impossible to base investment decisions on
- Access elements should be based on EMP
 - Leverage existing investments on both sides of industry
 - Existing principle exists for Openreach passing requests to BTW where applicable (e.g. Call Minder, CPS)
- The lack of clarity of strategy will have the effect of prolonging the longevity of WLR3 – so it's important WLR3 is delivered

Ofcom consultations

- Protecting consumers from mis-selling of fixed line telecommunication services
- Review of the fixed narrowband services wholesale markets
- Review of the fixed narrowband retail services markets
- Review of BT network charge controls

WLR



Thank you

Questions?

FCS representation of telephony companies



- FCS is the Trade Association for the UK communication services industry
- Active since 1981
- Staff of 6
- Board representing member interests
- 300 + members- majority smaller players and new entrants- delivering competitive services
- www.fcs.org.uk

FCS representation of telephony companies



- Telephony members- 150 companies delivering fixed, mobile, bb, IP products and services
- Growing steadily- successful applications this month- Pennine Telecom, South West Communications and Rainbow Telecom from Belfast

FCS representation of telephony companies



FCS survey February 2009 – telephony results

- **Services Offered**

Line rental, calls, broadband & equipment

- **Market Issues**

BT Retail, WLR3, access to mobile and broadband

- **Market Downturn**

70% neutral or positive

FCS representation of telephony companies



Strategic: FCS Industry forum- chaired by Dave Dadds and Itret Latif

Mission statement: The Industry Forum is established to:

- Secure a fair, open and competitive environment for the delivery of services within the UK communications market, which is supported by an effective regulatory regime;
- Work with the European Commission, Government, Ofcom and other stakeholders; and
- Promote the value of competition in services, which benefits consumers and contributes towards the establishment of a dynamic communications market in the UK.

Industry Forum Objectives

- Ensure all Communication services Providers are able to access elemental network services effectively at a fair and reasonable cost;
- Work with consumers and their representatives to enhance quality of service and develop codes of practice;
- Provide a forum for the exchange of non-competitive information

FCS representation of telephony companies



Telephony:

FSP Group-focus on WLR

Numbering Group

VoIP/hosted Group

Mobile 200- new mobile entrants

Mobile interest group

PPP/0871 working group

The programme of each group is covered in later presentations

Other FCS groups- programmes will be covered in the afternoon session- Business Radio; Critical National Infrastructure; Installers; Environment- Mobile Takeback Forum

FCS representation of telephony companies



Thank you
Questions?





International and national regulation

Europe, Digital Britain and Ofcom



International and national regulation

European Telecoms Framework Review

- EC directives govern national telecoms regulation
- Review in 2007- not yet finalised- possible UK implementation in 2010-11
- New EU authority to advise Commission on market reviews, pan EU services, network security
- Commission veto on national decisions
- EU number ranges and spectrum for pan EU services
- Spectrum liberalisation following the UK lead
- Regulators can impose functional separation on dominant telcos following BT Undertakings example
- Notification of security breaches
- Greater network resilience- minimum EU requirements
- Better consumer information- 1 day porting for fixed and mobile numbers

International and national regulation

Carter Digital Britain Report

- UK Government consultation issued 29 January- closes 12 March-final report June 2009
- Political stimulus to keep Britain working
- Aim to deliver 2 Mb/s broadband across the UK by 2012- fixed and mobile
- Fixed- stimulus for bb rollout by BT and other networks- looking at rates, public incentives
- Incentivise Community Broadband Networks in rural areas- Yorkshire
- Mobile- spectrum for mobile broadband- encouraging MNOs to trade 2G and 3G spectrum by end April
- Mobile - 2.6 GHz and 800 MHz spectrum- align with EU
- Mobile- investment certainty, network sharing
- Universal service delivered by mix of fixed and mobile- new funding mechanism
- More public services to be delivered online- inclusion and cost saving

International and national regulation

Ofcom: 2009-10 plan

- Market based approach to spectrum- promoting trading and liberalisation
- Promoting competition and innovation in converging markets
- Fixed telecoms- market reviews and delivery of BT's Undertakings
- Regulation of next generation access- super fast broadband
- Mobile sector assessment - Ofcom's regulatory approach to mobile
- Promoting access and inclusion
- Improving regulatory compliance- enforcing consumer protection policies including switching between providers and fixed line mis-selling



International and national regulation

FCS position

- FCS objectives- access radio spectrum- access the mobile market- equivalence in the fixed line market- ability to complain about Ofcom's decisions

FCS response to Ofcom's plan

- Spectrum policy – spectrum should be available for the benefit of the UK as a whole
- Ensuring there is competition in wholesale and retail markets; assess new markets quickly for dominance
- Public interest objectives should include the well being of the business community as well as media literacy
- Independent and proportionate complaints mechanism for smaller players
- Polluter pays- intelligent regulatory compliance

International and national regulation

Thank you
Questions?



Numbering, NTS, PRS, number portability

Principle: Numbers indicate the cost of a call

EU directive says no restrictions on access to numbers-
but in response to well publicised scams, Ofcom has
now implemented a **consumer protection test**

Companies that have used numbers to harm
consumers- shown by Ofcom or PPP decisions- will
be investigated

Ofcom has now published a list of people and
companies under assessment and will not allocate
070, 087 [excl 0870], 09 numbers- but will not
withdraw number ranges from them

Numbering, NTS, PRS, number portability

NTS

0870 - Ofcom consultation June 2008 proposed “CPs wishing to charge more than geo calls to 0870 numbers will have new obligations to display prices “-statement published.

0871- PPP will regulate 0871 and 0872 numbers under the PPP code from 1 August:

- CPs to pay levy,
- 30 day rule in payments to SPs,
- Comply with PPP investigations

070 – **personal numbers** -not closed down and passed to 06 as planned– though where PRS services have been found on 070 numbers PPP has acted and fined 4 companies

Pre-call announcements on NTS calls- rescinded due health and safety problems

Numbering, NTS, PRS, number portability

PRS

PRS scope review- 2 years work by Ofcom

- consultation due “soon” on scope of PRS, looking at value chain, where customer harm can occur, how to avoid harm and regulation

PPP activity- PRS market value down by 15%, draft budget up 2.4%; 12th code consultation; 0871 implementation. Industry Liaison Panel puts industry voice to PPP and Ofcom.

Numbering, NTS, PRS, number portability

Number portability

Ofcom plan for CDB, direct routing of all fixed and mobile calls to ported numbers, recipient-led- failed following Vodafone legal challenge September 2008

Now

- mnp – in 2 days; fixed- unchanged
- Ofcom project reviewing porting, collecting cost and admin data from telcos; new entrant operators and small telcos face barriers to porting
- Ofcom will report during 2009
- ENUM forum-direct routing between fixed CPs

NOTE- Framework review proposes 1 day porting

Numbering, NTS, PRS, number portability



Thank you
Questions?



Mobile market assessment

Ofcom consultation August-November 2008
Responses under review and further proposals
to be published in 2009

Mobile market assessment

Ofcom aim:

A wide choice of *networks* and a wide choice of *services* on those networks

- Easy and safe switching
- A mobile internet that is as open and flexible as technology allows
- Diverse content and applications (including protection from harmful content)
- Coverage
- Consumer protection from mis-selling, scams and new risks including personal information

Mobile market assessment

The context

- European debate about termination rates
- Ofcom facing issues about mobile termination (MSA) and fixed termination (fixed line network charge controls, NGN interconnection)

Ofcom's case for change

- We see increasing pressure on the termination rate regime after 2011 from:
 - Fixed/mobile convergence
 - Competition in a more diverse and complex mobile market
 - Growing regulatory burden and risks of regulatory failure

Mobile market assessment

Ofcom's Options for mobile call termination include:

- **Incremental costs only** (e.g. the European Commission's draft Recommendation)
- **Reciprocity between fixed and mobile** (similar to the US model)
- **Bill and keep**: set termination charges to zero by regulation
- **Deregulate mobile termination**: no regulation of mobile termination rates after 2011
- **Deregulate all termination**: full deregulation would allow both fixed and mobile networks to freely negotiate two-way traffic exchange.
- All these approaches carry important **risks** and transitional **challenges**

Mobile market assessment

FCS response to Ofcom:

Several areas of concern in the mobile market associated with:

- Mobile new entrants
- Mobile number portability
- Closure of mobile number ranges
- Fixed mobile convergence
- Tariff transparency
- SMS

Mobile market assessment

FCS proposals

- Wholesale access to networks
- Fair competition at all levels in the distribution chain
- Support for mobile new entrants to join the market
- Recipient led mnp
- Wholesale SMS review
- Ofcom led comprehensive project on tariff transparency



Mobile market assessment

Thank you

Questions?

Data retention

New Data Retention (EC Directive) Regulations
2009 will come into force 9th April 2009

Regulations specify:

- Data to be retained
- Retention period
- Data protection & security
- Access to data

Data retention

Issues for FCS members:

- What is the impact on current RIPA arrangements?
- What obligations will CPs and resellers have in practice?
- How will relationships with law enforcement be managed?
- What funding is available?

Representatives from the Home Office “Interception Modernisation Programme” attended the FCS Industry Forum in March

Protecting the public in a changing communications environment-consultation published on 27 April

Data retention

To maintain the required capability, the Government will legislate to ensure that all data the public authorities might need, including third party data, is collected and retained by communication service providers, enabling specific requests to be processed quickly and comprehensively.

More costs for CPs.



Data retention

Thank you

Questions?

Regulatory compliance and codes of practice



The provision of codes is a legal obligation under the General Conditions

Ofcom will be more vigilant during recession to guard against consumer harm

Investigations reported regularly in the Ofcom competition bulletin - focused on mis-selling

Regulatory compliance and codes of practice



Ofcom continues to change the rules:

- Sales & Marketing code added in 2005
- New requirements on PRS & NTS added in 2006
- Ongoing changes in content and format during 2007 and 2008
- New requirements on complaint handling expected in 2009

Regulatory compliance and codes of practice



There are now five requirements

- Basic code of practice
- Code of practice for complaints
- Code of practice for PRS & NTS
- Code of practice for Sales & Marketing
- Dispute resolution

Regulatory compliance and codes of practice



FCS offers:

- Cost effective route to compliance for its members and others
- “Consumer” and “Sales & Marketing” codes
- Templates and toolkits sold under licence
- Discounted access to approved Alternative Dispute Resolution schemes
- Ongoing maintenance service

Regulatory compliance and codes of practice



Thank you

Questions?



Telephony Session

Open Forum

Thank you for attending

All presentations will be placed on the FCS
website www.fcs.org.uk