

# FCS around the UK Perth



## Programme for the day

- 10.30 **Telephony Session**
- 12.00 **The Bigger Picture**
- 13.00 **Lunch & Networking**
- 14.00 **Radio and Wireless Session**



# Telephony Session

## Programme for this session

10.30 Introductions and FCS News

10.40 WLR

10.45 NGA/superfast broadband

11.15 Migrations

11.25 Numbers

11.40 Premium Rate

11.50 Mobile Market

Michael Eagle

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Michael Eagle & Jacqui Brookes

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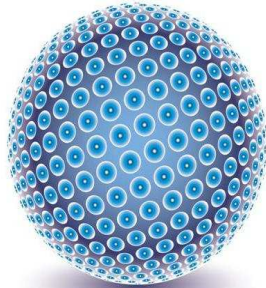
Jacqui Brookes

Jacqui Brookes

*Representing the Communication Services Industry*



# FCS News & Updates



## **Comms Provider 10** **12th October 2010**

## Codes of Practice

- Changes to requirements on Sales & Marketing came into effect in March (new General Condition 24)
- Requirements on call recording & information on transfer has been deferred – will now be part of Ofcom migrations project
- New requirements on complaints handling to be introduced later this year based on Ofcom guidelines (awaiting statement)

# Minimum Security Standards

- Recognition that telecoms is part of critical national infrastructure
- Final draft of Minimum Security Standard (ND1643) now agreed by NICC - applies to IP interconnects/ within shared spaces
- Intention to adopt ND1643 signalled by larger CPs - will incorporate into interconnect agreements
- Accreditation will be required - pilot scheme in September
- NHS seeking compliance to CESG standard – based on ISO27001 and more onerous
- Must be proportionate - not disadvantage smaller players
- FCS engaged with NGNuk

## WLR

- WLR will continue to be crucial
- WLR3 baseline delivered by July 2010 but continues to generate “in life” issues
- FSP group will continue to engage with Openreach on detail
- Service Harmonisation now implemented
- New “core” WLR service –July 2010
- WLR2 – final withdrawal by June 2011
- WLR contract changes in pipeline

## Next Generation Access

- Importance of resellers
- NGA opportunities
- Multi service pipe
- Openreach voice strategy
- Openreach delivery
- Competition issues



## NGA - Reseller perspective

- 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

### *Selling to:*

- 40% individual consumers
- 75% small business end users
- 60% corporate end users
- 30% sell via resellers

[Source FCS member survey 2010]

# Why customers purchase from CPs and resellers

- Service is the reseller unique selling point
- Customer care is supportive and flexible
- Bundled services and tailored solutions are delivered from different suppliers [*Quality of service is important to business customers*]
- Services are managed on a day to day basis
- Provision of small company business support
- Consolidated billing- all services on a single bill
- Vital link for rapid adoption of new technology for new services
- Rapid growth of WLR demonstrates success of reseller model

## Customer experience

### The Value of the re-sale channel

- Local Business support
- Speed to Market
- Total solution providers

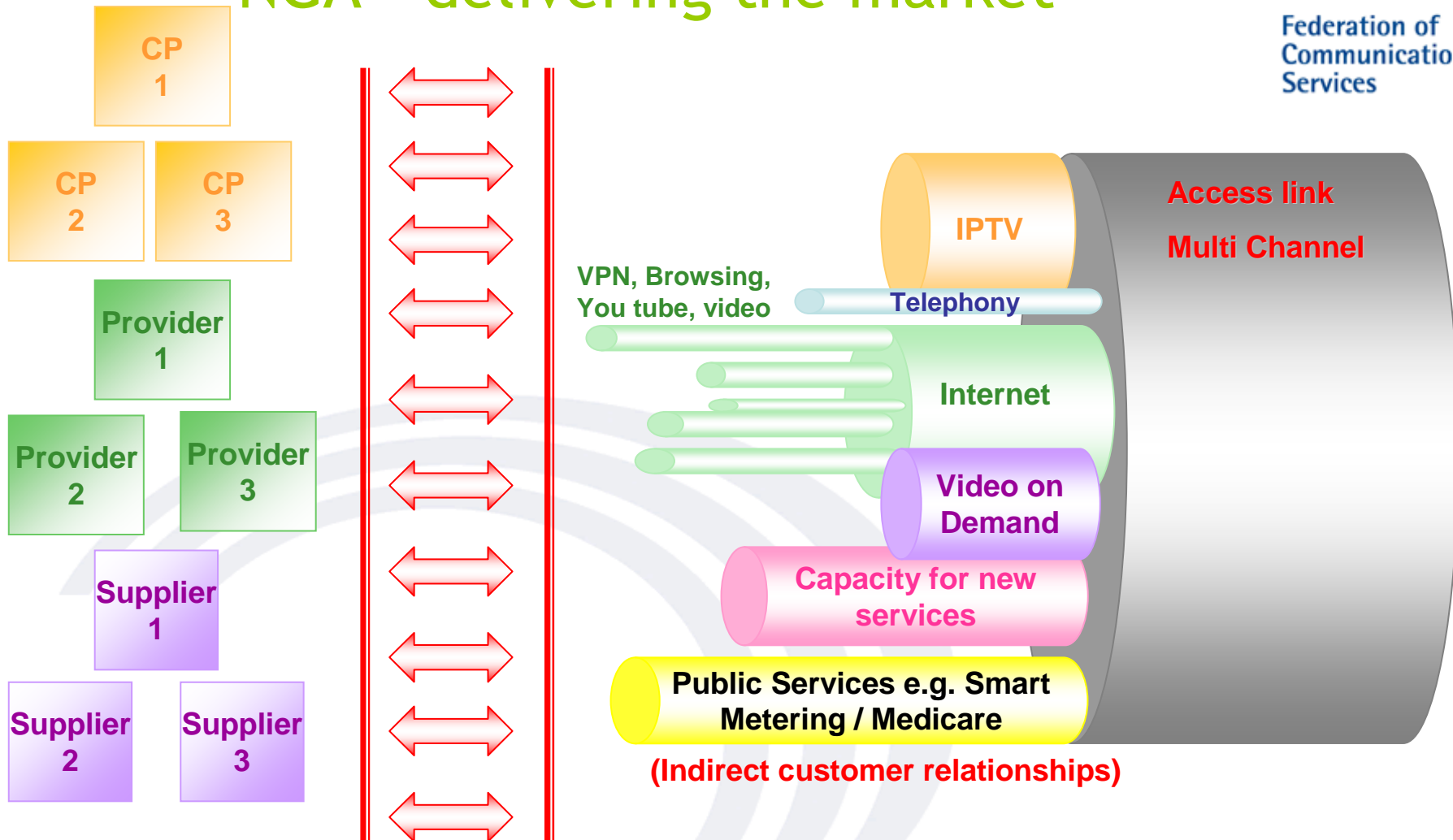
### The Changing Channel

- Hosted Telephony
- Hosted IT/Cloud based solutions
- Environmental Benefits

## Looking forward to NGA

- NGA is a great opportunity to increase competition, improve customer choice and introduce new services
- Welcome faster and better access to broadband to grow the hosted market for business customers
- Jobs in the UK are driven by the Internet- access to suppliers is important for economic recovery
- Mass market VoIP and more sophisticated applications will be possible
- Opportunity to share greatly enhanced capacity/bandwidth to customer premises
- Network upgrade from copper to fibre but not everywhere- copper will need to be maintained
- Need to migrate current products and not generate new market structures that inhibit retail competition
- Business customers will benefit from higher speed Internet and data services- lower prices- reduced in house IT/telecoms overheads
- Need long lasting and well maintained pipes from stable suppliers

# NGA - delivering the market



Vision is to have multiple products/services and payments across fibre

– a 'fit for purpose' migrations process is required – not all Suppliers will be CP's or involved in telephony

7 July 2010

FCS around the UK -Perth

Telephony session

## Reseller concerns

- Introduction of the new technology may break the current market structure and allow monopolies to be created
- Fear of a land grab by the Openreach NGA triallists as they have better information on roll out
- Trials may set services and commercial arrangements suitable only for large companies with similar market models- Openreach should ensure a mix of customer types into the trial, consult on pricing and ensure that in-life prices are suitable for resellers
- High customer migration prices may be set by the trial which are not suitable for the majority of resellers- introducing obstacles to the market
- Consumer focus for on-demand HDTV- the “killer application” may lead to roll out in residential areas but not business parks
- Service levels may orientate towards consumers
- Street cabinets- how long will it take for a street cabinet to be activated following activation of the exchange – are there planning problems?

## More reseller concerns

- Potential network fragmentation from pole/duct sharing
- Unknown level of service integrity- such as guaranteed uplink and downlink
- CPs and resellers need to be accepted as contributors to the development of migration processes, care levels, ordering process and fault experience
- Customer migration- number portability problems must be resolved
- Not every home or premise in the country will have fibre, so fast broadband services must continue over copper
- Openreach reversal of decision to develop VoNGA (WLR4)
- BT Return on Investment may be shorter term than necessary- Openreach should be a long lived entity

## Competition and regulation

- Ensure new technology does not break the market and allow new monopolies such as wires only to prevail- reducing consumer choice
- The infrastructure competition model is limited- accept the reality
- Refocus competition policy at the retail level
- The multichannel pipe model allows the widest range of service models
- Regulated wholesale prices are preferred by resellers
- Ensure effective two way migration processes- guide industry to self regulate with a governance process akin to the energy sector



# FCS summary

<b>Problem</b>	<b>Solution</b>	<b>Action</b>
Competition- BT Undertakings	No walled gardens- ensure reseller access	Openreach to deliver an end to end voice service
Integrity of networks in the longer term	Treat Openreach/Virgin Media as utilities providing stability with obligations	Government policy
Patchwork quilt of local networks- how viable are they?	Must have common technical standards and commercial processes and interfaces with larger public networks	Common industry forum led by Ofcom, not Openreach or COTS, to agree standards and processes
Absence of net neutrality	Multi service pipe to allow different service levels	Openreach and operators to specify the pipe for vendors to supply



# FCS summary

<b>Problem</b>	<b>Solution</b>	<b>Action</b>
Return on Investment of infrastructure	Multiple customers= maximum use of multi-service pipe; take the longer term view	Encourage reseller competition- Government policy to set national interest
Openreach NGA trials- focus on retail market- first mover advantage for triallists and price setting that sets up barriers for competitive resellers	Wider consultation on decisions on commercial and policy issues	Industry telecoms forum to address commercial and policy issues rather than bilaterals between Openreach and triallists alone
Business market- resellers support 3 million WLR customers	Needs of the wider business community must now be taken into account when developing public and local networks	Industry telecoms forum- ensure business users are engaged in dialogue
<b>Migration</b> <ul style="list-style-type: none"> <li>▪ between copper and fibre products- not yet defined</li> <li>▪ between all suppliers must be symmetrical</li> </ul>	Should have a common migration process throughout telecoms	Need for a clear government policy and implementation by an industry telecoms forum
Implications of duct and pole sharing- who will invest for the longer term? Fragmentation of telecoms processes	Cross industry co-ordination to ensure consistent processes	Telecoms forum that asks Ofcom to solve competition issues and tasks OTA or other organisations to help implement

# BSG 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](http://www.broadbanduk.org/COTSprogress)

# Migrations

- Ofcom strategy
- OTA projects

## Migrations: Ofcom strategy

- Improved consumer switching experience
- Single process for all transferable products
- Ongoing research including other countries and other industries
- Number portability in scope
- Includes consumer protection (mis-selling)
- Consultation expected in summer (?)

# OTA Projects



- Requested by Ofcom to address current problems for consumers
- Focusing on current processes
- Identify improvements and short term wins
  - **AOT (letter facilitation process)**
  - **MAC process**
  - **Erroneous transfers**
  - **Emergency restoration**

# Migrations- FCS policy

## Scope of future migrations process

- A common pan-industry process - independent of the type of technology or infrastructure- a single process for fixed and mobile number portability
- Scope should cover all transferable products including number portability and bundled services
- A simple process which can be easily understood by customers and minimises disruption (no loss of service)
- Fulfils new EU framework obligations

# Migrations- FCS policy

## What should the process be like?

- Gaining provider led process to improve customer experience
- Central registration system that avoids need for hundreds of bilateral agreements between CPs
- Based on soft switching wherever possible to minimise cost
- Provides appropriate consumer protection
- Symmetrical processes available for reverse migrations
- Emergency restoration provided for erroneous transfers
- Transparent governance process – via e.g. a new Telecoms Forum
- Effective enforcement to ensure compliance by CPs (requirements clearly referenced in General Conditions?)

# Numbers

- Ofcom Non-Geographic Call Services Review
- Number Portability

# Ofcom's Non-Geographic Call Services Review



## Feedback from pre-meeting with Ofcom

- All non-geographic, non-mobile numbers including PRS ranges (09 and 118) in scope
- Ofcom considers current NTS model is “broken”
- Recognise need for call price transparency
- Need to identify the flow of funds
- Changes also required at wholesale level
- Possible changes to the numbering plan
- Will embrace new powers granted in EU framework

# Ofcom's Non-Geographic Call Services Review



## **Timetable:**

- Pre consultation invitation to submit ideas issued 30 April 2010
- Consultation published in summer 2010 (possibly now autumn)
- Statement on principles and some immediate actions by end 2010
- Full implementation will take longer (FCS has proposed up to 2 years to enable CPs to plan and implement change)

# Ofcom's Non-Geographic Call Services Review



## FCS response:

- Welcomed approach to include all no-geo ranges
- Stressed value of ranges in supporting innovation
- Need for stable and certain regulation
- Blurring of definitions set out in Ofcom's 2006 numbering review
- Impact on 0870 and 0871 ranges
- Overcharging by CPs particularly mobiles is the main problem
- Need for call price transparency
- Possible price capping suggested

# Number Portability

## ■ 1 day porting EU obligation from May 2011

“porting of numbers and their subsequent activation shall be carried out within the shortest possible time. In any case, subscribers who have concluded an agreement to port a number to a new undertaking shall have the number activated within one working day”

## ■ Mobile- Ofcom further consultation 1 April -13 May 2010

- Propose 1 day donor led porting; require PACs to be issued either immediately over the phone or by SMS within two hours.
- Roll mobile process into the major migrations project
- No changes to mobile call routing
- Currently new entrants can join the mno- owned mnp process
- FCS supported Ofcom proposals as pragmatic

# Number Portability

- Fixed – FCS report to Ofcom in October 2009
  - Reform of process needed
  - Customer detriment- due to delay and uncertainty as to when a port will occur
  - Loss of service worst when porting from LLU
  - Particular concern for VoIP providers
  - Seek central database for porting and end to bilateral agreements
  - Investigation by OTA

## Number Portability

- OTA has issued a problem statement
- Industry workshop held on 30 June
- Two main issues identified for progression
  - service establishment
  - order process
- 75% of multiline orders fail on first submission

# Premium Rate Services

- PRS Scope review
- What is PRS?
- 0871
- New PhonepayPlus code

# PRS Scope Review- October 2009

- Introduces a mandatory registration scheme for the PRS industry
- Strengthens PRS advertising requirements to align with Ofcom's approach to the use of PRS in TV programmes
- PPP code to include minimum standards for complaints handling across the PRS industry.

## What is PRS?

Currently Controlled PRS is:

- a PRS which costs more than 10p per minute
- a PRS using a 'Special Services Number', e.g. 0871, which costs more than 5p per minute
- a Chatline Service
- a Sexual Entertainment Service
- an internet dialler.

# What is now controlled PRS?

**Now, irrespective of number range, Ofcom will examine services or categories- do they risk causing harm? and look at:**

- The consumer's Originating Communications Provider *is* the actual supplier of the PRS.
- There is a complex, fragmented value chain, with large numbers of suppliers operating at different levels in the chain.
- Barriers to entry and exit are relatively low at the Information Provider level.
- Consumers are only able to ascertain the quality of the PRS at the point at which it is consumed.
- The price of the PRS is relatively low, potentially discouraging consumers from seeking redress.
- The purchase process involves little or no authentication, thus encouraging consumers to purchase on impulse.
- The PRS is likely to involve inappropriate or offensive content.
- The PRS is likely to be marketed to children or likely to have a particular appeal to children

## What is PRS?

**To test these characteristics the PPP ILP is asking Ofcom to determine whether the following are PRS:**

1. Pay for it
2. On portal and third party services delivered by Sky, Tiscali and BT
3. 070 services
4. Reverse charging facilities- which number ranges do these apply to?
5. 03 services that link to an 09 number

0871

“Since August 2009 the 0871 market has contracted significantly”

Do you agree?

# New PhonepayPlus Code

- Shorter
- Rules based on outcomes and guidance
- Responsibility throughout value chain
- Registration of PRS providers- self funding- fees around £100- strict rules on keeping data up to date
- Improved complaints handling process- focus on mobile and to be industry led
- Revised informal procedure
- New sanctions for wilful poor performers
- Consultation closes 8 July- in force January 2011

## New PhonePay Plus code

### FCS response:

- Outcomes based code is good- focus should be on consumer harm
- Registration scheme – will it work?- will it be too expensive- NOs do not want to be responsible for non contracted parties in the value chain
- More thought on regulatory impact on all market players and how long any company will need to implement
- Guidelines not yet published for consultation- too close to implementation date - January 2011
- At a time of economic restraint PPP is likely to have less resources to implement the code

# Mobile

- Ofcom mobile policy
- Mobile Spectrum
- Mobile call termination rates
- Where next for FCS members?

# Ofcom mobile policy

## Mobile policy published December 2009

- Regulating wholesale services (as we do in fixed telecoms) is not appropriate (nor do we need a wider market review) at this point;
- We should put more focus on the enforcement of rules promoting competition;
- We should continue our spectrum liberalisation programme; and
- We should use competition law as appropriate to assess future market changes
- The **statement can be found at:**  
<http://www.ofcom.org.uk/consult/condocs/msa/statement/>

## Mobile spectrum

- New government- yet to publish any change of policy – decisions of last Government on hold
- Ofcom plans auctions of relevant spectrum

# Mobile Call Termination Rates

- Ofcom proposes to reduce termination rates from around 4.3p per minute to 0.5p per minute by March 2015.
- Proposed average Mobile Termination Rates (pence per minute) for larger mnos
- Other operators' rates should be set on a fair and reasonable basis  
\*based on 2008/09 prices
- Consultation closed 23 June 2010
- FCS supported Ofcom proposals
- Terminate the Rate campaign led to 40,000 consumer replies supporting Ofcom and 45 MPs letters
- Ofcom will publish final decision in autumn
- Telecoms Minister said: **"This is good news for consumers who will benefit from cheaper calls and increased competition."**



## Where next for FCS members?

- FCS lobbying for wholesale access continues
- Via responses to BIS and Ofcom
- Wait for new government policy



# Telephony session

Thank you

Any Questions or Issues?



# Spare slide

