

# FCS Response to the Openreach Consultation on an Exchange based approach to upgrading to FTTP

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## Introduction

The Federation of Communication Services represents companies which provide professional communications solutions to business users. Our members deliver telecommunications services via mobile and fixed line telephony networks, broadband, satellite, wi-fi and business radio. Our members' customers range from SMEs, home-workers and micro-businesses up to the very largest national and international private enterprises and public-sector users. FCS is the largest trade organisation in the professional communications arena, representing the interests of around 300 businesses who supply B2B services nationwide.

## Overview

Overall, we agree with the approach that Openreach has decided to take in its timings and geographic plans. We have two overarching questions that need to be taken into account when considering our responses to the specific questions below:

- 1) We would like to understand whether Openreach can write down the costs of the initial investment over a longer period (say 40 years) so that ongoing rental pricing and initial connection costs can be reduced especially in the case of "forced" migration. What cost savings will be returned to CPs on the basis of reduced product portfolio and management costs to Openreach, along with the fact that CPs are facing forced migrations for upgrades that Openreach is obligated to supply? These should mitigate the usual £92/customer connection charge. Openreach needs to reduce barriers to take up and consider reducing and/or rolling the connection charge into ongoing charges, to reflect its expected reduced repair costs.
- 2) How does Openreach anticipate that this approach will slow down any migration to single order products, which now become essentially transitional and, for SOGEA at least, do not offer a basic voice facility – why should CPs chose SOGEA if FTTP is just around the corner?

## Answer to specific questions

*H1. Do CPs agree that Openreach should adopt an exchange-based approach to upgrade?*

We agree that this is the most logical approach for the reasons Openreach sets out.

*H2. Do CPs agree that a combination of GEA-FTTP and 'fast copper' should be used to maximise ultrafast coverage in an exchange?*

Given the stated aim in the document to switching off the legacy copper, and the government's target of nationwide coverage by 2033, it seems that the "fast copper" option is in reality only an interim measure and aiming for 100% FTTP needs to be the priority.

*H3. Do CPs believe that Openreach should pursue a ‘fibre first’ approach to Gfast deployment?*

We believe that the aim should always be to prioritise full fibre delivery as Gfast becomes an interim product on the road to full fibre. We would not want to see an effort to push more Gfast into the deployment plans ‘under the radar’ with ‘Industry Agreement’. There needs to be maximum clarity and the tightest possible business case to justify continued deployment of copper-based VDSL technologies, whether ultrafast or not.

A ‘fibre first’ strategy is welcome, but a strategy of ‘always fibre except...’ would give more weight to a future-proof and lower maintenance FTTP deployment. The customer/societal benefits of a more ‘outside-in’ deployment of FTTP should be borne in mind. Delivering FTTP and removing the limitations of copper attenuation and xDSL technologies should be the focus, as it inherently ensures that ultrafast speed is obtainable.

*H4. Do CPs agree with the principle that migration should start once a large majority of premises have access to ultrafast connectivity?*

Yes, we agree with the principle but unless the installation fee is free of charge the process of roll out is going to be even more difficult as clients will in many cases refuse to pay unless there is an obvious requirement to move which in many cases there may not be. We would suggest that the installation fee should be built into the rental for at least the first 36 months at a per-month surcharge, this would only apply for the initial migration of any customer from copper (ADSL 2+, FTTC, SOGEA) to fibre feed (FTTP). We believe that amortisation of costs in this way would encourage customer migrations and promote CP competition.

*H5. Do CPs agree that it is reasonable to declare an exchange Ultrafast Enabled once 75% of premises have ultrafast available to them?*

This figure should certainly be no lower than 75% and Openreach should have confidence about the achievability of building to the remaining 25% in each exchange. These premises should not necessarily be the hardest to reach.

*H6. Do CPs agree that industry should agree a process with Ofcom to ensure all reasonable efforts are made to make ultrafast services available? What factors should we consider in developing this?*

Yes, we agree with the principle. This is a different scenario to SOGEA orphaned end customers who will be able to maintain some sort of service, and all steps must be taken to try to ensure connectivity. Pushing for compulsory way-leaves as suggested previously in the FTIR may help obtain access where landlords are obstructive.

Factors to consider should include geography and number of affected customers. We would not wish to see the potential to create a ‘get-out clause’ for landlords who are unwilling to co-operate and/or where Openreach might wish to avoid costs at the higher end of the per-user installation cost. Whilst some buildings will undoubtedly be challenging, exemptions should be driven down to the absolute minimum. Achieving this might require regulation/legislation (such as updated or additional code powers), and Openreach must push for this if necessary.

*H7. Are there other services that CPs believe will be affected by the programme of exchange-based upgrade and service withdrawal outlined here?*

We have not identified any other service types to include.

*H8. What suggestions do CPs have to help minimise the need for double migrations?*

If CPs have sight of Openreach's roll-out plans for both SOGEA and FTTP they may be able to mitigate against double migrating their customers, but ultimately only Openreach has control of the geographic areas and exchanges and the plan for approaching them. Early planning, good comms with CPs, and maximum FTTP deployment asap will help.

It seems unlikely that a CP will push to move a customer to SOGEA if they know that FTTP is just around the corner.

*H9. What do CPs require from Openreach to make a programme of exchange-based upgrade and withdrawal as smooth and efficient as possible?*

Openreach needs to provide as much advance notice as possible of the roll-out plans by exchange in order to help CPs to prepare customers in good time as areas are upgraded and to avoid double migrations.

One area that we also want to flag at this stage, as it may cause migration delays, is the practice of end of contract charges by UK Wholesale Providers. As established, this is not an Openreach charge but typically Resellers are charged anything up to £50.00 at end of contract when ceasing or migrating a circuit. We believe this could cause delays in migration if, for example, a Reseller wants to migrate their base to a Wholesale provider who is FTTC ready when their own existing supplier is not.

*H10. Do CPs agree that we should pursue an exchange-based approach to migration and service withdrawal?*

We agree that this is the most logical approach.

*H11. Would a different geographic approach be significantly easier to manage? If so why?*

For the reasons Openreach has set out a contiguous exchange-based programme seems the best option.

*H12. Do CPs agree with the high-level portfolio proposals outlined here?*

Yes. As Openreach acknowledges the portfolio will operate in a radically simplified environment, we would hope to see cost savings passed on to CPs in due course.

*H13. Do CPs agree with the proposed phasing approach outlined here?*

The phasing approach set out would appear to offer adequate time for migrations to take place.

*H14. How would CPs suggest that end customers are encouraged to move to the new platform?*

This is likely to be led by CPs but needs to be backed up with supporting information from Ofcom and Openreach so that customers understand the legitimacy of the change.

As already mention the installation charge for FTTC when moving from a Copper Based Feed should ideally be zero and taken back over initial X months.

The practicality of moving the customer over with minimal loss of service would mean reviewing how in the real world a client whose NTE and Router are not located in the same position maintains service. One option that should be considered would be to enable both the old Copper Feed and the New Fibre Feed to be simultaneously “Live” for a period of X weeks this would then mean the Customer can arrange internal works as required but that the Openreach engineer can sign off the work as completed. The copper pair would automatically be ceased after the agreed X weeks.

*H15. Do CPs agree that we should seek to develop agreed processes with Ofcom to manage harder migration cases?*

Yes- it will be vital to have support and back-up from the regulator at this stage in the process

*H16. Do CPs see value in an industry wide communication effort? At what stage in the process?*

We believe that there needs to be a programme of communication that supports CPs in their efforts to migrate customers as soon as possible. Many comparisons have been drawn with the Digital TV switchover and, whilst there are differences in the way the programme will progress, something of this level needs to be produced to aid customer understanding and make it possible to enforce such a change. The telecoms industry should be similarly forceful with the copper switch-off, and ‘landlords who refuse’ or customers who ‘don’t want’ should not be given the choice. Obviously, this needs DCMS direction, but it is in line with stated objectives regarding a full-fibre future for the UK.

*H17. Do CPs agree with the proposed timelines outlined here?*

Yes, assuming that exchange build and migrations follow the “happy path”, this would appear to allow plenty of time.

*H18. Do CPs anticipate any factors that will limit the rate of migration or the number of exchanges that could be in the migration process at the same time?*

Migrations could be slowed by problematic landlords and architecture, but we feel that Openreach is best placed to forecast the number of exchanges it can deal with at any one time. It also goes without saying that a well-structured portal that gives all details required about exchange phasing and progress that can be used by all of industry to plan migration with confidence will be required. This will obviously tie in with Openreach’s ongoing plans for exchange closure and consolidation.

*H19. Are CPs supportive of developing a consumer charter to guide industry's approach to exchange-based upgrade and migration?*

Yes, although we would rather it was referred to as a customer charter, so as to ensure the business and well as residential customers are covered.

*H20. What role do CPs think that Openreach, Ofcom and Government should play?*

We think that support and back-up for CPs from Openreach and Ofcom is vital, especially in the form of literature and advertising that helps customers understand the changes that are happening.

If government was involved as well, this could only be to the good – it may want to highlight the difference between “fibre” and “full fibre” for example; the DCMS should get this point across to the ASA, along with other strategic imperatives to support CPs’ efforts to communicate with customers whilst protecting consumers from deceptive and overly-creative advertising

*H21. Are CPs interested in bulk migration to FTTP? How would CPs want this to work?*

We welcome any innovation that would result in simplification of the bulk migration process and produce potential cost reductions for our members. We would also like to highlight again the need to make available time based and out of hours appointments, to give Customers and Resellers flexibility and certainty in planning both SOGEA and FTTP migrations. We suggest where site-based work is required that this would typically be available seven days a week between the hours of 06:00 to 20:00. Where the work required is only exchange based (in the case of FTTC to SOGEA) migration that out of hours works could be arranged within agreed time slots 00:00 to 05:59, 06:00 to 11:59, 12:00 to 17:59, 18:00 to 11:59.

*H22. Are CPs supportive of running a trial of exchange-based upgrade and migration on an accelerated basis as outlined above?*

A full end to end trial, ideally including both the portal technology and API sets, seems sensible before the full launch, but we are not sure that a total 3-year period will give sufficient view of the likely migration paths.

*H23. What factors do CPs consider to be the most important to trial?*

Openreach should do some early testing in rural exchanges to identify/confirm the challenges and benefits of balancing rural and urban migrations, delivering a partly outside-in deployment (alongside the traditional inside-out that Openreach have used with ADSL and VDSL). Learnings might help to shorten the total project timescale.

## **Conclusion**

The FCS hopes that these comments are helpful to Openreach in its considerations and would be happy to talk through any aspects in further detail if required.