ITSPA

Internet Telephony Services Providers' Association

ITSPA response to Ofcom's strategic review of consumer switching

About ITSPA

The Internet Telephony Services Providers' Association (ITSPA) is the UK VoIP industry's trade body, representing 60 UK businesses involved with the supply of VoIP and Unified Communication services to industry and residential customers within the UK. ITSPA pays close attention to the development of VoIP regulatory frameworks on a worldwide basis in order to ensure that the UK internet telephony industry is as competitive as it can be within international markets.

Please note that the ITSPA response is not necessarily supported by all ITSPA members. Individual members may respond separately to this consultation.
A full list of ITSPA members can be found at http://www.itspa.org.uk/

Summary of ITSPA's Position

ITSPA members welcome the Ofcom initiative to undertake a strategic review of consumer switching in the UK. Whilst some improvements have taken place in recent years, ITSPA remains convinced that there are still some major concerns to be tackled and a number of uncompetitive practices in the existing process which potentially harm both consumers and providers of Internet Services; including VoIP.

Number Portability
The specific focus of ITSPA's consultation response is in relation to the number portability regime in the UK, which is a fundamental component of the switching process and continues to cause a significant amount of pain to ITSPA members and to end users. The requirement for bilateral porting agreements and the lack of any incentive for losing operators to establish service arrangements with gaining CPs means that the system for porting numbers in the UK is not fit for purpose. In comparison with the migration of other communication services, the porting of fixed lined numbers in the UK is easily the worst area affected and is in urgent need of review.

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Porting problems have had significant impact on competition and efficiency and continue to be a major hindrance to both consumers and CPs alike. This undoubtedly impacts the newer entrants in the market (who are predominantly VoIP providers) to a greater extent, however the pain is also being felt by the more established operators and this will only grow as we move to an IP environment. The problems surrounding this process affect both consumers' and businesses' ability to switch. ITSPA would strongly recommend that GNP should form a stream of work in Ofcom's second consultation phase.

Greenfield Approach

In undertaking a strategic review of switching, Ofcom should ensure that all current processes are reviewed and measured against the proposed greenfield approach. This will no doubt highlight both the deficiencies in current switching mechanisms and the practical difficulties of changing such long standing processes. ITSPA acknowledges Ofcom's recognition of the rollout of superfast broadband and feel it is imperative that switching processes for these new networks are discussed as soon as possible and in line with any greenfield standard agreed upon.

Switching and Traffic Management

An effective switching process is also necessary to protect consumers from unfair traffic management policies by ISPs. ITSPA has already commented in Ofcom's recent Net Neutrality consultation that an improved switching process is fundamental to ensure that consumers are not tied into contracts that do not provide them with adequate service quality. Consumers are generally not significantly aware of the ways in which traffic management services could potentially affect the various applications which they may wish to use online. In the case of VoIP, there still remains significant potential for a network operator to initiate degradation or blocking practises that are uncompetitive and discriminative. It is therefore essential that the switching process is working properly to ensure consumers are able to leave their existing CPs, if the service levels which they initially signed up to have changed.

GPL processes

ITSPA agrees with Ofcom's strategic view that the Gaining Provider Led (GPL) process is the preferable way of switching. ITSPA would agree with Ofcom's analysis that it creates significantly less hassle and that it is an easier process for consumers to navigate.

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<u>**Questions**</u>

The following addresses some of the questions raised by Ofcom in the consultation.

Question 1: Do you think hassle is a key issue we should tackle in this review?
Please provide an explanation for your answer and any supporting evidence.

ITSPA agrees that hassle is a key area to tackle in the Ofcom strategic review. It is fundamental that consumers are able to change provider should their service change or if they are not satisfied with their existing service. At present there are too many barriers (including lengthy contract terms), which means many consumers simply do not attempt to switch provider despite their dissatisfaction. ITSPA members believe that a clear understanding of all problems relating to switching must be gained before devising solutions that focus on reducing the hassle that consumers face.

Question 2: Do you agree there is a lack of clarity about the switching processes that consumers need to go through to switch and this may create a barrier to switching?
Please provide an explanation for your answer and any supporting evidence.

Yes. Consumers are unaware of the various switching processes that are currently available. The fact that there are a number of different processes naturally causes confusion in itself. This lack of understanding is certainly a barrier to switching and a way of communicating the options available to consumers should be considered. Ofcom have outlined all the processes and the confusion in the market place within this consultation.

Question 3: Do you think clarity is a key issue we should tackle in this review? Please provide an explanation for your answer and any supporting evidence.

Yes. A simplified and more transparent process is required that can be easily communicated with consumers.

Question 4: Do you think continuity of service (including unwanted breaks and double billing) is a key issue we should tackle in this review? Please provide an explanation for your answer and any supporting evidence

Yes. ITSPA members believe this is fundamental to a high quality consumer experience and the type of service that the UK should demand for consumers. Loss of service when porting has been a major issue for some ITSPA members over the past few years. Many customers of ITSPA

members have wanted to re-number their existing access line in order to port their geographic telephone number to a new CP. They have wanted to do this without impacting any of their existing products/services associated with that access line. However, in reality when this has happened the line and all other services have ceased, creating huge disruption for the customer.

The industry has been working with Openreach and the OTA over the past two years on this issue. ITSPA feels that it is imperative that a suitable product is made available by Openreach and hope that existing dialogue continues without further delay. The aim is to ensure that, when the number is ported, the line is re-numbered so that broadband connectivity is maintained and no services are lost. Continuity of service is essential for consumers and in turn for CPs offering services to potential customers.

Question 5: Do you think the ability of providers to frustrate the switching process is a key issue we should tackle in this review? Please provide an explanation for your answer and any supporting evidence.

Yes. One of the main barriers to agreeing terms for porting between a Donor and Recipient provider is the lack of incentive for the losing provider to enter into an agreement where one does not already exist. The default position of many is to wait until Ofcom is called upon to intervene.

Question 6: Do you think consumers' experience of save activity is a key issue we should tackle in this review? Please provide an explanation for your answer and any supporting evidence

ITSPA accepts that there are potential concerns in this area and particularly in the Loser Provider Led (LPL) process. Given that Ofcom wish to focus on a GPL process, ITSPA feels some of these concerns will be alleviated. At present, ITSPA feels the main focus of the consultation should be focussed on the switching processes and although an important issue, save activity should be considered at a separate point in time, especially given Ofcom's desire to move to GPL processes.

Question 7: Are there issues specific to either residential or business consumers' experiences of the switching processes that you think we should tackle in this review? Please provide any evidence you have to support your views.

Fixed line porting issues are the prime concern of ITSPA members and are discussed in further detail below.

Questions 8 – 12
Ofcom has provided a sound analysis on these questions and ITSPA is happy to continue providing input into the review, based on these assessments.

Question 13: Do you agree with our proposal that the preferred switching approach assuming a 'greenfield' basis is GPL?
Yes.

Question 16: Do you agree with our proposals and implementation priorities for taking forward our work in relation to existing switching processes?

Whilst ITSPA welcomes some of the proposals in the consultation document, the members feel it is vital that Ofcom investigate the problems surrounding number portability as part of this work.

Current State of Play
The GNP process has existed in the UK since 1997 and not changed in any meaningful way since 2000. It was built on the porting of numbers from BT to competitive (mainly cable) operators and the process and billing structure has largely been defined by the larger well established operators.

The process described in the GNP End to End Process Manual heavily relies on the timely agreement of commercial contracts ahead of the main service establishment process. These areas have no regulatory defined timescales and are not defined in the end to end process.

The existing GNP process does not reflect changes to intelligent network platforms that have developed over the last decade. The current "standard" processes are liable to cause inefficiency and unnecessary cost to operators trying to use it and provide an inconvenience and obstruction to consumers (residential and business) that rely on its existence for their ability to switch providers. The process, in general, favours the larger operators who have already established portability and there is limited drive for change as the majority of number portability involves the

transfer of numbers from the incumbents to the new and smaller providers. Whilst in general the whole process favours the incumbents, there is also recognition that it does place a strain on their own systems. ITSPA feels it would be in the long term interest of the whole industry if a solution could be found.

Ofcom recognised the problems within the GNP process when it reviewed consumer number portability in 2007, which resulted in the formation of UK Porting. There was significant industry support for the work of UK Porting, which advocated a direct routing process combined with a central database. Progress was scuppered by a Competition Appeals Tribunal that ruled in favour of a mobile operator, based on a lack of evidence to support Ofcom's analysis on industry costs to move to a central database. There was also concern amongst the mobile sector that fixed operators were not being asked to move to a Central Database at the same time as the MNOs. While there has been recent focus on timescales to the mobile number porting process (MNP), there has been no progress on the fixed side. There is a general feeling that the GNP process has remained the same for ten years and does not reflect the changes in the market that have occurred in that time.

GC 18

Number portability is enshrined within both European and UK law and enforced by General Condition 18. At present, in order to successfully port geographic numbers, an operator must interconnect with the donor network or have a transit arrangement in place with another network that does. This situation looks set to continue indefinitely in view of the failure to introduce direct routing or an automated order 'hub' in the UK. At present there are no commercial incentives for the losing operator (donor) to get on with the GNP process. There are also no regulatory provisions to ensure that operators are not delaying the process. In some instances it can take well over a year to set up a commercial agreement between two operators, which is extremely time and resource intensive. This is fundamentally anti-competitive. Despite there being numerous examples of number porting failures over the years, there hasn't been a huge number of complaints falling at Ofcom's door. ITSPA members feel this is predominantly down to lack of clear guidance in the regulation. Operators are able to stall the commercial progress (e.g. by not applying sufficient resource to setting up service establishment) to such an extent that it is very difficult to argue a case of regulatory foul play.

ITSPA feel a review into the wording of GC18 is required to ensure effective enforcement. The regulatory environment should exist to protect consumers and promote competition. We do not believe that General Condition 18, as currently worded, is an effective tool in ensuring that number portability is available to consumers.

The GNP process (like the MNP process) should be reviewed and the emergence of new networks and new technologies must be acknowledged.

Next Steps

ITSPA would welcome a proposal for the GNP process to be a part of the strategic review in the next stage of work. Of specific concern are the current timescales for agreeing commercial agreements to enable the main service establishment. ITSPA would welcome discussion with Ofcom to work out achievable timescales and also ensure effective enforcement.

ITSPA members are under no illusions as to the complexity of this issue and our members would be happy to be involved in discussions to help find a potential solution that could also work for greenfield sites. ITSPA members would also be happy to provide evidence of the current problems.

ITSPA would advocate a review of GC18 in a way to ensure Ofcom can effectively enforce their own requirements, which is to provide number portability within finite timescales.

The next stage of the strategic review should take into account the issues surrounding the GNP process raised in this submission and explore options to include this as an essential component in its review to ensure efficient and effective consumer switching.