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Internet Telephony Services Providers' Association
The Voice of Advanced Communications

ITSPA Members – Guide to IP Migration

What is happening

As members will undoubtedly be aware, BT have announced their intention to shutdown the PSTN in 2025 in favour of an all-IP network. Whilst this provides significant opportunities to ITSPA members, there are, also, potential threats and challenges to the current competitive landscape during the transition phase that need to be considered.

Ofcom have been liaising with industry around IP migration over the past year or so, with ITSPA members involved in the relevant steering groups. However, there still remains significant confusion around specific plans and exact timelines. ITSPA members have called for more extensive consultation around specific issues to ensure as smooth a transition as possible, without harming the competitive environment that exists today.

This document is designed to help outline what information is known by ITSPA at present, about IP migration, and what is still to be clarified. The intention is to build out regular communication on developments as things progress to keep the membership informed.

Key Developments

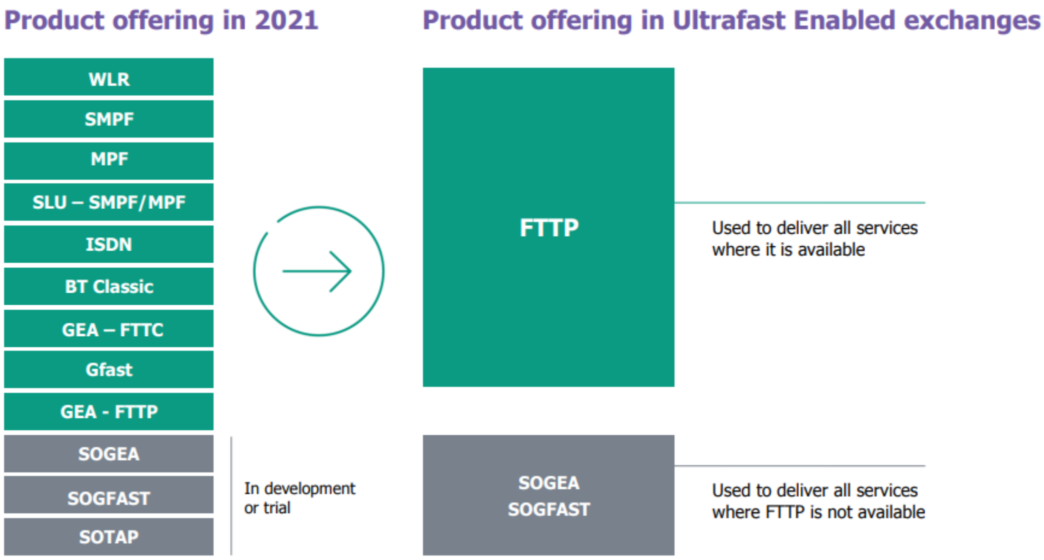
In early 2017, BT announced its intention to shutdown the PSTN by 2025 in favour of an all-IP Network. This is set within a wider Government policy drive to implement nationwide fibre coverage by 2033 (thus making any investment in non-IP solutions illogical). This development has resulted in three core areas of relevance to ITSPA members around migration of traditional PSTN services to IP that will have an impact (some positive and some potentially negative).

1. Openreach will be phasing out all its legacy wholesale voice products and would not be offering a wholesale IP voice solution going forward.
2. Openreach intend to take a fast exchange-based upgrade migration approach which requires extensive cooperation and buy in from its wholesale providers for it to work efficiently.
3. Clarity around future interconnection agreements with BT, whose regulatory conditions on IP are not as stringent as that on TDM and who are conflating their regulatory obligations with the option to purchase their IP Exchange product at commercial rates.

This paper focuses on the phasing out of Openreach's wholesale TDM voice products. Separate papers will cover the other two core topics.

What Products are Openreach closing?

Essentially the way telecoms providers consume wholesale products will radically change with signfically simplified range of options. Outlined below are Openreach's plans around its product range. Currently in terms of WLR there is a planned stop-sell timeframe of 2023 before withdrawing all services by December 2025. This will also impact Indirect Access and Carrier Pre-Select, with both products failing to work once the service migrates to IP.



The ultimate aim is that there will be no premises relying on copper lines, although it is accepted that some premises are unlikely to be served by fibre for some time so alternatives must be available. The current plan of how things will look within the next few years is as follows:

1. **Where full fibre is available** – consumers must purchase a full fibre product (FTTP), there will be no option after 2023 to order copper services. It is expected that many Service Providers will offer full fibre broadband and voice calls as part of a package, alternatively they may offer broadband only and leave the consumer to choose an 'over the top' (OTT) VoIP provider for their voice services.

   It is understood that a low bandwidth fibre product will be made available by Openreach for use where the consumer only wants connectivity in order to run an OTT voice solution. Wholesale pricing should align with PSTN WLR pricing to minimise negative impact for those users.

   There are many alternative networks offering products to rival Openreach and the proposed Ofcom plan is that regulated price controls on fibre will only be applied in areas where there is little or no competition. Where multiple fibre providers are present price will be controlled by competition alone.

2. **Where full fibre is not available** – consumers may migrate to a fibre to the cabinet product (FTTC). Openreach have two variations known as SOGEA (superfast) and SO G.FAST (ultrafast) but other 'alternative networks' are making great strides too to offer services throughout the UK.

   As with full fibre, consumers will likely have the option to purchase connectivity and voice as a package deal from the connectivity provider – or source a separate OTT solution from any OTT VoIP provider.

3. **Where there remain no fibre infrastructure** – Openreach will offer SOTAP in these areas to existing LLU providers

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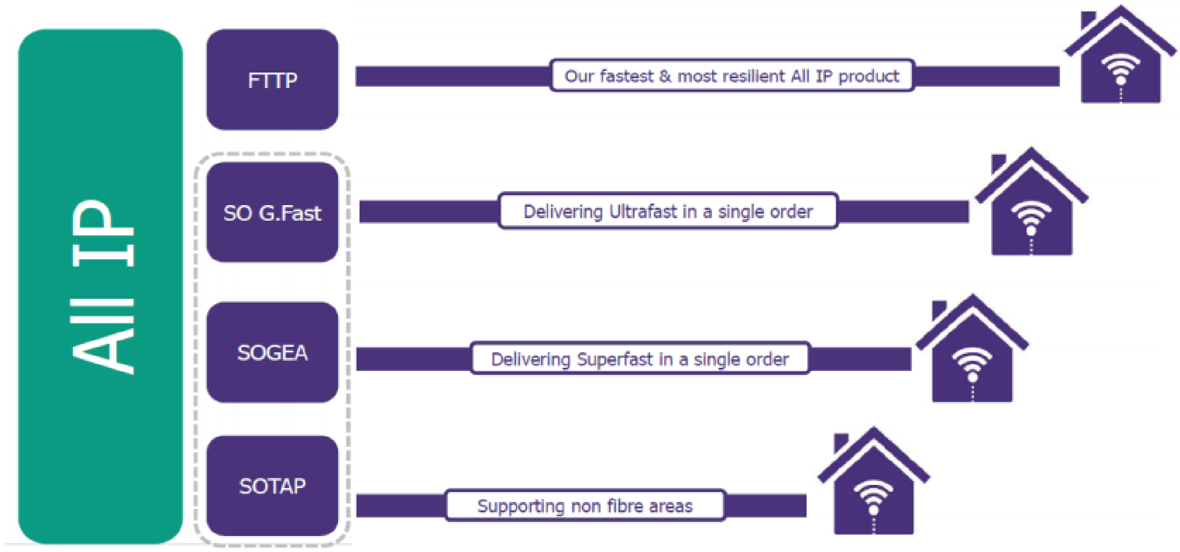
Outlined below is the suite of IP products Openreach will be rolling out.



Challenges, Opportunities & Threats

Key concerns highlighted at this stage are summarised below, however we urge all members to consider their own circumstances and the services they offer and bring them to our attention so we can try to have them addressed during the consultation process.

- Compatibility of consumer services, especially for the vulnerable (e.g. alarm systems etc).
- Battery back-up for voice services to allow emergency calls during power outage.
- Bandwidth availability in areas where FTTP is not available (can it replace ISDN?).
- Installation and rental fees (can you justify additional cost to consumer?)
- Lack of consumer awareness (will consumers understand why they are forced to change?).
- Reduced competition (only a couple of providers will be able to provide service in non-fibre areas).
- Customers already in a minimum term contract when the stop-sell or migration occurs.

As a group of specialist ITSPs we can recognise that this is a vast opportunity to promote our services. With Openreach not offering any voice solutions a large market of potential retail and business consumers opens up to OTT providers. By working together to shape regulation and standards we are perfectly positioned to thrive in an all-IP environment. However, it also means there is a vast increase in competition. With many of the major networks gearing up to provide a consumer voice product as part of a package, as well a number of potential providers who would previously not have been considered a traditional competitor (e.g. Software providers, social media platforms etc), it is vital to position yourself early and in the market.

As indicated, further briefing notes will be circulated by ITSPA in the coming weeks and months. If you have any queries, please contact the Secretariat. Please do also get involved in the work of the Industry Developments Group who are activiely following this important issue.