# An assessment of alternative solutions for UK Number Portability

## ITSPA:

This consultation response is on behalf of the members of the Internet Telephony Service Providers Association ("ITSPA"), the UK industry group formed at the start of this year to represent "ITSPs" (Internet Telephony Service Providers) involved in supplying VoIP services to residential and business consumers within the UK.

## Response:

ITSPA and its members recognise that the development of number portability regime in the United Kingdom was undertaken on the basis of industry co-operation and consensus and with consideration of the state of the marketplace at that time. Whilst this solution was beneficial from the perspective of developing policy and producing a workable compromise between operators, we strongly believe that the current model in the UK has inadvertently suppressed take up of alternative fixed line services and will continue to do so until changed.

Whilst this may not have been seen as a significant problem historically in the marketplace where a new entrant would mainly be targeting non-geographic traffic for inbound termination or extremely specific geographic areas, this is a major problem for 'new voice' providers who do not have a similar target audience.

From the perspective of VoIP suppliers that are looking to enter the market via Local Loop Unbundling or as part of a package of broadband services taken by business and residential customers, their ability to compete would be seriously effected. We specifically see difficulty in reconciling the ongoing charges for number portability being passed to the current customer operator, given the flexibility customers will otherwise have in migrating between VoIP and other service providers and the continual reduction of prices that VoIP will introduce via cost savings and price competition.

This will become a more widespread problem as new services and technologies evolve to allow alternative delivery of fixed line services compared to the existing dominant 'POTS' based copper line.

Our members have indicated that the majority of residential and business customers consider the ability to migrate their existing number an essential part of any line replacement solution. Without this feature, a significant number (50-75%) of potential users will not consider providers offering 'New Voice Services' as viable. Our members have also indicated that in their experience users are not prepared to pay any extra charge for this facility. This would imply that beyond an obligation to port there is a commercial necessity to have the ability to port numbers and for this to be free to the end user.

ITSPA would therefore strongly urge that Ofcom reconsider the reasoning that it has applied to dismiss a CDB model for the United Kingdom in light of the comments made below and to investigate fully the potential of mandating a CDB model to be applied to geographic and non-geographic termination. We feel that such a decision would be more in line with Ofcom's general duties under Section 3 of the Communications Act and the European directives, particularly in regard to furthering the interests of consumers, ensuring availability of a wide range of electronic communications services and encouraging investment and innovation in relevant markets. ITSPA expressly reserves the right to challenge any decisions made by Ofcom which support of the call forwarding model in the absence of more detailed consideration of a CDB solution.

**Forward Routing vs. Central Database**

The existing "forward routing" model has 2 primary weaknesses.

1) The requirement that direct contractual relationships have to be established between the operators who wish to operate ported numbers and the original supplier means that significant time and resources have to be spent before the new operator is in a position to actually offer a ported number service.

2) The use of the "forward routing" mechanism means that the ongoing lifetime usage of this ported number increases the costs of inbound calls (due to the transit costs) to substantially above that for non-ported inbound calls. In a number of cases, it also means that in some instances the service provider actually pays for the inbound call, instead of receiving the positive fixed line reciprocal compensation.

In the view of ITSPA and its members, CDB or a variation thereof would provide the basis for the successful solution to the above issues whilst supplying portability in line with consumer and regulatory expectations.

For the UK market to evolve and grow further it is essential that traditional mechanisms such as 'restricted porting' be reviewed to ensure that they have not become barriers to growth. We believe that many of the current statistics that have been quoted to justify the status quo are not a true reflection of the demand and benefit of porting. For example, it is unclear from the quoted statistics how many consumers or businesses knew of the option to port their number, the process that it would require and the fact that there were no direct end-user costs but there were ongoing costs which would limit price reductions on a per minute basis.

The Estimate of Benefits listed in Appendix 4, does not allow for any of the benefits of reduced costs and wider choice to UK consumers via the rapid and mass-market adoption of the New Voice Services. ITSPA would suggest that there is substantial economic value to the UK public and industry in the adoption at the consumer, wholesale and interconnect level for New Voice Services. The impact on take-up and penetration of New Voice Services, without an ongoing close-to-neutral impact on the cost of calls to ported numbers will be very significant on the success of these new entrants and their effect on market prices as a whole.

It is only necessary to look at the US telecoms market to see an economy where porting is an everyday occurrence and where a number of new businesses (notably Vonage) have achieved significant success where the ability of customers to retain existing numbers has played a significant part. Similarly in Norway, where a form of CDB is used, and cost of calls to inbound ported number porting are very similar to non-ported, has also seen a significant take up of New Voice Services (almost just under 1% of the population since the launch of new services).

**Consultation Questions**

Concerning the consultation questions, ITSPA feels that Ofcom has decided upon its policy. This policy view is reflected in the questions that Ofcom has asked. ITSPA would reiterate its view that the CDB model is the more effective platform for number portability in the United Kingdom for the foreseeable future. However, in so far as ITSPA have any view on the questions are answers are as follows:

**Question 1: Do you agree that the three options Ofcom has chosen to consider represent the scope of technically viable IN based CDB solutions?**

We agree that the processes described in the consultation are the main viable options at this point in time. However we strongly disagree that 'central' is the only database model available. We think there is significant value in selecting distributed database solutions. In addition, we think it would be worth evaluating the CDB models used in USA and Norway to understand their effectiveness in more detail. We would note in particular the scalability of a CDB model, which has been able to cope with diverse marketplaces and support consumer expectations and reduce overall costs.

**Question 5: Do you agree that there is not a robust economic case for investment in IN based CDB over a ten-year period? If you disagree, explain why.**

ITSPA most strongly disagrees with the suggestion that there is not a robust economic case for CDB solutions in the United Kingdom. As described above, no value has been calculated for the impact on or by New Voice Services and the subsequent consumer benefits which they will supply, nor the effect on additional porting charges on them. Given that there will be a number of new entrants, requiring all of them to support the current form of number portability requires them to interconnect with BT and subscribe to the BT number portability transit product or to interconnect with an other operator so interconnected and face associated charges on a per minute basis. This would have the effect of imposing sunk costs of BT and other operators on these new entrants and act as a disincentive to interconnection and inter network operability in the long term.

We also believe that Ofcom have not attributed sufficient value to the benefits of increased portability and the improved access of consumers to alternate suppliers and the subsequent mobility between suppliers. We also believe that the existing system makes a series of assumptions in regard to the mechanisms for interconnection and call routing which will inhibit the introduction of competing models and will have ongoing additional costs incurred on a per minute basis. This will add to the already complex contractual relationships in interconnection and porting and add significantly disincentives operators from promoting portability as a key feature of telephony in the UK.

**Question 6: Do you agree with Ofcom's initial conclusion that it should not mandate the implementation of an IN-based CDB solution for UK number portability?**

Again, ITSPA strongly disagrees with the position which Ofcom has adopted as we believe the reasoning behind it to be unsustainable in the context of the evolving marketplace, particularly in regard to New Voice Services. We therefore propose that Ofcom evaluate in more detail and subsequently put forward a CDB solution for number portability.

**Question 7: Do you agree that, if an IN-based CDB solution is not viable, Industry (landline providers) should implement option B or C (or a hybrid) as a contingency measure to address forced number changes arising from any future network failure?**

No. We do not believe that protecting against network failure is a primary benefit of portability, thus we do not believe that any portability development should be targeted at this feature alone.

**Question 8: Do you agree that voluntary migration to a direct routing solution for mobile number portability is likely? If so, over what time period?**

We have no information on mobile services at this point in time.

**Question 9: Do you consider that migration to NGNs will necessitate a change to the current Onward Routing solution for number portability? If yes, what changes and for what reasons? If no, why not?**

We do not believe that the current status quo will change without commercial or regulatory reasons for doing so. We do not believe that NGN will give a commercial reason ast this point in time.

**Question 10: Do you consider that Ofcom has a role to play in considering whether a CDB approach to number portability should form part of the development of NGNs?**

ITSPA would suggest that Ofcom would have a substantial role to play in considering the CDB approach in considering its suitability for number portability in the United Kingdom. The development of number portability in the UK was a result of continual compromise between incumbents and new entrants with the resulting compromise building in costs and certain inefficiencies in the system. Were a more direct and detailed mandate for the development of number portability be given to the industry by Ofcom, some of these costs and inefficiencies would be reduced or removed. It would therefore be in line with Ofcom's statutory objectives to adopt a formal position on considering and mandating CDB approach to number portability

**Question 11: What changes (if any) do you think may be necessary to the current regulatory framework for number portability e.g. the Number Portability Functional Specification in response to migration to NGNs?**

We do not believe that changes are required as a result of migration to NGN, we believe that changes are required to mandate database driven portability.

**Question 12: What are your views on any 'operator' or 'infrastructure' ENUM facility being used as a future number portability database? What are the potential benefits and drawbacks of this?**

We believe that 'ENUM' can provide important lessons in the technical techniques used to produce a distributed resilient number database and very similar technology could be used to provide a cost effective solution for the UK PSTN.