



Internet Telephony Services Providers' Association

10th February 2006

Ofcom Draft Annual Plan 2006/7

ITSPA welcomes the opportunity to comment on Ofcom's Draft Annual Plan (2006/07). It is helpful for stakeholders to have an overview of Ofcom's focus and priorities for the upcoming year, and ITSPA supports Ofcom's commitment to transparency.

ITSPA is pleased that Ofcom will be seeking to set out a clear policy framework for VoIP over the course of the year. The UK has thus far provided a healthy environment for VoIP providers to grow and ITSPA believes Ofcom's light touch approach to regulating this new sector has played a key role in supporting our industry. We are therefore supportive of Ofcom's general regulatory principal against intervention, although we believe that there are certain issues that will require Ofcom's involvement. ITSPA hopes that the principal of "intervening promptly and effectively where required" will be evident, particularly where the maintenance of a competitive communications market will be affected.

ITSPA recognises that the convergence of the communications sector and the increasing availability of new services does raise consumer information issues. ITSPA is keen to continue to work closely with Ofcom and consumer groups to raise awareness of VoIP and ensure that the benefits and potential of this technology are clearly explained.

1. What are your views on Ofcom's proposed priorities for 2006/7?

Overall, ITSPA welcomes Ofcom's proposed priorities for 2006/07. ITSPA understands that due to the nature of the sector, it is not always possible to specify fixed timelines in the annual plan, however, in order to enable stakeholders to better assess Ofcom's priorities and to allocate resources, more detail with regards timings for output would be welcomed. Such information would also be helpful to demonstrate how Ofcom sees the different priorities interacting and to what extent one work stream is prioritised against another (e.g. how progress in the implementation of the TSR would affect the deregulatory agenda). The Work Plan does indicate priorities, but further details on levels of prioritisation are limited. Similarly, it would be helpful to have an indication as to the project managers for each action as this is not always clear.

ITSPA is pleased that Ofcom intends to take a more proactive role in the international field in 2006/7. Ofcom is seen as a pioneer in terms of its approach to regulating the communications sector (in particular VoIP) and to ensuring consumer choice. ITSPA agrees that international engagement is of great significance: IP communications is increasingly blurring geographical boundaries.



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The review of the EU's eCommunications regulatory framework is thus of crucial importance. The UK communications market is undergoing a sea change and it is fundamental that a forward looking, flexible, and realistic regulatory framework is defined. The current EU regulatory framework, although technologically neutral, is based on existing technologies and may need to be updated (for instance the definitions of PATS and ECS) in order to ensure a smooth transition to the next generation of communications technologies. ITSPA hopes Ofcom will continue to promote a light touch approach to consumer regulation of VoIP at a European level.

With regards Ofcom's proposals to focus on "deregulation" over the course of the year, ITSPA would reiterate that although ITSPA is generally supportive of this approach, it is important, in order to ensure sustained competition, that Ofcom only deregulates in areas where there is full replicability to ensure SMP players do not leverage their dominance in existing markets onto new, developing markets. It is important that competition is facilitated in these new markets from the outset.

2. What are your views on the citizen and consumer issues, which Ofcom should address in 2006/07?

ITSPA recognises Ofcom's significant consumer focus and welcomes its proposals to promote and empower citizens in order for them to make better use of communications technologies. Indeed, one of ITSPA's core goals is to proactively foster responsible industry practices, using tools such as our code of practice in order to ensure consumers are provided with the best and most reliable services on offer. ITSPA wholly agrees with Ofcom that improving media literacy is fundamental to protecting consumers.

ITSPA is keen to continue engaging with consumers. ITSPA members were actively involved in Ofcom's New Voice Services Consumer Information Working Group over the course of 2004-5, the output of which – the NVS Consumer Information Guidelines – will shortly be published for consultation. We believe these guidelines are important to the development of consumer confidence, and thus VoIP. Understandably, as with any nascent industry, there are concerns that the consumer has to be protected from a "rogue element". ITSPA believes that through a robust self-regulatory framework (the NVS guidelines coupled with the ITSPA Code of Practice) and continued dialogue with the consumer, we can work together to ensure effective identification and action as appropriate.

ITSPA wholly agrees that promoting availability and access to communications services to all sectors of society is important to ensure everyone can reap the benefits of the information society. IP communications in particular offer new flexibilities and capabilities that can empower consumers. ITSPA will therefore also continue to seek to further cooperation with relevant



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consumer groups to ensure consumers are aware of the improved functionalities of new technologies and better understand how these benefits can be employed.

3. What are your views on the work which Ofcom should do in 2006/7 to encourage innovation?

ITSPA welcomes Ofcom's aim to set out a clear policy and guidelines for the VoIP industry. Ofcom's Interim Guidance on NVS provided a framework that was conducive to competition and the bringing to market of new services and ITSPA has been fully supportive of this document. ITSPA has been very pleased with the ongoing dialogue with Ofcom on the necessary framework for VoIP providers and hopes to continue to build on this relationship in the future.

The transition to Next Generation Networks (and BT's deployment of 21CN) is key for the whole communications industry. ITSPA believes Ofcom's role is extremely important and urges Ofcom to maintain a visible oversight role in 21CN discussions to ensure the provision of key elements such as IP interconnect, end-to-end QoS and the deliver of a new approach to number portability.

ITSPA is also pleased that Ofcom will be focusing on numbering issues over the course of 2006/7 as the changing communications landscapes merits such a review. ITSPA would also like to reiterate its conviction that a new, centralised approach to number portability in next generation networks is crucial to the delivery of innovative services to the market, as the current system and processes are anachronistic and designed around legacy services.

4. What are your views on the work which Ofcom should do in 2006/07 to promote competition?

ITSPA agrees that ensuring the proper and efficient implementation of BT's undertakings under the Strategic Review of Telecommunications is essential. ITSPA urges Ofcom to monitor the adherence to the letter and spirit of the undertakings carefully in areas such as the evolution of Openreach and the maintenance of Chinese Walls between the various BT divisions.

With regards deregulation of voice markets, although ITSPA is overall in favour of a light touch regulatory approach, ITSPA also believes that deregulation is only appropriate where there is replicability of facilities. Moreover, ITSPA urges Ofcom to be extremely vigilant in ensuring that BT is not left to leverage its dominance in traditional markets into new markets. ITSPA would also encourage Ofcom to support the launch of new access products, such as Naked-DSL, which ITSPA believes will be a key driver of consumer choice and the delivery of competitive services.

ITSPA would also suggest that although infrastructure based competition is important, competition in the UK is also very much driven by the services that run over these networks. We



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therefore believe that Ofcom should also actively ensure that service-level competition is fostered.

5. Are there additional areas where Ofcom should reduce or better target regulation? Please provide specific examples.

While ITSPA welcomes Ofcom's general deregulatory position, key bottlenecks must be effectively controlled to open up genuine competition. For instance, support for a common database driven solution to number portability in 21CN will facilitate consumer switching.

About ITSPA

The Internet Telephony Services Providers' Association was established in 2004 to represent the VoIP sector. ITSPA aims not only to encourage the innovation and development of the VoIP industry through the promotion of self-regulation and competition, but also to promote the benefits of the technology to consumers. ITSPA has the objective of ensuring consumers receive a first-class service and to reassure them that any product or service bought from a company displaying the ITSPA logo comes with a high standard of consumer protection, which is properly enforced and includes a dispute resolution procedure. Further information on ITSPA and its members, can be found on our website here: <http://www.itspa.org.uk>