



Internet Telephony Services Providers' Association

25th May 2006

Telephone Numbering – Safeguarding the Future of Numbers

Introduction

ITSPA welcomes the opportunity to comment on Ofcom's proposed numbering strategy. The safeguarding of the future of numbers is an important issue for established services providers and new entrants alike across the spectrum of communications platforms. Our response considers the general questions (1-10) in the consultation as well as the questions of specific relevance to our members.

In summary, ITSPA would like to raise the following issues with regards Ofcom's proposed numbering strategy:

- ITSPA believes it is crucial that the Numbering Plan is clear and consistent.
- ITSPA considers that the extension of existing conservation measures is the key to improving number utilisation until the introduction of NGNs. We would add that, in order to improve long-term utilisation, a more cost effective and efficient centralised solution to number portability should be implemented at the outset of NGNs.
- Overall, VoIP providers are pleased with the choice of numbers available to them; however, this choice is seriously hindered by the non-routeing of all ranges by certain service providers.
- ITSPA is concerned that after having championed 056 numbers for nomadic communications services just over one year ago, Ofcom now deems the 05 range to be an "experimental range". This was not highlighted as being the case when the numbering range was first introduced and we request further clarity on the future of the range and of those consumers who are currently using 056 numbers.
- ITSPA has concerns about the implementation of the proposed new 03 number range and is unclear about the benefits the 03 range would have over the 056 range, which is already allocated for "location independent electronic communications services". ITSPA also requests further information as to the suitability of the 03 range for VoIP services. If the 03 range were to be introduced, ITSPA would recommend that a simply pricing structure to be applied (option 3b paragraph 5.46).
- ITSPA believes that it is possible to retain revenue share on the 08 range, whilst requiring service providers to include calls to these numbers in their tariff packages. ITSPA believes that 08 is still most suited to non-geographic number allocation for businesses who wish to have a national presence. ITSPA is disappointed at Ofcom's decision vis-à-vis 0870 numbers and has concerns that the result will be a mass



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- migration to the 0844 range as users seek to maintain the network services (such as call centre management) provided and funded via the legacy 0870 regime.
- ITSPA has concerns that the plans for number charging could have considerable implications for competition. All service providers will have to make predications as to their numbering needs and this will pose a riskier process for new entrants who have less experience of actual numbering requirements and who will find it more difficult to make accurate forecasts of future demands. Any charge, however nominal, will involve increased risks and a cost burden for new entrants. Furthermore, the introduction of market based incentives such as charging for numbering blocks would remove the motivation towards number conservation.

Question 1 What are your views on the strategic principles that Ofcom proposes to apply to its numbering policy decisions?

ITSPA agrees with Ofcom's strategic principles as set out in 3.15. In particular, we wholly agree that consumer interests must continue to be met: consumers value clarity and continuity and Ofcom must continue to support this. In view of changing consumer perceptions and needs, it is important that Ofcom continues to monitor consumers' numbering requirements.

Furthermore, ITSPA fully supports Ofcom's intention to ensure that numbers are allocated in a service and technology neutral manner. ITSPA agrees that as number allocation will no longer be restricted by routing requirements in an NGN environment, pressure on the numbering resource will be reduced.

Question 2 What do you think are consumers' key current views on numbering, how do you think those views will change, and how should Ofcom's current decisions take those changes into account?

ITSPA's members report that the top priority for the end user in terms of numbering is clarity and consistency. Consumers and businesses are resistant to numbering changes (hence the importance of number portability, as discussed below). Consumers and businesses also value being able to call any number in the Numbering Plan (without restrictions on access to numbers imposed by their network operator) and they value broadly consistent pricing across platforms (i.e. whether they be calling a number via a fixed, nomadic or mobile service).

As Ofcom notes in 3.19, consumers, particularly the younger generation, are increasingly relying on electronic devices, such as their mobile telephones, to store numbers and contact details rather than committing these details to memory. Hence, geographic significance is gradually becoming less important to the consumer and ITSPA believes that this trend towards more mnemonic means of recalling contact details will continue.



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Nevertheless, at the present time consumers and businesses alike currently continue to feel strongly about keeping their geographic number and ITSPA members report that the majority of end users wish to port their number to their new service. ITSPA remains convinced that a new approach to number portability is needed on a technical level to ensure consumers are able to more seamlessly port their numbers when they change service provider; on a regulatory level, ITSPA believes that Ofcom would best serve the interests of consumers by amending the General Conditions so as to extend this right to subscribers of all electronic communications services (currently, number portability rights are only explicitly accorded to subscribers of PATS).

ITSPA believes that end user pricing transparency should not be the responsibility of the Numbering Plan on its own, rather services providers should also have a key role in supplying clear pricing information.

In summary, ITSPA believes that, as new technologies and services are rolled out and adopted, and with the growth in use of mnemonic identifiers, consumer and business attitudes are changing with regard to the use and significance of numbers. It is therefore important that Ofcom continues to work with stakeholders to monitor these changes.

Question 3 What do you think are the main ways in which technological developments will change the focus of numbering policy decisions, and how should Ofcom's current decisions take these developments into account?

ITSPA broadly agrees with Ofcom's assessment of how technological developments will change the focus of numbering decisions (3.25), although we believe that it may be some time before the highlighted developments will have a significant effect on the majority of consumers.

ITSPA fully concurs with Ofcom's comment in 3.32 (second bullet point) that a new, centralised approach to number portability will be appropriate and improve resilience in an NGN environment. We would add that this new approach is also key to furthering the consumer's right to seamless number portability and thus should be implemented as soon as possible at the outset of NGNs. For example, Ofcom discusses the introduction of individual number allocations (5.68). The allocation of individual numbers to end users would require the introduction of a centralised number portability system in order to ensure this system's viability.

In terms of the focus of Ofcom's current decisions, ITSPA believes that Ofcom's key priority should be to decrease the size of number allocations where required to 1,000 number blocks.



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Question 4 Do you have any comments on Ofcom's assessment of the current challenges to the Numbering Plan, in terms of a) number availability, b) transparency, or c) consumer abuses?

- a) ITSPA believes that Ofcom should focus on decreasing the size of number allocations where required to 1,000 number blocks. As Ofcom notes, number availability issues have been minimised where conservation measures have been put in place (4.12). ITSPA believes that number portability as a conservation measure should be accorded more importance in Ofcom's thinking. ITSPA members report that a large proportion of consumers/businesses wish to port their numbers – the facilitation of this on a policy, technical and regulatory level would play an important role in number conservation.
- b) Pricing differences between BT retail, mobile and alternative providers can lead to significant consumer confusion. Therefore, rather than relying solely on the Numbering Plan to communicate pricing details to the end user, ITSPA believes that service providers have an important role to play in ensuring pricing transparency, and our members are committed to helping ensure this.
- c) ITSPA disagrees that consumers mistrust 08/09 numbers to the extent that they are reluctant to use services on this range. A key illustration of the growing trust of consumers in 09 numbers can be seen in the significant number of consumers that participate in interactive television voting, such as for popular reality shows like Big Brother or the X Factor. ITSPA does agree, however, that it is important for clear tariff information to be provided to the end user: this is the role of the service provider and we would advocate mandatory codes of practice to ensure that service providers publish adequate information.

Question 5 Do you agree that the extension of conservation measures is the best approach to take before the impact of NGNs eases the pressure on geographic number demand?

ITSPA fully agrees that the extension of conservation measures is the best approach to take at present and that this should be sufficient to safeguard the availability of numbers until the introduction of NGNs. ITSPA believes that new approaches to number allocation need only be considered after the extension of conservation measures has been implemented and proven still to be insufficient.

Question 6 Do you agree that the use of overlay codes is the best backstop approach in the event that extended conservation measures are not sufficient to meet demand for geographic numbers?

ITSPA agrees that the use of overlay codes is the best backstop approach and the one which will result in the least confusion and disruption to consumers.



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Question 7 Do you agree that Ofcom should continue to respect the geographic identity of numbers until consumer understanding of the impact of technology change evolves further, and what do you consider is the best way to develop that consumer understanding?

ITSPA understands and agrees that consumers currently attach significant importance to the geographic identity of numbers. However, ITSPA believes that as NGNs are rolled out and more and more users switch to IP, geographic significance will become increasingly diluted. We are already beginning to see the emergence of this trend with the gradual merging of local and national call charges. Moreover, consumers and businesses are already increasingly using the address book function in their VoIP or mobile phone to make calls rather than dialling numbers manually. Furthermore, as the link between distance and call tariffs is shrinking and inclusive call packages are progressively being offered to consumers, the geographic significance of numbers is falling. However, clear pricing information remains important and the VoIP industry is committed to ensuring this. As user behaviour is already shifting, ITSPA agrees with Ofcom's comment in 5.26 that a ban on out-of-area use of geographic numbers would be unworkable.

Nevertheless, ITSPA is not advocating a timeframe be set out for the removal of the geographic identity of numbers, rather we believe geographic significance should be respected for as long as the Numbering Plan continues to make sense and be relevant.

Question 8 Do you agree with Ofcom's proposal to open a new '03' number range for non-geographic, non-revenue sharing services?

ITSPA understands Ofcom's reasoning for opening a new "03" numbering range, however, we have concerns about the implementation of this numbering range.

There are two distinct possible uses for 03:

- 1) For nomadic services such as VoIP services. It is unclear what advantage this would have over the existing 05 number range, and 056 in particular. 056 is allocated for "*location independent electronic communications services*", which are not number translation services - if 03 were to be used for VoIP services, it is unclear whether or not this would be in the form of a number translation. 03 is slated for use by "*businesses and public sector bodies*", so it is unclear whether it would be suitable for use for consumer VoIP services. The use of 03 by VoIP providers is not specifically mentioned by Ofcom, so we would welcome further clarification of the suitability of 03 for VoIP and the continued use of the 056 range.
- 2) As a non-geographic number providing a "*national presence*" for businesses and public sector bodies, without the possibility of revenue share.



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We understand that the proximity of the 03 range to the familiar 01-02 geographic ranges is a key consideration but, other than that, we cannot see how using 03 would have any advantage over either 08 or 05.

Question 9 How should the '03' range be structured, in terms of tariffs and services?

ITSPA believes that 08 is still the most suitable home for non-geographic number allocation for businesses who wish to have a national presence. We believe that consumers would benefit more from additional consumer protection measures in the 08 range rather than the opening up of a new number range, which may cause consumer confusion and may prove unpopular with businesses if there are no advantages attached to the service, such as call centre management.

A partitioning of the 03 range would only result in the replication of the current 08 structure, something which Ofcom has said it wishes to change. If 03 were to be introduced, then ITSPA would suggest that, to maximise transparency and consistency and to encourage take-up of the new range, geographic equivalent rates should be applied at both the retail and interconnect level. We would prefer a simple structure such as that described in option 3(b) in paragraph 5.46. We would reiterate our belief that rather than relying on Ofcom to inform consumers of prices via the Numbering Plan, it is the role of service providers to educate their consumers on prices.

Question 10 How should the '08' range be structured, in terms of tariffs and services?

ITSPA believes that it is possible to retain revenue share on the 08 range, whilst requiring service providers to include calls to these numbers in their tariff packages. We believe that customers would rather accept a slight increase in the cost of a calling package and have these numbers included, than pay extra for a premium number. Given the benefits to businesses of revenue sharing in terms of additional bundled services, we do not believe that the 03 number range would prove popular for all but a few.

Question 16 Do you have any comments on the use of the 05 number range?

Ofcom championed 056 numbers only 14 months ago to support consumer choice, promote competition and to reduce the burden for OLO number management for new voice services, and encouraged its roll out and adoption. However, it seems that Ofcom has now decided that due to the low take up of 056 and 055 numbers, the 05 range is to be designated as experimental. Many ITSPA members are confused and disappointed at this announcement.



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ITSPA strongly recommends that Ofcom undertake an urgent assessment of the reasons for the lack of take up of the number range before it considers the launch of future new ranges, such as the 03 range. Failure to do so could result in a loss of consumer and business trust in the Numbering Plan. ITSPA believes the non-routeing of the range by some service providers is a fundamental reason for the failure of the 056 range. Many users of ITSPA members' 056 numbers have been frustrated and confused by the inability to use 056 numbers from certain non-BT/Kingston fixed line services because only BT and Kingston are obliged to route all numbers in the Numbering Plan – other service providers can choose not to route all numbers in the Numbering Plan, which means in effect that they can decide whether a specific Ofcom policy (in this case the fostering of nomadic services) or number range is or is not convenient.

ITSPA believes the non-routeing of the 056 number range has had a serious effect on consumer expectations and experiences with regards new ranges and that a possible solution going forward would be to require all service providers to carry all subscriber numbers (as is the case in other EU Member States, such as Ireland¹).

ITSPA asks Ofcom to provide clarity on the future of 056 numbers and of those consumers who currently use 056 numbers: what does "experimental" mean? Will Ofcom continue to allocate 056 numbers? Will current consumers of 056 numbers be required to migrate to the 03 range? How will Ofcom ensure that all number ranges are routed in future in order to ensure their usability?

Question 18 Do you agree with the principle of using consumer protection tests in numbering in order to limit consumer abuses, as long as the relevant legal tests are met? Do you have any suggestions for what tests would be appropriate or any conditions that should be met to pass such tests?

ITSPA has concerns about the denial of number allocations to network operators who are unlikely to be at fault for the actions of one of their customers. On the other hand, as we highlighted in our response to the Consultation on the Regulation of VoIP Services, ITSPA does believe that Ofcom should have the right to ask for services to be suspended where consumer abuses have been identified².

Question 21 What are your views on Ofcom's analysis and the different options for number charging?

ITSPA has serious concerns about the proposals for number charging and we believe that this could be particularly detrimental to smaller service providers and new entrants. Any number

¹ Please see: <http://www.comreg.ie/fileupload/publications/ComReg0523.pdf> pg 2

² http://www.itspa.org.uk/consultation/060503_voip_final.pdf



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charging system would favour the established service provider, who is in a better position to assess current numbering needs and reasonably forecast future demand growth. Even a nominal charge would have a significant effect on service providers. As an example, as there are 650 codes in the UK, even a nominal charge of £10 per area code would result in an additional outlay of £6,500, which is no small amount for new entrants who may not be in a position to accurately forecast future demand. For instance, a new entrant VoIP provider may conclude that it requires near nationwide coverage in order to have a viable product – yet there is no guarantee that all ranges will be needed. On the other hand, there is always the possibility that by not having near complete coverage, potential new business could be lost.

Retrospective charges would also be an additional financial cost for existing (particularly the smaller) service providers: service providers may find they are unable to sustain the expense of holding number blocks in all ranges but that they are unable to relinquish these blocks as numbers have already been allocated to end users.

ITSPA is also concerned that Ofcom's implicit suggestion is that the introduction of economic incentives will remove the need for number conservation mechanisms.

As stated in response to previous questions, ITSPA believes that the extension of conservation areas (i.e. the reduction in size of number allocation where required to 1,000 number blocks) would be sufficient to ensure the availability of numbers until the introduction of NGNs.

ITSPA would stress that the current problem of number shortages does not stem from service providers misusing the allocations they are given, but rather that numbers are allocated in blocks that are larger than required.

Question 29: Do you agree that Ofcom should pursue these additional ways to improve number utilisation and, if we do, how would stakeholders be impacted and what practical issues are involved?

As ITSPA has advocated throughout this response, we believe that the extension of conservation areas is the key to improving utilisation: the allocation of numbers in smaller blocks will better meet actual numbering demands. ITSPA believes that Ofcom need only pursue additional means of improving number utilisation after the extension of conservation measures has been implemented and only where demand is proved to require it. In other words, we believe Ofcom should take a graduated approach to improving number utilisation in order to minimise the impact on stakeholders: utilisation levels and conservation needs must first be assessed at every step before further action is introduced.

Ofcom points out in 5.14 and A1.38 that number pooling could be used as a novel mechanism for number allocation. As stated previously, ITSPA believes that it may be useful and sensible to



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consider such a pooling mechanism between consenting service should the extension of conservation areas prove insufficient.

We would also reiterate our serious concerns about the impact on competition of the introduction of charging for numbers.

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>