Narrowband Market Review - Consultation on possible approaches to

cost modelling for the NCC period 2013-2016

About ITSPA

The Internet Telephony Services Providers' Association (ITSPA) is the UK VoIP industry's trade body, representing over 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 certain aspects of the ITSPA response may not necessarily be supported by all ITSPA members. Individual members may respond separately to this consultation where a position differs.

A full list of ITSPA members can be found at http://www.itspa.org.uk/

ITSPA's Position – Interconnection and PoIs

ITSPA welcomes this next stage in Ofcom's Narrowband Market Review. As stated in our response to the call for inputs in May 2012, we feel it is essential that a better regulatory framework around Next Generation Networks ("NGNs") is created. This is even more essential now as the move to NGN takes shape and the future Network Charge Control must reflect this shift to ensure a fair and competitive market. At this point, our members have limited views around the cost modelling approach outlined by Ofcom, the majority of which appears sensible. Individual members may respond to these points separately in their own responses. ITSPA will continue to monitor these discussions and respond fully within the January 2013 consultation. Our specific focus within this short response is surrounding IP interconnection and the number of points of interconnect (PoIs) which are deemed necessary to ensure an efficient network that also allows effective competition between providers.

In principle, ITSPA members accept that NGNs can and should be considered as a Modern Equivalent Asset (MEA). NGN networks are the basis of all ITSPA core networks and all TDM providers are in the process of switching to this more efficient technology. We feel that the NGN platforms are sufficiently mature for modelling purposes.

We do agree with Ofcom's suggestion that the NGN model should include PoIs based on IP interconnection. However our main concern in the consultation document is surrounding the number of suggested PoIs. Whilst we agree with Ofcom's view that the "27+2" is an unnecessary figure based

on the old TDM network model, we do not agree with its analysis that suggests 20 PoIs is the optimum number. We believe this is also an unnecessarily high figure, based on assumptions that are not appropriate for the operation of an efficient NGN network. When polled, the majority of our members agreed that effective coverage across the country could be achieved with only six PoIs. These should be located in strategically important locations (i.e the major conurbations). ITSPA members disagree with Ofcom's concern that a reduced number of PoIs will have an impact on transmission times and costs. Transmission times would only be affected if there were only one or two PoIs. Six is a more than adequate number to ensure efficiency, while costs for long distance transmission have been significantly reduced in recent years to the point where ITSPA members no longer believe it to be an issue. ITSPA would encourage Ofcom to be bolder in its approach surrounding interconnection.

Finally we do agree with Ofcom's assumption that the costs of conversion from TDM to IP should be excluded from cost-based call origination and termination rates. Given that Ofcom have suggested that NGN technology is MEA, the cost of any TDM traffic should be carried by the non-NGN operator.

ITSPA would be happy to discuss these opinions surrounding PoIs in more depth with Ofcom if required and will look forward to further consultation in the new year.