



## **Internet Telephony Services Providers' Association**

### **ITSPA response to Ofcom's review of the fixed narrowband services market**

#### **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/>

#### **Calls only origination condition**

The way that the Consultation is worded can be interpreted that BT has no obligation to provide Carrier Preselect ("CPS") to anyone other than the Communications Provider ("CP") providing the line rental. With a long value chain and the advent of competition in the market meaning many smaller CPs acquire the line rental direct, but the CPS from another carrier, this is extremely worrying. *In extremis*, BT will be able to force the CP to take their wholesale calls product or force them to relinquish their WLR to the CPS providing carrier; neither is acceptable.

We understand that this is not Ofcom's intent; that merely Ofcom don't believe that BT Retail should have the burden of providing line rental only. Whilst we feel that it is acceptable for the obligation on BT Retail to provide CPS to be removed, we do not think it desirable to restrict a WLR operator to its own CPS, unless that operator so chooses.



## **Internet Telephony Services Providers' Association**

### **Indirect Access ("IDA")**

ITSPA does not agree with Ofcom's proposal to remove BT's obligation to offer indirect access.

Firstly, IDA is still an important product, used for diagnostics or certain calling scenarios requiring a dedicated path through a CP's network. For example, some callers choose to route calls to satellite phones through a specialist provider, but send all other calls through their main service or CPS provider.

Secondly, BT ships WLR automatically with the 1280 WLR Direct Dial override code, which means Ofcom are handing BT a monopoly position in CPS override; this is not acceptable.

### **Porting Conveyance Costs and CPS Common Cost Recovery**

Ofcom are, in effect, allowing BT to recover its common costs on wholesale geographic call termination from two Significant Market Power ("SMP") positions. The first is wholesale call origination, i.e. CPS, (with the cost of CPS rising drastically from the first of October) and secondly, in the market for Average Porting Conveyance Charges ("APCCs"). BT has SMP in APCC by the mere fact that, given the onward routing system for porting, they have SMP in geographic call termination to those numbers for which they are the Range Holder.

The latter point means that ITSPA members will lose money when terminating calls to ported-in numbers, which would seem contrary to Ofcom's policy preference for encouraging consumer switching and number conservation. The net result can only be the pass through of such costs to consumers.

Because BT is not recovering sufficient revenue in one SMP position to cover its costs, Ofcom is proposing to allow them to recover those costs from two other positions in which they are dominant, and where competitive pressures cannot be brought to bear by other CPs to mitigate this. We disagree with Ofcom's position.

The disparity between APCCs and FTRs will inevitably lead to disputes between operators. Therefore, given the obligation in General Condition 18 to offer Portability on reasonable terms, we believe that Ofcom should publish new guidance on fair and reasonable charges for APCCs, and should apply the same pure-LRIC NGN cost modelling approach.



## **Internet Telephony Services Providers' Association**

### **Wholesale Call Termination**

There is genuine concern, particularly amongst certain members whose business models have a focus on revenue generated from their fixed termination rates (FTRs) about the speed with which Ofcom proposes to introduce the LRIC-based, NGN modelled rates. Whilst not the view of every ITSPA member (as they have a diversity of business models), it does seem to disproportionately impact smaller CPs and their ability to renegotiate contracts and to diversify or offset the losses from this revenue stream. Those members would suggest a two-step drop (October 2013 and October 2014). This broadly coincides with the implementation of the new NTS regime, which will also have a significant impact for some of these same members.

Our secretariat, council and members are at your disposal to discuss the issues raised herein.