



Internet Telephony Services Providers' Association

13th January 2004

Ofcom Consultation on Next Generation Networks – Future arrangements for access and interconnection

ITSPA General Statement of Principles

About ITSPA

The Internet Telephony Services Providers' Association ("ITSPA") was formed in 2004 to represent network operators, service providers and other businesses involved with the supply of Voice over Internet Protocol (VoIP) services to business and residential customers within the United Kingdom. ITSPA held its official launch meeting in December 2004 and is in the process of formalizing its structure and drafting a Code of Practice.

Introduction

ITSPA welcomes OFCOM's document on "*Next Generation Networks – Future arrangements for access and interconnection*" and takes this opportunity to submit a "statement of principles" in response. In light of the tight timescale for this consultation and the importance of it to our members, we are submitting a general summary of our views on the issue, with a view to presenting a more detailed assessment of the issues in due course when ITSPA's technical working groups have been established. We remain at your disposal if you wish to have further information on any particular aspect we raise at this stage.

From PSTN to IP Networks

ITSPA agrees that the migration to NGN provides a unique opportunity to ensure that the incumbent's network is favourable to competition from the outset, bringing benefits to business and the consumer alike. ITSPA is committed to working together with all stakeholders in this migration process.



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To facilitate this migration, a seamless transition on a regulatory level is also essential. ITSPA believes that examination needs to be made of the current practices in the PSTN world that would need to continue to apply in NGNs in order to ensure a fully competitive and fair market – particularly considering the rapid progress that Ofcom has made with regard to key regulatory issues such as local loop unbundling (LLU). This approach is contingent with the principle of technology neutrality, with existing examples of best practice regarding access and interconnection needing to be translated into the new environment.

BT's designation as having SMP in voice origination must be carried through to the VoIP market, in order to preserve the principle of technology neutrality

Thus, a clear, cost-based mechanic, which is applied on a per call basis (i.e. calls to VoIP, vs. calls to standard PSTN), should have relevant transport costs applied (due to the exclusion of the copper loop and other TDM infrastructure).

Additional strong regulation is required on the retail side. It is common amongst voip providers to offer free calls from on-net customers to on-net customers. In the case of dominance, this is protected, due to the costs on a per call basis. Moreover, in a situation where traffic is balanced both ways, a settlement free arrangement should be set up as appropriate.

Access at the local access network level

ITSPA, like OFCOM, is convinced of the need for competition at the deepest levels of infrastructure. Therefore, ITSPA wishes to reiterate its firm belief in the need to ensure that truly cost-oriented prices are charged regarding LLU – only where this is the case will the market develop and become truly viable. ITSPA is concerned that the UK remains far behind its EU counterparts with regard to LLU, which has repercussions for the provision of affordable and competitive high-speed access in the UK. While the recent regulatory progress by OFCOM is to be welcomed, it is essential that all remaining barriers be removed and the failure of competition not be allowed to continue in NGNs.

Access to the intelligence and applications layers and capabilities of 21CN are also essential to provide enhanced VoIP services, as any failure to provide such access would constitute discrimination.

More generally, interconnection to 21CN must be conducted in an open manner, using only standard protocols, otherwise, VoIP providers may find themselves unable to



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connect to the necessary applications and network. One-sided changes will cause significant business and financial problems for OLOs, therefore the incumbent must give significant notice periods: careful review of the minimum length of time a standard is valid for, commensurate with the required level of investment, is needed. The timing of introduction of changes/additions to the standard must also be carefully reviewed from this perspective. Indeed, ITSPA would suggest that, as with LLU in the current PSTN world (where at least 1 year's notice is necessary with regards the closing of exchanges), one year's notice should be given prior to the introduction of variants to interconnection mechanisms and even then, the change should be demonstrably necessary – BT should not dictate standards. In a technology neutral environment, such access and interconnection practices should be closely and seamlessly translated from the PSTN world to the new IP era.

ITSPA would thus stress that as there will be many new companies involved in interconnection to a 21CN network, *new* technical bodies and groups need to be established and fully involved in defining and agreeing the interconnect standards. The task should not be left to existing technology specific interconnect committees.

The primordial importance of equality of access

ITSPA fully agrees that new, regulated 21CN access and interconnect products will need to support "equivalence of inputs". Differences in treatment may produce distortions in the market and result in discrimination against VoIP providers. Regulatory safeguards must be in place to ensure transparency and non-discriminatory treatment of VoIP providers. In other words, traffic from OLOs must be given the same priority as traffic from BT retail and be assigned the same Quality of Service. The success of LLU in France can be substantially put down to very early demands by the French Regulator (ART) that key discriminatory aspects of France Telecom's reference offer be rectified. This underlines the need to address all major competitive issues earlier rather than later - a lesson that must be learnt when regulating in the NGN environment.

ITSPA would like to emphasise that VoIP services need to be identified as being subject to equivalence with regard to access to Carrier Pre-Selection, Indirect Access and direct interconnection with BT and mobile operators. It is essential that during the proposed rearrangement of points of interconnection, BT considers the interests of providers who have purchased its call origination services.



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In order to prevent discrimination, tariffing must also be provided on a real cost basis for calls delivered over IP to a customer rented/owned broadband connection. Such discrimination would lead to less competition and fewer innovative services.

Service-specific issues: VoB

ITSPA wholeheartedly agrees that competition based on Voice over IP will soon become increasingly important. As suggested by OFCOM, a QoS enabled bitstream interconnection is thus extremely important for VoIP providers.

It would appear that there would need to be a range of wholesale products provided, including call origination/termination products, resell of (BT Retail) the full line-replacement VoB service, with the option of including the separate components (e.g. inbound, outbound, value-added services, voicemail, conference calling).

ITSPA strongly believes in the effectiveness of self-regulation in fully competitive markets. However, it is crucial that the removal of regulation of BT's retail services is only contemplated when there is evidence of the existence of a competitive market where all market players are treated equally. Regarding the potential for withdrawal of voice specific regulation, ITSPA agrees that take-up of Broadband will allow for withdrawal of voice-specific regulation in the long-term, but that competition is not yet at a stage where this is an imminent issue.