



# Next Generation Networks: Further Consultation

MCI's Response to Ofcom's Consultation

Part 1: Non-Confidential Statement

Submitted to Ofcom: 12<sup>th</sup> August 2005

## **About MCI:**

MCI is a leading global communications provider, delivering advanced communications connectivity to businesses, governments and consumers. With one of the world's most expansive, wholly-owned data networks, MCI offers an extensive portfolio of innovative Voice, Data and IP communications services that are the foundation for commerce and communications in today's market.

Through 38 Points of Presence and 12 data centres in the UK, MCI provides services to more than 30,000 business customers across the UK. Major sectors served by MCI are finance, retail, government, technology and production, and it has become one of the main competitors in the "business to business" sector. For more information on MCI in the UK visit <http://www.mci.com/uk>

## **Overview:**

MCI concurs with Ofcom's view that: "the introduction of Next Generation Networks (NGNs) is the most significant change to telecoms networks since competition was introduced two decades ago". MCI therefore welcomes the opportunity to respond to the issues raised by this important consultation.

MCI notes that Ofcom also acknowledges that "the investment climate for NGNs will be affected by regulatory risks, including uncertainty about the level and nature of future regulation". Further, Ofcom states that "the ability to interconnect with BT's NGN 21<sup>st</sup> Century Network (21CN), at the right places, using the right technology and on the right commercial terms will remain key to successful competition".

Although Ofcom refers to many of the important issues raised within this consultation as being "addressed by the undertakings which BT has proposed to offer in lieu of a reference by Ofcom under the Enterprise Act ('BT's Undertakings')", MCI notes that the 'Undertakings' have not as yet been accepted, and that many concerns have been raised by industry in respect to that consultation.

MCI is concerned, and understands that many others in the industry are similarly concerned that BT is seemingly reluctant to reveal key aspects of the network design which altnets need in order to begin to plan their NGN investments, including geographical location of Metro-Node sites and commercial aspects of products and services for NGN interconnect.

Further, although Ofcom notes that "the NGNCo and operational dispute adjudicator will need BT's commitment to participation in order to be credible and effective", MCI reiterates that this commitment is not only poorly defined but is also seemingly subject to acceptance by Ofcom of the undertakings. As such, it is currently unsubstantiated and cannot be relied upon.

Other concerns held are in respect to the effectiveness of the Consult21 process. Whereas Ofcom states (Page 33) that Consult21 "appears to have made reasonable progress", a very different view has been verbally expressed to the effect that Consult21 is little more than a one-way communications channel for BT. MCI tends to agree with this latter view, and is supportive of greater control by industry through NGNCo.

Therefore, due to the utmost importance of the new environment under consultation, and the plethora of issues causing concern to altnets, MCI is disappointed by the current absence of engagement by Ofcom in the detailed planning for transition to NGNs, particularly in view of the statement “Ofcom is therefore committed to creating the conditions for all providers, including BT, to invest in NGNs”. MCI certainly feels that Ofcom should take active engagement now, and continue such active engagement until such time as NGNCo and an effective and binding adjudication process are established.

Further, and again due to the importance of the consultation, MCI is also disappointed that Ofcom has restricted the consultation period to six weeks only, stating that “if the industry’s planned timescales for NGNs are to be achieved, these issues have to be addressed *quickly*”. This limitation is further compounded as this consultation is running in parallel with another important (and inextricably linked consultation) ‘Notice under Section 155(1) of the Enterprise Act 2002, Consultation on undertakings offered by British Telecommunications plc in lieu of a reference under Part 4 of the Enterprise Act 2002’ - which is also of 6 weeks duration only. It is also relevant that both of these consultations close on 12<sup>th</sup> August;- the height of the summer holiday period.

Rather than ‘*quickly*’ as Ofcom suggests appropriate, MCI stresses the importance of achieving resolution of these issues ‘*properly and robustly*’, and in a manner that ensures ‘*longevity*’ of equivalence and confidence in the new environment, suitable to encourage investment.

MCI believes that NGNCo might go a long way towards ensuring achievement of a robust approach to NGN; pre, during and post implementation and migration.

MCI addresses Ofcom’s specific questions in detail within a *confidential Annex*.

### **Summary of MCI’s position:**

MCI welcomes the opportunity to respond fully to this important consultation, addressing the most significant change to telecoms networks for more than 20 years. Whereas MCI broadly agrees with the approach being taken by Ofcom, the process would benefit from a more hands-on approach by the regulator during the interim period until NGNCo is established. This is because Consult21 does not appear to be delivering anything other than BTs needs to ensure that network design fully supports its own downstream ambitions.

The complexity and importance of the transition to the NGN environment, particularly in respect to issues of consumer protection cannot be over-stressed. MCI is supportive of establishment of NGNCo and to actively participate under NGNCo’s guidance.

MCI is a member of UKCTA, the UK Competitive Telecommunications Association, a trade association promoting the interests of competitive fixed-line telcos competing against BT, as well as each other, in the residential and business markets. MCI therefore also endorses the UKCTA response to this consultation.