

Marconi's response to Ofcom's Strategic Telecoms Review, Phase 2 consultation

Marconi welcomes the opportunity to participate in the Strategic Telecommunications Review, and makes the following general and detailed comments in response to the phase 2 consultation process.

Vision

Marconi's vision is of a vibrant knowledge-based economy supported by broadband communications infrastructure supporting a growing range of commercial, social and political activities and innovations.

As with previous generations of communications advances - canals, railways, phones, motorways - this will stimulate economic growth and deliver social and economic benefits in a wide range of diverse areas such as; efficiency gains for commerce and government, workforce mobility, transport relief, business model innovation, customer reach.

An essential enabler of a successful knowledge-based economy will be the development of the necessary infrastructure to support freely available, affordable access to broadband services, delivering adequate levels of availability, resilience and dependable quality of service.

General principles

In general Marconi's response to the Ofcom Telecoms Review is informed by four firmly held positions:

- Marconi believes that a competitive telecoms market is good for the UK.
- Marconi supports the principle of the minimum of regulatory intervention, used only where sustainable competition has not been established, or for issues such as number allocation which are beyond the scope of the market. Where sustainable competition has not been established, regulation should be focused only on underlying bottlenecks in network infrastructure.
- Marconi believes that every effort must be taken to ensure that innovation is not stifled - the regulatory and market framework must be able to support the investment required to deliver the next generation telecoms infrastructure needed by a successful knowledge driven economy.
- Marconi believes that it is essential to ensure that the UK next generation telecommunications infrastructure is capable of delivering adequate levels of availability, resilience and dependable quality of service

Response to Phase 2 questions

In the following response, Marconi has made no comment on Phase 2 questions where they touch on areas remote from our area of expertise in the value chain and/or where they touch on the business of a specific Marconi customer.

Question 1: Do you agree with Ofcom's proposed principles for regulation of telecoms markets?

Marconi broadly agrees with Ofcom's seven principles for regulation of telecoms markets.

Question 1a: What regulatory role should Ofcom play in the wider telecoms value chain?

Ofcom should adopt a very cautious approach to extension of regulation in the wider telecoms value chain in order to be consistent with the aim of eventual reduction of regulatory intervention.

Question 2: Where and to what extent should Ofcom rely on ex post competition law rather than ex ante regulatory conditions?

Ofcom should rely on ex post competition law wherever this is both a realistic and proportionate response.

Question 3: In what circumstances would it be appropriate for Ofcom to make a reference under Section 131 of the Enterprise Act?

It would be appropriate for Ofcom to make a reference under Section 131 of the Enterprise Act where a market review provides clear evidence of market failure and where this is a realistic and proportionate response. Where a reference is disproportionate or may not necessarily result in a successful resolution to the market conditions, other remedies may be more appropriate.

Question 4: Should Ofcom adopt a broad approach of focusing regulation on enduring economic bottlenecks while tackling the problem of inequality of access head-on?

Ofcom should adopt an approach of focusing on enduring economic bottlenecks whilst reducing regulatory intervention elsewhere.

Question 8: Do you agree with Ofcom's proposed approach to current generation broadband?

Marconi agrees with Ofcom that current generation broadband services represent a bridge between the past telecoms environment and a future IP-based "broaderband" environment which may well be more conducive to sustainable competitive markets.

Question 9: Do you agree with Ofcom's proposed approach to deregulation of voice services?

Marconi supports an approach that offers a realistic prospect of a reduction of, and possible eventual withdrawal from, regulatory intervention in voice services.

Question 10: Do you agree with Ofcom's proposals for deregulation of business voice services?

Marconi supports Ofcom's proposals for deregulation of business voice services.

Question 11: How should regulation of narrowband internet evolve as networks migrate to NGNs, and how will functional, low bandwidth internet access be provided in future?

The appropriate response to future regulation of narrowband internet access will depend on developments in two areas – the market demand for such services, which may well fall away rapidly as broadband becomes more widespread and affordable, and the evolution of the Universal Service Obligation.

Question 12: How can the arrangements for access and interconnection to next generation networks best address our proposed regulatory principles?

In the early stages of next generation network deployment, interconnection between and to networks is likely to be in the form of gateways which translate to existing agreed standards such as C7. For a variety of technical and efficiency arguments, this arrangement is not viable in the longer term. The European industry is currently developing standards for interconnection of next generation networks, in the UK agreement on such standards is being facilitated by the NICC. In addition to interconnect standards, routing names, addresses and numbers must be managed and allocated in a fair and non-discriminatory way.

Question 13: What should Ofcom's regulatory approach be to next generation access networks?

Marconi believes that it will ultimately prove essential to invest in "broaderband" access networks in order to maintain national competitiveness and to deliver other desirable outcomes such as social and political inclusion, virtual workforce mobility, regional development and relief of transport congestion.

It seems likely that, as with current access networks, some parts of the country will support competition at the infrastructure level. However, it is difficult to see how such an approach would be supported in lower density and remote areas.

The approach adopted by Ofcom should seek to make investment as attractive as possible whilst protecting consumer interests, and to recognise the inevitability of different investment patterns for differing consumer densities.

Question 17: What approaches should Ofcom adopt to reducing search and switching costs in telecoms?

Ofcom should focus on the establishment of a competitive market. In all competitive markets, competitors will both seek to minimise switching and to complicate direct price comparison. This is a characteristic of many existing competitive markets, but is kept in check by market mechanisms such as consumer advice services.

Having said this, it is essential that consumer information is made available during the establishment of a competitive market and during this period Ofcom should be satisfied that mechanisms are in place to ensure that consumer information is made available and that it is fair and accurate.

Question 18: What should be the arrangements for funding the USO in future?

In the interests of transparency, any levy should be visible to the consumer, regardless of how the levy is collected.

Question 19: How could competition for the delivery of the USO be organised in future?

Competition for delivery of the USO could be achieved by inviting the service provider market to tender.

Question 20: Should mobile technologies be used to help address the existing USO?

As a general principle, all available technologies should be eligible to help address the existing USO, provided that appropriate levels of availability, reliability and resilience can be delivered.

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3rd February 2005