



Representing the Communications Services Industry

FEDERATION OF COMMUNICATION SERVICES

**Ofcom consultation: Regulation of VoIP services
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Response by the FCS VoIP Group- May 2006

Contact:
Jacqui Brookes
CEO
Federation of Communication Services
Burnhill Business Centre
Burrell Row
Beckenham
Kent
BR3 1AT

Introduction

The VoIP Group is a member group within the industry trade association, the Federation of Communication Services. The group was established in April 2006 to represent members delivering or seeking to deliver VoIP and IP telephony services to customers in the residential and business markets. A full list of FCS members may be found in the members' directory on the FCS website-www.fcs.org.uk

This response is based on practical feedback from our members who are Communications Providers and resellers.

We are particularly concerned that there is a lack of definition as to who is a "consumer" in the consultation document. The consultation appears to focus on the example of a residential consumer who has a single line. We do not consider that many of the requirements discussed in the consultation are appropriate for business market providers. Consequently we recommend that Ofcom seeks to understand the difference between the business and residential offerings and business and residential requirements before defining a regulatory regime that providers to both market sectors are obligated to follow. Business customers for example seek and are prepared to pay for specified quality of service.

As well as considering issues that are emerging in today's VoIP market, we recommend that in developing its strategy for the market Ofcom takes into consideration the changes arising from the move to Next Generation Networks.

Whilst we have answered the questions put forward in the consultation, this is to offer Ofcom guidance. We strongly believe that Ofcom's interim forbearance policy should be extended until the VoIP market has developed further. To expect IP telephony providers to comply with the regulatory requirements that will appear in Ofcom's statement by August is unreasonable and will adversely impact the smaller providers and new entrants who are likely to provide much of the innovation.

Responses to the consultation questions

Questions in italics

- 1) *Given recent developments, do you agree that Ofcom's focus should be on the following three objectives in developing our policy for VoIP services, namely (in so far as is possible) (i) enabling innovation in a technological neutral way, (ii) ensuring consumers are well informed, and (iii) ensuring maximum availability of 999 services?*

Against a background of requesting that the interim forbearance period be extended, we do agree with Ofcom's three stated objectives. In respect of (iii), we would also recommend that Ofcom explicitly states that "112" should be referenced as well. Ofcom may also consider the need for access to the new non-emergency 101 number. In addition to Ofcom's three stated objectives we recommend a fourth objective for consumer protection and that is "to minimise barriers to switching between services (including number portability)". We add this fourth objective because –

- IP telephony providers are unlikely to have porting agreements between them at first and there is not a great incentive to do so either;
- There will be a reasonably easy (if not cheap) migration path back to traditional telephony, but not necessarily between IP telephony providers – depending on the service the consumer is subscribing to;
- In respect of IP telephony and associated transit- there is a defined process for originating calls on an IP network and then paying an egress charge to terminate the call over BT's PSTN. End users, particularly small businesses would benefit from Ofcom promoting an IP interconnect regime and issuing specific guidance on QoS as it applies to VoIP;
- There is a need for consistency with other Ofcom consultations.

- 2) *Do respondents agree with this approach for the interaction between network providers and PATS providers?*

Agree. Internet connectivity providers may well be incentivised to offer SLAs to their PATS provider customers as a differentiator to increase sales. If only a small proportion of internet connectivity providers offer SLAs then they will naturally have a competitive advantage over those providers that do not offer SLAs. As long as it is technically feasible to offer SLAs on the underlying technology (e.g. IPStream), because that technology is generally reliable, then internet connectivity providers may naturally decide to offer SLAs. Therefore Ofcom should satisfy itself that there are enough reliable wholesale IP connectivity services around to ensure that SLAs could be offered, since market forces will drive providers to offer them if it is feasible.

We stress that it is important to consider the business customer who will demand SLAs from their supplier

- 3) *Do you agree that the limitation of GC 3 obligation to providers of service at a 'fixed location' is not sustainable in the long term? What views do you have on how this may be addressed?*

Agree. Access to 999 or 112 (and 101) services should not be an issue for nomadic services, only the provision of location data. There is a question whether IP handsets/IP networks can detect when the handset is being used at a new location. If so, can users store multiple instances of location data against their "account" with the IP telephony provider? This may be an option and users could select their location when they connect their IP phone to a new handset. We suggest that Ofcom liaises with industry to investigate the provision of location data further, perhaps by a workshop on the subject.

- 4) *In light of the other measures proposed in this document, are there particular issues in relation to VoIP services that should be addressed in this review?*

Yes we suggest the following changes to the General Conditions of Entitlement:

GC8 – the requirement to provide a phonebook. The GC should be reviewed to take account of the fact that, as telephony technology is moving forward, so should the method of access directory entry data. Technically literate consumers who embrace IP telephony and no longer have a traditional voice service should be able to access directory data via means other than the printed phonebook – e.g. via directory enquiries online or 118 services. The main source of phonebooks which satisfy GC8 is BT. Phone books are supplied with BT voice services, whether purchased via BT Retail or wholesale line rental (WLR). Many IP telephony services will be delivered over IP connections (SDSL, LLU or naked DSL) which are not reliant on BT voice lines (i.e. ADSL) and as such a BT phonebook is not likely to be supplied to the site as part of a traditional voice service. IP Telephony providers may well have no commercial relationship with Openreach for sourcing phonebooks, and the GC should be amended so that the requirement to provide a printed phonebook is no longer necessary.

GC12.3 – this will need revision. It is likely that a number of IP Telephony service providers will offer free calls between customers on the same network. Nevertheless the customers are likely to be interested in seeing details of those calls for their own management information. We suggest that GC12.3 be reworded to state that calls to Freephone numbers (e.g. 0800, 0808, 0500) need not be itemised, but other calls which are not chargeable may be itemised.

GC16.1 (a) – this GC should not apply to IP Telephony providers as it relates to traditional signalling methodology. This GC will need updating to reflect the technological changes that IP Telephony brings.

GC17 – Ofcom may consider amending this to ensure the continued link between numbers in the 01 and 02 ranges and geographic location – if consumers desire the retention of the link (See answer to Q20).

The relationship of VoIP and WiFi and WiMax ought to be addressed as these services are also growing.

5) *Are there particular issues in relation to VoIP services that should be addressed in this review?*

We have no comments.

6) *Do you have any comments on Ofcom's proposed modification to the PATS definition in GC 18?*

Agree. We support Ofcom's reasoning for the choice of preferred course of action and encourage Ofcom to change the PATS definition.

7) *Do you agree with the proposed application of the Code?*

Agree. It is not clear whether Ofcom has awareness of all service providers selling IP Telephony services and who will require a code of practice. There are new entrants to the market who may not be using Wholesale Line Rental or CPS, and therefore won't require a RID (companies with RIDs are listed on the Ofcom website). Will Ofcom be aware of these new entrants, and will these new entrants be aware of their obligations?

FCS VoIP members are CPs but were not involved in the NVS consumer information industry working group and therefore are not familiar with the draft Code, as assumed by Ofcom. Therefore we do not agree with the short time scale for adoption of the code- publish in August 2006 (during the holiday period) and implement in September 2006 we recommend an extension for CPs not involved in the earlier working group for at least another 3 months.

8) *Do you agree with the proposed approach for informing consumers that services may cease to function if the broadband connection fails or there is a power cut or failure?*

We agree with the content in general if applied to consumer services, but not business services. We do not believe that this kind of information provision should be mandated for business providers as market forces will be sufficient to determine the information that business customers require. We caution that by explicitly stating the fact that reliability is not guaranteed it implies that the service is likely to fail, when in fact this could also occur with traditional voice services (which are not subject to the same customer advice). This may slow take up of new service and is an imposition on providers selling these new services which traditional suppliers are not burdened with.

9) *Do you agree with the proposed approach for informing consumers where access to emergency calls is not available?*

Agree where applied to consumer services, but not business services, as per question 8.

10) *Do you agree with the proposed approach for informing consumers that access to emergency calls may cease to function if the Data Network fails or there is a power cut/failure?*

Disagree. The first two sections of the code cover emergency access and service failure, a further section clarifying both again seems an unnecessary duplication. Consumers should expect not to make calls if a service has failed – in the same way as for traditional telephony. Labels would be overkill, as the code already prescribes that one set of labels be sent out; this is a second set.

- 11) *Should the code be extended to point of signature acknowledgement in respect of reliability of access to emergency calls?*

No, the previous requirements appear to be sufficient, as long as warnings are displayed sufficiently prominently.

- 12) *Do you agree with the proposed approach to location information providers where the service does provide access to emergency calls? In particular, do you believe that subscribers should be required to register their main location prior to activation of the service?*

Agree, and yes. See answer to question 3.

- 13) *Do you agree with the proposed approach to informing consumers where services do not provide emergency location information?*

Agree.

- 14) *Do you agree with the proposed approach to informing customers where services do not provide number portability?*

Agree. This requirement should be considered in the wider context of migration processes between IP Telephony services from different providers – the barriers to switching (which are quite high at the moment) is an area Ofcom should be addressing urgently to ensure a properly functioning market when these services are being sold in large volumes.

- 15) *Do you agree with the proposed approach to informing consumers about the types of facilities that might not be available, but which they have come to expect from a telephone service?*

Agree where applied to consumer services, but not business services. However, most service providers will offer these so as not to disincentivise customers from purchasing their services. Ofcom should commit to assisting in the creation of low switching barriers between services so that consumers may find a more appropriate service where necessary. We would suggest that the provision of this information to consumers is most important where they enter into a long term contract.

- 16) *Do you agree with Ofcom's view that all aspects of the code of practice should be mandatory?*

Agree. Mandatory is preferred. It is likely that respondents to this consultation are those parties likely to comply and favour self regulation. This code should be mandatory to catch those who have not responded to the consultation and who form the small proportion of providers who do the most damage to the market and consumers.

- 17) *Do you consider that the overall programme of activities is appropriate?*

Agree. We would add that engagement with trade associations should be an explicitly stated aim.

- 18) *In light of Ofcom's Consumer Policy Review, are there other consumer education measures that ofcom should consider?*

Our suggestion is a type of "Kite mark" scheme for services which meet a certain level of criteria. FCS is keen to work with Ofcom to develop such an accreditation.

- 19) *Do you have any comments on this proposed enforcement approach?*

It important that lessons are learnt from the regulation of traditional voice services. Many of the issues related to “rogue” providers are those that “fall below the radar”. Ofcom has been successful in working with larger providers in the past to rectify any transgressions (whether intentional or unintentional), and we have every reason to believe that this will continue. It is visibility of smaller providers and new entrants that is the main cause for concern. In future as customer bases expand there may be the requirement to identify the owner of the brand that the customer is buying from. It took a long time to effectively introduce RIDS in traditional telephony and the opportunity should not be missed if it is appropriate for any new services such as IP Telephony. When Ofcom writes to SPs they should also remind SPs that they must be compliant with all relevant GCs and Ofcom should set out clearly what this means for their company. We continue to be concerned that Ofcom has not proactively promoted the General Conditions in the CP marketplace.

- 20) *Are there other areas of research activity that Ofcom should consider to ensure it understands market developments?*

Ofcom should seek to find out if customers understand the barriers (if any) to switching services. Ofcom should also assess consumer views in relation to the link between numbers and geographic location for numbers in the 01 and 02 ranges – IP Telephony has great potential to undermine the current link as the market develops – as many IP telephony providers only own a limited number of ranges in the 01 and 02 range, and may end up allocating numbers “out of area”.

- 21) *In relation to ensuring high availability of 999 access, are there other measures that Ofcom could consider?*

Ofcom proposes to limit access to number portability to PATS providers but has not considered non PATS providers who are selling to the business market and who require access to number portability. We ask Ofcom to state more precisely who is PATS and who is not PATS in the context of selling to businesses with more than 10 employees. This consultation is geared towards providers selling to consumers and we are concerned that sweeping proposals might be to the detriment of SPs in the business market.

- 22) *Do you agree with Ofcom’s approach to naked DSL?*

We would like to have a naked DSL product available, which would enable SPs to get closer to the true cost after BT has stripped out non essential aspects and offer innovation and differentiated services to our customers. We understand that the cost benefits will not be large, but any reduction in charge would still be welcome. In the case of VoIP the traditional exchange line is not essential.

More importantly where an end user is transferring to IP Telephony from a traditional telephony service and retaining their number, naked DSL allows a number to be ported from a PSTN line that has ADSL on it, without the subsequent loss of ADSL. Ofcom should be leading the drive for development of a naked DSL product, and not just rely on industry who have many other considerations to take account of currently in addition to naked DSL.

- 23) *Do you agree a cross industry meeting would be a useful approach to move this issue forward? What other steps could be taken to provide support for 056 numbers?*

We have no comments.

- 24) *How can a VoIP call be traced for detection and prevention of malicious and nuisance calls? How could a suitable call screening service work in a VoIP network?*

In our opinion this mainly applies to consumer services and not business grade services where CLI (E.164) is still likely to be used and where blocking of unwanted CLIs is a core feature of IP centrex services.

- 25) *Do you agree that SPIT could be a potential problem and what techniques can be used to minimise the impact of SPIT on consumers of VoIP services.*

We have no comments.

- 26) *Have there been any instances of a VoIP service being compromised or used to deliver malware or a DoS attack?*

We have no comments.

- 27) *Are there any other considerations that need to be taken into account when a provider does not have a UK entity?*

If this issue is looked at in parallel with Ofcom's other consultations then there could be a synergy with numbering and number portability. The setting up of a central numbering database would facilitate improved number portability processes and a charging process for numbers. The nature of IP telephony services means that most service providers will require numbers, unlike the current altnets who use Wholesale Line Rental and CPS with their own backbone network to deliver services via BT owned number ranges. This change in the nature of the usage of numbers provides Ofcom with a means to influence behaviour of all operators, even non-UK based operators as they will have to apply for numbers to use with their service. When allocating numbers Ofcom will be able to capture contact details and any other required information from non-UK based operators and on an ongoing basis, through the use of the database, Ofcom potentially has a means of influencing the behaviour of all operators by adding restrictions to numbers in the database that are owned by non-compliant operators. This area does need further investigation to assess feasibility, but does offer an integrated solution to this VoIP regulation issue, future number portability requirements and number allocation issues.

- 28) *Is it reasonable to ask VoIP service providers to participate in schemes designed for e-commerce?*

We are not sure how this applies to business grade services. Further study of customer requirements for voice encryption would identify if privacy is a real issue and provide a pointer as to how this could be provided as encrypted voice packets.

- 29) *Do you have any other comments on the proposed approach to investigating the application of the GCs applicable to providers of PATS in the context of VoIP?*

We have no comments.

- 30) *Do you have any comments on Ofcom's views on the meaning of above-mentioned terms and legal concepts?*

We have no comments.

- 31) *Are there any other steps that a VoIP service provider could consider in respect of the IP network layer and service application layers to ensure network integrity?*

We have no comments.

- 32) *Are there any other steps that a VoIP service provider could consider in respect of parts of the underlying network that they do not control?*

IP Telephony network providers should be encouraged to enter into peering arrangements with a number of ISPs in order to promote the quality control they have over the IP conveyance between their end user and their IP network (where the service is at a fixed location).

- 33) *What additional steps could a VoIP service provider take to support nomadic users with regard to maintaining network integrity?*

Provide a speed test application that the user can access and run at their current location to determine whether the available bandwidth at that location will allow the IP telephony service to operate to a sufficient quality. The user would have to recognise that the IPSP has no control over the local access when the user is nomadic in nature and away from their home location.

- 34) *Do respondents consider whether other options to ensure continuity in the case of a power outage are appropriate?*

The measures discussed appear sufficient, especially when the penetration of mobile phones (which contain a battery and provide an alternative in emergency situations) is so high.

- 35) *What other steps could be taken to provide reliable location to assist the emergency services in their work?*

See 3.

- 36) *What other steps could be taken to provide reliable location to assist the emergency services in their work in the case of nomadic users?*

See 3.

- 37) *In addition to participating in the NICC working group on providing location in IP networks and the 112 expert group, what other steps should Ofcom take?*

We have no comments at this time.