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Dear Nic

**Re-prioritising BT's remaining Undertakings commitments on information systems separation**

This response has been prepared on behalf of the Fixed Service Providers group of the Federation of Communications Services, which represents more than 140 service providers and resellers of fixed telephony services including Wholesale Line Rental (WLR), calls packages and broadband. A list of our members can be found on the FCS website - [www.fcs.org.uk](http://www.fcs.org.uk)

We welcome the opportunity to respond this consultation which proposes some significant changes to the delivery and, in our view, to the spirit of the Undertakings.

Although our fundamental view is that the Undertakings, as a legally binding commitment on BT Group, should be delivered in full and on time, we accept that it is appropriate to review them from time to time to see if they remain relevant and appropriate, especially as four years has passed since their inception.

We are sympathetic to the principle behind the proposed changes regarding the commitments on physical separation of systems. However, as noted later in our response, this consultation is proposing more than just a relaxation of the physical separation commitments; it also proposes significant changes to the "Installed Base Migration Complete" (IBMC) dates (the date by which a specified proportion of the customer base of BT's downstream companies must move to the EMP). The consultation also discusses the effect of the current economic climate and the impact of NGA developments on Openreach's ability to deliver the Undertakings amongst other topics.

FCS has fundamental concerns about the lack of balance between the benefits which would accrue to BT and to industry if these proposals are adopted. We are also concerned that the development roadmap process is skewed in Openreach's favour and that the business decisions

of downstream BT Group retail businesses are affecting the ability of BT Group to meet their commitments to industry undertakings.

Before discussing the detail of the consultation it is worth summarising our view of how the fixed line telecoms market and its two main wholesale input products are developing at present. Since the creation of Openreach, and also the OTA, a lot of focus has been put on building a fit for purpose, scalable LLU product and this has resulted in the rapid growth of the number of LLU lines. However the growth of LLU line volumes has several limiting factors:

- It is not economically viable in all exchange areas (based on the investment needed by LLUOs to co-locate their equipment in the exchange)
- Take up to date has been largely within the residential market, with businesses continuing to prefer WLR based access products
- The barriers to entry to becoming an LLUO are high

It is these factors that we believe are now causing a slowing of the growth rate of LLU line volumes. In contrast [non BT Retail] WLR continues to grow at a steady rate, and despite some churn from WLR to LLU the volume of WLR lines is closely equivalent to the volume of LLU lines at present and, based on current trends, likely to be greater in the coming months.

Against a background of the apparent slowing of the LLU growth trend and a 21CN voice strategy that currently contains no successor products to WLR, we see WLR as the primary voice access product for the foreseeable future, in particular in the business customer market. For this reason we are keen to see a product development roadmap that recognises not only the need to deliver what is considered WLR “baseline” functionality, but also takes account of future improvements that will be required (some of which may not be apparent until the volume of orders being placed via WLR3 increases to the levels currently and previously seen on WLR2).

It is in the context of our view of the importance of WLR, in absolute terms and relative to LLU, that we frame our response to this consultation.

**Question 1** Do you agree with our proposed changes to BT’s systems separation obligations? If not, why not?

**Question 2** Do you agree with our proposed change of approach to measuring BT’s progress on product EOI? If not, why not?

Following is a combined answer to both questions one and two.

We fundamentally disagree with Ofcom’s proposals for several reasons. Whilst in principle we have no major objection to relaxing the progress milestones on level 3 separation, we don’t agree with the rewriting of the milestone dates and approach to implementing transition of the customer base of the downstream BT businesses’ customer base (Installed Base Migration Complete “IBMC”).

In paragraphs 3.17 to 3.23 Ofcom discuss the requirements of Openreach’s customers and at this point we believe some further detail from our perspective will help build a fuller picture in this area. For example, in paragraph 3.18 Ofcom states:

“In addition, Openreach’s customers have many demands for new products and service improvements that would also require systems development resources. Openreach’s

delivery of these new capabilities can provide new ways for CPs to innovate and compete for customers. In current economic conditions, it is important that Openreach's resources deliver the best value for its customers – not only BT's downstream businesses but also other CPs."

FCS would like to emphasise at this point that, to the best of our knowledge, the WLR community's current expectations of Openreach are limited to delivery of a "baseline" WLR3 product that offers the same or, where appropriate, similar functionality to WLR2 and BT Retail Classic, in advance of any "new requirements". In a later section of the consultation (figure 3.5) Ofcom list the "requirements" of industry and direct feedback will be given later on in respect of that. Before any "new requirements" are discussed we would like to cover the subject of "Parity" with WLR2.

"Parity" is the term given to a slimmed down list of requirements ostensibly agreed with industry for the functionality remaining to be delivered in WLR3 that would mean a CP can replicate what they can do in WLR2 at present. The list of requirements constituting "Parity" was agreed between Openreach and industry via the WLR Process Group. However, representation by industry at the WLR Process Group meetings varies and generally numbers only a handful of Communications Providers. Following the discussions on "Parity" it became apparent that a requirement FCS believes is an essential part of "Parity", regarding certain renumber scenarios (Tempo 1131), was overlooked and has never been included in Openreach's development plans. As soon as we became aware of this omission it was flagged up to Openreach via the WLR Process Group, through bilateral communication and via the conference calls arranged by Openreach as part of the finalisation of industry requirements under the negotiations initially brokered by OTA. However, Openreach has never accepted this requirement into their development plans, nor provided any other indication of if or when this might be developed and the lack of this functionality remains a big inconvenience for those Communications Providers currently using WLR3 who serve business customers.

The most recent communication on this requirement, via the WLR Process Group, we interpreted as indicating that Openreach would only deliver this functionality if there was overwhelming evidence of commercial viability and the need for delivery of this functionality to achieve "Parity" has not been taken into account. Given the disparate nature of the WLR community we believe that it will be difficult to obtain the overwhelming commercial evidence required in any reasonable timeframe and we are concerned that this will be used by Openreach as a reason not to deliver this essential requirement. From Openreach's recent communication it is also evident that in order to quantify the current demand for this process Openreach has used a flawed analysis from WLR2 order volumes and also completely excluded BT Retail volumes in arriving at a current demand of 12 orders over a 3 month period.

It should also be noted that this renumber requirement would also solve another inconvenience that CPs active on WLR3 suffer with regards to moving lines in non-standard premises to a different address – without the need for industry to put a new requirement to Openreach to resolve this.

A statement on our view of the detailed renumber requirement is provided in Appendix A.

In addition to the renumber requirement there is also an outstanding requirement that has been accepted as required to achieve "Parity" related to the management of complex directory entries and special phonebook entries. This requirement has been fully scoped out by industry and Openreach working together, but has so far been deferred from two EMP releases – R1000 and

R1100. This requirement is essential to achieving parity, yet as of June's OTA meeting, and having been previously informed that its delivery would be covered in a "mop up release" post-R1100, we now believe that there is no planned release date at all and Openreach are considering a "tactical solution" not based on EMP. We would not consider a tactical solution to be fit for purpose as it would not be integrated with EMP and would require CPs to run separate processes in parallel to the EMP interface.

Despite failing to listen to industry and communicate a plan regarding the renumber requirement and despite having no firm date for the delivery of the directories functionality, Openreach continues to promote the idea that R1100 will deliver "Parity", when in fact it won't (mop up releases have been mentioned in such communication, but this comes across almost as an afterthought and no detail or firm implementation dates have been published).

It is FCS's view that no concessions should be given to BT Group on the Undertakings until such time as "Parity" is genuinely achieved with the delivery of the missing functionality outlined above via EMP, especially given the substantial and continuing delays in achieving it.

Given that Openreach's original plan was to deliver ISDN2 functionality on EMP by September 2007 as a means of meeting their ISDN2 RFS undertaking, i.e. before the recession started, yet is still delivering ISDN2 functionality two years later, it is apparent that the recent state of the economy has little bearing on Openreach's ability to meet long standing commitments. On this basis we do not believe that it is valid to mention current economic conditions in discussions about constraints on Openreach's delivery capabilities.

Paragraph 3.22 states:

"The current EMP release 'consumption model' and associated product development lifecycle processes have been struggling to deliver the aggregate industry demand for product developments. The consumption model concerns the ability of CPs to align their own systems with new EMP releases so that they can make use of all the latest features and functionality in a slick, timely and cost-effective way. Two key weaknesses in the current model need to be overcome. Firstly, CPs need to be able to consume new functionality in a more flexible and cost-effective manner. Secondly, EMP development capacity needs to keep pace with aggregate demand for new requirements."

We believe it is worth noting that the vast majority of CPs consuming WLR3 are using the latest or immediately previous EMP release from Openreach, to a large extent due to using Third Party Integrators, and that the "Consumption Model" initiative is largely an Openreach led activity aimed at the LLUOs who continue to use older EMP releases. On this basis we would not expect any development activities in this area to either be considered as a "new requirement" from the WLR community or to impact on the development of WLR functionality for the foreseeable future.

Paragraph 3.23 states:

"Given this context, the forward development programme for the EMP shows that it would be extremely challenging to deliver the developments required to meet Openreach's regulatory obligations for systems separation at the same time as the developments required by Openreach's customers and the NGA roll-out programme. This would create an unacceptable risk that software upgrades (or 'systems releases') introduced using the EMP would be delayed or of insufficient quality. It would also

threaten the stability of the EMP, causing potential service disruption to all Openreach customers. These risks would still exist despite Openreach's plans to significantly increase the amount of capacity that the EMP can process in each systems release."

We remain baffled as to the reasons any mention of NGA should occur in a consultation aimed at the LLU and WLR community, where NGA is a commercial development initiated by Openreach subsequent to the commencement of development of LLU and WLR on EMP, which we do not believe should impact BT Group's commitment's arising from the Undertakings.

We note from paragraph 3.24 onwards the discussion about the creation of a separate systems stack within BT called "BT Business". As "BT Business" is a downstream business led initiative it should have no impact on BT's upstream businesses – who should be serving all CP's equivalently – in the same way that no non-BT CP's business initiatives should impact BT's upstream businesses. The delays and challenges BT faces in this area should be internal to BT.

We therefore consider the proposal to move to a per-product migration, as opposed to a per-customer migration, is not acceptable. Should a revised methodology be proposed in future we would still look unfavourably upon any milestones which are undated as we believe that physical separation should still be aspired to within the next few years.

An associated benefit of keeping the current IBMC targets in place is that services such as Remote Call Forwarding and Caller Redirect will be moved to WLR3 by BT Retail in similar timeframes to all WLR2 providers having to adopt WLR3; currently these products can only be transferred between CPs if both CPs are using WLR3 and the Remote Call Forwarding or Caller Redirect asset has been migrated to WLR3. This, therefore, this opens up the opportunity for CPs with a large number of these assets to keep them on legacy products, which represents a potential barrier to switching. We are not aware of any specific instances of such abuse but it is an example of why all WLR assets need to be moved to WLR3 as quickly as possible to remove any barriers to customers who wish to change CP.

**Question 3** Do you agree that the package of additional Openreach developments and the new Undertakings commitments that relate to them are appropriate? If not, why not?

We are grateful to the OTA for their efforts in bringing industry and Openreach together to discuss the product development roadmap, which has now been published after significant delay. However, we are thoroughly dissatisfied with the outcome, although this is not a reflection on the OTA.

Having gathered all industry's input via OTA brokered discussions Openreach appear to have compiled a roadmap for "sign off" by industry by the end of May which in our view does not reflect what industry want or require, in particular in relation to WLR. Our concerns about this centre around two main areas – the lack of plans for current and future WLR development set out in our responses to questions 1 and 2 and the management of industry's requirement for the integration of the Order and Fault Tracker tools with EMP.

On the 12<sup>th</sup> February Openreach circulated, via OTA, indicative developments and timings – in this presentation the item called "Order and Repair tracking on B2B Gateway" was assigned to an R1300 timeframe. On the 13<sup>th</sup> May Openreach circulated, via OTA, a revised development roadmap which was supposed to have taken into account industry feedback. The WLR community has always been keen on the delivery of this development (it means that WLR CPs can integrate fully with Openreach via EMP without also having to access the previously

deployed tactical trackers separately) and so were astonished when between the February presentation and the May presentation the item had vanished. Following representations to OTA by FCS and subsequent communication between OTA and Openreach it appears that this item has been added back in to the Roadmap. However, we note that, despite being added back to the Roadmap, this development has still not been included in Figure 3.5.

NB: We note that subsequent to drafting of this response it has been announced that delivery of Order and Fault Tracker APIs has been scheduled as part of R1103, due in early August. However, we await formal confirmation of this.

Prior to the re-inclusion of the “Order and Repair tracking on B2B Gateway” requirement in the Roadmap the only other WLR specific development in the two year time frame the Roadmap covers is an item called “WLR minor change”, which is an internally generated requirement by Openreach the nature of which has not been published. There are other cross product developments in the Roadmap which have a bearing on WLR, however we do not believe these “requirements” are being accurately represented at present. Taking the items from figure 3.5 which have a bearing on WLR in turn, we explain our thoughts on these “requirements”:

<b>Item</b>	<b>Description</b>	<b>Benefits</b>	<b>Openreach customers</b>	<b>FCS comments</b>
x-hour repair	Fast repair rental product within x hours	Simple, consistent service and flexibility to offer better service level	Initially all LLU & WLR CPs	This is a requirement industry welcomes
Service harmonisation	Four consistent levels of customer care across WLR & LLU	Equivalence in WLR & MPF services. Premium options/bolt-ons to allow improved service. Simpler Openreach operations	Initially all LLU & WLR CPs	We perceive this to be largely an Openreach initiative which cannot be accurately called an “industry requirement”. However, we recognise that the WLR community will benefit from the efficiencies and improved response times generated by the delivery of this functionality
Data integrity	Improved data integrity for products managed on EMP platform	Reduced cost overheads by avoiding manual interventions to work out true position on orders, faults and billing	LLU & WLR CPs	The provision of accurate data from Openreach’s systems should be business as usual and we would not expect this to appear in a list of “industry requirements”

Documentation	Improve documentation that CPs use to consume Openreach products – including process maps, web site design	Common process understanding. Ease of doing business Enables WLR2 to WLR3 system migration.	EMP system users – LLU, WLR, NGA, Ethernet	The provision of improved documentation should be business as usual and we would not expect this to appear in a list of “industry requirements”
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We have not passed any comment on any LLU or Ethernet related developments as our primary focus is WLR, but we recognise that those communities have legitimate claims to development resources for the delivery of their requirements. However, the majority of the proposed concessions from industry in the consultation are related to WLR (e.g. systems separation and IMBC dates) and from the above table and preceding text it will be apparent that our perception is that the WLR community is getting very little in return.

We also wish Ofcom to bear in mind that WLR3 is still an immature product and during the process of maturing and increased uptake it is likely that inefficiencies, deficiencies or bottlenecks may be identified that require fixing or improving and some allowance for the need to deploy yet to be identified fixes or improvements should be made in the next two years.

FCS would also like Ofcom to consider the need for a formal sign off process in respect of the recent discussions with Openreach on their development Roadmap – as there has been no apparent sign off process to date, yet Openreach are proceeding on the basis that this has all been agreed.

We also ask Ofcom to note, in response to paragraphs 3.78 and 3.79, our comments made in response to paragraph 3.22 in our combined response to questions one and two.

Only with time bounded plans to deliver “Parity”, plans for the delivery of the renumber requirement omitted from “Parity”, a firm commitment from Openreach to deliver the “Order and Repair tracking on B2B Gateway” requirement in a reasonable time frame and some future capacity to allow of as yet unidentified improvements or fixes would we be willing to consider that the WLR community would be approaching fair treatment in the trade off between delivering industry requirements in return for the revised undertakings being proposed.

**Question 4** Do you agree that, as a consequence of the revised approach to customer migration to EOI products, Ofcom should agree to this request from BT to remove the IBMC date of 1 July 2010 for Featureline?

**Question 10** Do you agree that Ofcom should agree to an exemption for the cabling of Featurenet connections to existing small customers’ sites to allow for Featurenet SRUs to be exempted from equivalence until the SRUs are withdrawn from service or replaced?

The following answer applies to both question 4 and question 10.

The delivery of WLR3 PSTN has made the ease of switching Featurelines from BT Retail to non-BT Retail CPs as easy to any other line transfer, which was the main requirement of industry. Beyond this we have no other requirements and do not believe there is any reason not to agree with the revised approach that applies to this specific scenario.

**Question 5** Do you agree that, as a consequence of the revised approach to customer migration to EOI products, Ofcom should agree to this request from BT to remove the IBMC date of 1 July 2010 for Featurenet?

CP opportunities to take over Featurenet services remain the same post deployment of WLR3 as pre deployment of WLR3; on this basis we do not believe there is any reason not to agree with the revised approach that applies to this specific scenario.

**Questions 6, 7, 8, 9 and 11:**

We have no opinion on this as our interest is primarily in WLR.

**Question 12** Taking into account all of the analysis and considerations in this document, do you agree that we should grant the variation to the Undertakings as set out in Annex 5?

Implementation of the Undertakings to date have achieved a great level of success in getting BT and industry to the stage we are at now and Ofcom, BT and industry must be given due credit for this achievement. However, as evidenced from our answers to previous questions, at this time we are strongly opposed to any variation to the Undertakings in their present form. Whilst we agree with the principle behind making changes to the requirements related to physical separation, we believe the full list of changes proposed is too wide ranging, especially in relation to the IBMC methodology and milestones, and the development trade off for the WLR community provides far too weak an incentive to agree.

In summary, we believe, firstly, that any relaxation of timelines for delivery of the Undertakings must be tied to a clear commitment to provision of the functionality which will achieve parity – and within deadlines which are acceptable to industry: For the avoidance of any doubt, the items in question are:

- The functionality for management of complex directory entries and special phonebook entries as scoped out and agreed between Openreach and industry
- The renumber functionality set out in Appendix A
- The means to integrate Order and Fault Tracker functionality

Secondly, we believe that the proposals for changes to the IBMC milestones are contrary to the concept of equivalence and should be rejected.

We trust that the above is helpful and our members would be happy to meet with Ofcom to discuss any of the issues raised in greater detail.

Yours sincerely



Michael Eagle  
General Manager



## **Appendix 1 – Statement of renumber requirement needed to deliver “Parity”**

This requirement covers two broad areas, the first being moving numbers between lines in a co-ordinated fashion, the second related to “merges” and “splits” of multilines.

The requirement for the first area is as follows - these renumber scenarios relate to renumbers involving two lines, where it is important to keep downtime on the numbers involved to a minimum. In all scenarios the two lines can be referred to as the “donor line” and the “target line”:

- 1) The target line is renumbered using the number from the donor line, the donor line is then ceased
- 2) The target line is renumbered using the number from the donor line, the donor line is then renumbered with a new number
- 3) The target line is renumbered using the number from the donor line, the donor line is then renumbered with the old number from the target line (i.e. a swap)

In the above context a line refers to a Single Line or a Multiline.

The requirement for the second area is as follows – these renumbers all relate to Multilines and involve what could be termed “merges” or “splits”

1. Break out one or more Aux Line from a Multiline group to become a PSTN single line or multiple single lines with new individual CLIs.
2. Break out one or more Aux Line from one Multiline Aux installation and add these lines to another Multiline Aux installation or use them to create a new Multiline installation with a new number
3. Merge two Multiline Aux installations into one and cease the other installation. The remaining installation will retain its existing main number.
4. Convert multiple single lines to a Multiline Aux and use one of the single line CLI as the main number

In WLR2 and BT Retail Classic all the above scenarios are considered as renumbers and all of these are available at present via these products.

The aim of all the above requirements is to keep engineering activity and cost to a minimum for the End User and, most importantly, minimise the disruption to an End User. At present all the above scenarios in WLR3 would require multiple orders on EMP and would involve unnecessary expense and/or downtime (usually 24 hours or more) on the End User’s numbers.