

Shaun Kent
Ofcom
2a Southwark Bridge Road
London
SE1 9HA

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Dear Shaun

Mobile Switching Cost Assessment

As discussed, please find below our comments on the Cost Assessment modelling published 31 January 2017¹.

1. When assessing the MNO costs, has Ofcom taken into account that O2 operate 3 different platforms (consumer PAYM, consumer PAYG, business) and therefore would incur the costs on all three platforms? We covered this in previous correspondence but can Ofcom confirm that this has been included (and how). For example, on the Auto-PAC LP variant the functionality to develop real-time ETCs and deliver these to customers would need to be delivered for each platform (although, we would assume there could be some common functions that would be a single cost - such as SOA integration to the CPS and setting up SMSC connections).
2. In respect of the value chain, we are not clear that the modelling has correctly recognised which entities have billing/ CRM systems (and hence would be affected/ incur costs):
 - a. For example, in workbook 1, for activities 1-6, we could not see which entities Ofcom assumed were incurring those costs. It would not be simply MNOs in the value chain. The costs/ activities are not specific just to MNOs.
 - b. And at para 4.4 of the explanatory note Ofcom explains "*To facilitate such smaller MVNOs' and resellers' compliance with our proposals, we have assumed that MNOs and MVNEs would develop the functionality to deliver real-time information on ETCs and outstanding handset liabilities on behalf of smaller MVNOs, when this is requested by the CPS. In other words, we do not assume that these smaller providers adapt their own back-office IT systems in order to comply, which would be considerably more costly.*" In this respect we understand, workbook 1, activity 7 (portal) refers? However, where third parties have the billing/ CRM/ customer contract, they would have to do this. Not an MNO/ MVNE. So where we have wholesale partners who have their own billing/ CRM etc platforms, it cannot be assumed that an underlying MNO wholesale platform can deliver the information to customers. For example, when we look at the costs in the summary table, it looks like the costs for "smaller MVNOs/ resellers" are accordingly underestimated. It is also not clear if the MVNO costs recognise this?

¹ Explanatory note: https://www.ofcom.org.uk/_data/assets/pdf_file/0033/97179/Consumer-switching-Proposals-to-reform-switching-of-mobile-communications-services-Revised-cost-estimates.pdf

- c. We also note that Ofcom excludes 3rd party retailers. It is not clear whether Ofcom means this is retailers who have no CRM/ customer management function?
3. In respect of the business platform, para 3.7 of the explanatory note states that Ofcom assume that bulk ports would use the GPL process (albeit that the regulation does not require this). Are you assuming that any costs associated with bulk are "voluntary" and hence not included?

We are happy to have a conference call to discuss.

Yours sincerely

Ian Roy
Head of Regulation: Sales, Marketing and Digital
07860 444464