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indigo networks

Overview

Netzquadrat GmbH has been provided IP based services since 1998. Its mobile communication service "sms.de" has since attracted more than 2.5 million consumers. In the last seven years Netzquadrat has gained significant expertise in both administration and mass-provision of electronic services. In order to deliver the best user experience Netzquadrat operates its IP backbone stretching over more than 5,000 km.

Indigo Networks GmbH has been offering telecommunication services in Austria, Germany and the UK since 2001. Among the products offered have been narrowband Internet access and voice conferencing solutions. In January 2004 Indigo Networks GmbH went live with its first VoIP offering at www.sipgate.de and has since expanded its market coverage to Austria and the UK. Since its initial start Indigo Networks has signed on more the 60,000 consumers for its VoIP services.

Both companies are privately held and not affiliated, while sharing their management teams and some staff.

We continuously publish our views on economic and regulatory issues as they arise at www.voipmatters.net.

Description of Indigo Networks' VoIP offerings

Indigo Networks offers its services at www.sipgate.co.uk for the British and www.sipgate.de and www.sipgate.at for the German and Austrian markets respectively. Sipgate has been designed to replace a traditional landline service. Indigo Networks has chosen to provide its VoIP services independent of broadband services and relies on the consumers choice of a 3rd party supplier.

In order to foster a growing market of consumer VoIP devices Indigo Networks has also chosen to not force specific devices, but leave the choice up to the consumer.

Key issues

Besides answering question by question we would like to start by summarising the key issues we have identified:

- Numbering

  We recognize the importance of governing the integrity of the numbering plan. Considering the importance of geographic numbers for stationary services we therefore welcome

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Ofcom's approach to fair access to these numbers guided by reasonable and feasible obligations.

Most NVSs that aim to replace existing landlines do so by offering as close to identical services as those services they replace.

This naturally includes the accessibility of these services through geographic numbers in the 01 and 02 ranges. Not only does this require 01 and 02 allocations from Ofcom to ECS, but number portability to ECS as well. As of today, number portability is significantly undermined by the design of British Telecom's product bundles and the absence of 'Naked DSL' which you find discussed in a separate paragraph.

We highly welcome the approach on numbering issues as taken by Ofcom at this time. At the same time, we see the need for further examination of the number portability issues.

- Anti-competitive measures taken by SMP players / 'Naked DSL'

Owing the severe anti-competitive nature of British Telecom's land line and DSL bundles we identified an urgent need to further look into the affects of these product bundles.

The effect on today's market is twofold: Not only does BT's product bundling strategy make their competitor's product less attractive from an economic point of view - it significantly undermines the intention of number portability requirements and thereby severely limits the consumer's choice of services.

- VoB is not an economically viable alternative for BT's landline service.

  Given BT's market share in the broadband market the absence of 'Naked DSL' directly affects a large number of consumers. While we do recognise BT's need to cover copper costs, we dispute any need to recover those through a landline offering.

  Sipgate strives to provide free VoB lines of third-party access networks. No sign-up fees, monthly minimums or any other fees are charged to a subscriber for receiving calls from anywhere or placing on-net calls.

  Even though the service itself is entirely free, it does not pose an economically viable alternative to BT's broadband customers. As long as BT is force feeding voice services to the consumer, let it be POTS or VoB services, BT is effectively starving competition on the broadband lines. For the sake of a competitive market we believe these bundles require thorough scrutiny.

- Today's voice and DSL bundles undermine number portability

  Notwithstanding the clear intention to empower the consumer in his choice of service through the introduction of number portability, this choice is not available today. As a number may only be ported once a consumer cancels his existing service, today's voice

and DSL bundle undermine this choice.

This strategy has a dramatic impact on the market. Beside the economic considerations discussed above, even consumers who wish to change their voice service for features are effectively hindered in doing so as long as they wish to keep their number.

We believe these issues require immediate attention by Ofcom.

- Anti-competitive voice service offerings from SMP players

We take issue with BT's offering "Broadband Voice". Advertised as an alternative for a second landline BT clearly states it does regard its VoIP based voice services as equivalent to POTS services.

Subscribers are assigned a corporate number for which regulated interconnected rates are available. However, the interconnectionrates are hardly cost-based. BT exploits this issue by offering free evening and weekend calls to its subscribers - a plan which cannot possibly be offered by competing services as long as BT can charge interconnection rates for corporate numbers.

Another issue is the absence of carrier selection for "Broadband voice" subscribers. Following a technology-neutral regulatory approach it seems logical to introduce carrier selection for NVS such as BT's broadband voice.

Consultation answers

Question 1: What types of new voice service do you envisage becoming available in the future and what characteristics will they have that distinguish them from traditional voice services?

We believe that widespread availability will lead to a more personalised use of voice communications. We expect to see more per-person lines rather than per-household. Given this development, presence information is likely to become more important as it could significantly enhance the user experience.

E.g. prior to dialling a caller may find the called party being reluctant to accept a call by using a "Please do not disturb" status. Depending on the type of service offered a caller may or may not ignore the called party's status.

A service may opt to provide further information such as the users location along with the current status. Overall presence information is likely to raise a number of privacy issues.

We further expect to see more conferencing services as today's conferencing services are difficult to use, but widely in use among those who know how to use them. One-click conference invitations may result in a different type of behaviour.

And last but not least we expect the E.164 numbering plan to become less important as private addressing schemes may be used more widely.

Question 2: What are the main policy challenges raised by the introduction of the New Voice Services for consumer protection and regulation?

It is our belief that in particular a technology-neutral approach to regulation will prove to be important. As already discussed above the main issues we identified are

- anti-competitive measures taken by SMP players
- availability of carrier selection

In addition, technical or commercial barriers raised by access providers might prove to be a significant barrier for new market entrants.

A reasonable goal in terms of both consumer protection and regulation would be to ensure competition between NVS, independent of the consumer's choice of access service. If access services were left with the choice to hinder third parties from providing NVS to their customers, access services could significantly stifle competition to the disadvantage of the consumer.

Question 3: Do you agree with the initial top-level aims identified by Ofcom?

We fully agree with Ofcom's view.

Question 4: Are there other aims and criteria the Ofcom should consider?

We wish to stress the particular importance of 4.13 with regards to technology-neutral regulation. It should not be that any obligations, which are not technically feasible, should be treated with utmost care in order not to stifle competition by more efficient technologies.

Question 5: Are there other key policies that Ofcom should be considering?

With regards to 4.17 we believe Ofcom should consider drawing a line between the regulation of 'looking like' traditional services and those that do not. We assume this line should be drawn, if the technology-neutral regulatory approach is to be followed. Furthermore we believe the NVS integration into the UK's numbering plan might serve as a reasonably hard criterion for the separation of these two markets.

It follows from here that closed user groups such as those offered by Skype do not require regulatory attention unless these NVS offer UK numbers to there subscribers.

Question 6: Do you agree with Ofcom's initial view that it is not necessary for all voice services to provide the same standard features as traditional telephone services, and that we should instead focus on enabling consumers to make informed decisions?

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Again, we fully agree with Ofcom's view as pointed out in answer 4.

Question 7: Do you agree with Ofcom's initial view that it is not desirable to draw a distinction between the regulation of services that looking like traditional services and those that do not?

While we see that the availability of features such as *999* and the end users choice of a device might not be a good indicator, we wish to express our concern regarding the impact on the market, if such a distinction is not made.

As stated in answer 5 we would like to suggest considering the use of UK numbers as a hard criterion for 'looking like' traditional services. The benefits of this approach are two-fold.

First, does Ofcom retain full regulatory control of extra-territorial services which otherwise might prove difficult to have access to. This could directly affect key issues such as lawful intercept. We believe it would be wise for Ofcom to use the apparent attractiveness of the UK numbering plan to NVS as a means to enforce regulation on extra-territorial NVS.

Also does such a distinction solve critical issues in regards to anti-competitive measures taken by SMP players such as BT's "Broadband Voice". In order to follow the technology-neutral approach to NVS such a line would make the most sense.

Question 8: Do you agree with Ofcom's initial view that a distinction should not be drawn between the regulation of 'second line' services and 'primary' services?

We fully support this view and wish to point out that such a rather fuzzy distinction would provide regulatory loopholes for NVS services claiming to generally provide 'second line' services - thereby undermining Ofom's intention to implement a level playing field.

Question 9: Do you think that a threshold should be set at which new voice services should be required to offer the same features as traditional voice service? If so, how should the threshold be set?

As pointed out above we believe there is good reason to distinguish between NVS that use UK numbers and those that do not.

Question 10: Do you agree that most providers would want to offer at least a basic form of access to *999*?

Since publicly offering its services it has been one of Indigo Networks' priorities to enable access to emergency services. In Germany where emergency services provided under the authority the states ("Bundesländer") Indigo Networks has established a contractual relationship with the state of Northrhine-Westfalia to deliver emergency services where possible.

Sipgate is already designed to properly provide *999* routing to its customers by requiring its customer to post their phone's location at its website.

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Sipgate will then route all emergency call to a dispatcher geographically close to the caller's location. As Sipgate strives to replace stationary services, both Indigo Networks and its customers deem this mechanism appropriate.

As for nomadic services we believe consumer awareness is a good intermediate step towards a fair market. We believe it could be worthwhile to consider giving routing control to the user. A nomadic user in Reading say could be given access to a dispatcher in town by allowing him to dial 0118-999 rather than just 999.

Given the known problems in locating a user on the public IPv4 Internet an automatic routing appears to be out of question. As for IPv6 we believe it is worth waiting for the outcome to the ongoing dispute between IANA and the ITU.
Assuming Ofcom would be given control over the UK's IPv6 addresses through the ITU, several easily enforceable obligations to ISPs could prove to provide today's missing piece. We do understand, however, that this is would be a long-term solution.

Question 11: Do you agree with Ofcom's initial view that consumers sufficiently value having access to 999 in order for them to wish to retain at least one means of high quality (very reliable) access to 999 at home?

Give the widespread use of GSM phones we assume that most consumers do already have a second means of access to 999 services. We therefore welcome Ofcom's approach to ensure consumer awareness.

Question 12: Do you agree with Ofcom's initial view that not all voice services should be required to offer access to 999 but that decisions about subscribing to and using such services must be properly informed?

As we believe that a line should be drawn in 'looking like' traditional services and other NVS which do not use UK numbers, it follows that 999 obligations on a best effort basis must apply to those services aiming to provide a replacement for land lines.

Question 13: Do you agree with Ofcom's initial view that given some new services may not be able to offer the same degree of reliability for emergency calls as traditional voice services, it is better these services are able to provide less reliable 999 rather than preventing them from offering any access at all?

We strongly support this view. After all, services which prove to be reliable enough for everyday use is very unlikely to be significantly worse in quality and therefore any other means of access to 999, and should be welcome to the consumer.

Question 14: Do you agree with Ofcom's assessment of the costs and incentives for providers offering PATS?

We share Ofcom's concern regarding the availability of 999.

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Question 15: Do you agree with Ofcom's understanding of the implications of the definition of PATS continued in the directive?

As we do not see location and network integrity issues being resolve in the near future we wish to add another concern: unless NVS who operate independently of the access service, will be allow to bear these PATS obligations on the access networks, there is unlikely any competition on the Internet access lines - narrowing the market's competitiveness and consumer choice.

Question 16: Do you agree with Ofcom's understanding of the implications of this alternative approach?

Yes.

Question 17: Are there policy initiatives in other areas related to new voice services that Ofcom should be considering?

In order to provide a level playing field for NVS, which operate independent of access services, it is vital to further look into today's situation regarding 'naked DSL'. As argued in the beginning of this document the availability of 'naked DSL' could tremendously foster the growing NVS market. Such a market has been set up in Norway to the benefit of Norway's consumers.

Question 18: Although Ofcom is not consulting on its interim position, it would welcome your views on its interim policy to forbear from enforcing PATS obligations against new voice services which offer access to 999.

We do support the reasoning laid out by this interim stand.

Question 19: Is it reasonable to have different network integrity requirements for nomadic services compared to services at a fixed location, and how should consumers be made aware of this difference?

We share Ofcom's concern regarding the impracticability of integrity requirements for nomadic NVS. Rather than distinguishing between services provided at a fixed location and those of nomadic nature we would however suggest to draw this line between NVS including and excluding access services. At the end of the day preventing network independent NVS becoming PATS would only stifle competition.

Question 20: Do you think that it is better for Ofcom to:

- retain the Essential Requirements Guidelines in their current form;
- Re-issue the Essential Requirements Guidelines, incorporation additional guidance in relation to VoB and NGN; or
- Withdraw the Essential Requirements Guidelines, and apply the reasonably practical test set out in General Condition 3

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Option 3.

Question 21: Do you think that there are any reasonably practical measures that providers at a fixed location can take even if they do not directly control the underlying network?

We absolutely believe that a number of measures can be reasonably expected. The unavailability of services for the consumer may not necessarily be cause by access line outages, but by outages of PSTN gateways and signalling services alike. Reasonable measures could include redundant setups, possibly in different locations, and uninterruptible power supply.

Question 22: What in practice should the roles of the network provider versus the service provider be for network integrity when the network provider has no control over the services offered over their network?

As access services are becoming more widely used with more consumers relying on their availability it is our view that network provider can be expected to ensure a certain level of network availability. This level would still need to be defined. We believe it is important to note, that service availability does not only affect voice services, but likely future services such as video on demand and so forth as well.

Question 23: Do you agree that is likely to be reasonably practical for analogue telephone and ISDN2 services to provide line powering but not other services?

Absolutely.

Question 24: What are you views on the technical feasibility of providing location information for nomadic services, both for now and in the future?

We do not expect any technical solution for the location problem in the IPv4 world. There have been a number of solutions proposed, such as including location information in the DNS under in-addr.arpa domain, but to the best of our knowledge, such mechanism has not proven to provide a halfway reliable means of access to the users location.

We do however see the potential of solving this problem in the IPv6 world as outline in answer 10.

Question 25: What approach for emergency location would take account of current technical limitations, whilst ensuring that technical advances bring benefits to emergency organisations in the long run?

As we already developed the necessary technology to provide users with a mean of posting their address on www.sipgate.de it would be a relatively small effort to provide the same service in the UK as long as Ofcom does coordinate queries from emergency organisations. We would highly welcome and support such an effort.

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Question 26: Do you agree that consumer information is required where services look and feel like a traditional telephone service but not where services are clearly different?

As discussed in answer 7 we believe it is reasonable to draw a line between 'looking like' traditional services and others. We do not believe that the nature of the end users device is a reasonable mean of distinguishing consumer expectations. Therefore we would rather see equal obligations for all 'looking like' traditional services such as those including numbers from the UKs numbering plan than obligations limited to certain devices.

Question 27: Do you agree with a two stage approach to consumer information, first to ensure the purchaser is aware of the nature of the services at the point of purchase, and second to ensure all potential users are aware the service does not provide access to 999 at the point of use?

As devices may be sold without a service and devices may therefore be used for different types of service we believe it should be the service providers' obligation to educate the user.

Question 28: If consumer information is required to ensure that consumer interests are protected, which of the above frameworks regulatory framework, if any, is appropriate to ensure it is successful?

We support the co-regulatory approach and view ITSPA as a suitable industry body to implement a suitable code of practice.

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