

CABLE&WIRELESS WORLDWIDE RESPONSE TO OFCOM CONSULTATION : SAFEGUARDING THE FUTURE OF GEOGRAPHIC NUMBERS

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Cable&Wireless
Worldwide

INTRODUCTION

Cable&Wireless Worldwide welcomes the opportunity to comment on Ofcom's proposals for maintaining adequate supplies of geographic telephone numbers. As Ofcom is aware, C&W Worldwide supports the proposed approach as a "least worst" option, although we do have some observations on the detail of implementation. We look forward to working with Ofcom and other industry stakeholders as the project moves to an implementation phase.

ANSWERS TO QUESTIONS

Question 1: Do you agree with our proposal to allocate up to 10,000 numbers in blocks of 100 numbers (i.e. 100 x 100-number blocks) in the following 11 five-digit area codes? Appleby (017683); Gosforth (019467); Grange over Sands (015395); Hawkshead (015394); Hornby (015242); Keswick (017687); Langholm (013873); Pooley Bridge (017684); Raughton Head (016974); Sedbergh (015396) and Wigton (016973)

C&W Worldwide agrees with the proposals as currently scoped, but note that this should not be taken as a *carte blanche* to implement more widespread usage of 100-number blocks.

Additionally, Ofcom's proposals implicitly suggest this, but for the avoidance of doubt we seek confirmation that the 100-number blocks would be created via the splitting of an unused 1k block, rather than using spare levels within already allocated 1k blocks. To be clear, this alternative approach of harvesting existing allocations would result in a ten-fold increase in data decode block requirements, and would likely not be supportable.

We note that this proposal will only impact those CPs which take a 100-number block assignment, and those CPs with wide connectivity, rather than the industry as a whole. For example, if 100-number block assignments are made to CP#1 and CP#2, and originating CP#3 has connectivity to neither, then this initiative will almost certainly not impact CP#3 as they would continue to route the entirety of the "parent" 1k block to their chosen transit provider.

Question 2 (for CPs): Would it be feasible for your network to handle up to 10,000 numbers allocated in blocks of 100 numbers in the 11 five-digit area codes listed in Question 1?

Subject to confirmation that the 100-number blocks would be created from spare 1k blocks, it would be feasible on our networks.

Question 3 (for CPs): What are your predicted costs and timescale requirements for implementing the necessary changes in your network switches to support routing to blocks of 100 numbers in the 11 five-digit area codes listed in Question 1?

C&W Worldwide does not see the leadtime taken to implement the change on our network switches as material. However, we seek clarity on how it is intended to implement the changes within Ofcom's numbering databases. As Ofcom is aware, we import the database into our systems, and changes to the format of it can be disruptive. We request that Ofcom provides visibility of the intended portrayal in the database at the earliest opportunity (for example, whether it is intended to introduce a "G" column in the SABCDE_n files, or whether the notes column in the files will provide the restriction). Our speed of implementation will very much be driven by this aspect, and unfortunately we are unable to commit to a timeline until the file formats are socialised with our system developers.

Question 4: Do you agree that the pilot for geographic number charges should be introduced six months after the date the final statement is published? If not, please state your preferred implementation period and reasons.

C&W Worldwide believes that this timescale is acceptable. This is on the basis that the six month date would mark the point at which month-by-month¹ measurement of number block utilisation would commence, with the invoice actually being raised at a pre-agreed date, for example the end of calendar year. So for example if Ofcom were to issue the Final Statement at end February 2012, measurement would commence at end August 2012, with the invoice being generated at end December 2012 representing four months worth of charging.

Question 5: Do you agree that we should introduce charges in a pilot scheme initially? If not, please state your preferred approach and reasons.

C&W Worldwide agrees with the usage of a pilot scheme. However, to provide a meaningful pilot, we agree with the comments made by other stakeholders that a credible set of success criteria should be determined prior to the trial. For example, the pilot may be considered a success if the "run-rate" of block utilisation is markedly lower than a counterfactual set of locations where charges are not introduced (perhaps the remaining 20 locations if 30 out of 50 are chosen for the pilot). Indeed, given the feedback on the level of the charge, there may be some logic in having one price for the 20 most acutely impacted areas and a lower charge for the remaining 10, to establish whether the level of charging is appropriate.

¹ Or day-by-day; see response to Question Nine

Question 6: Do you agree that the revised pilot scheme should capture around 30 area codes with the fewest number blocks remaining available to allocate? If not, please state your preferred threshold and reasons.

Although somewhat arbitrary, we agree with the approach.

Question 7 (for CPs): Are you able to provide an estimate of the administrative costs of implementing number charging? Which aspects generate the most significant administrative costs for CPs?

The administrative costs of implementing number charging are minor for C&W Worldwide, amounting to validation of a bill from Ofcom. However, much of this cost depends upon the detail of implementation, in particular the support files (if any) which Ofcom would provide to justify the invoice (e.g. a reasonable compromise would be to have a summary of the quantity of number blocks being charged for in each individual area code, perhaps with more detail where a block was held for a part year). The treatment of ported numbers is also key : see our response to Question Eight for our observations on this issue.

Where implementation costs will be incurred – and at this stage we have not yet determined our internal strategy in this area – is in dovetailing the charges to internal financial structures and potentially retail pricing. For example, if the charging measures are to have an impact on the volume of numbers being actively used by customers or reserved for expansion by our account teams, then there is a need for this to be reflected through to them as a cost-of-sale line item, rather than being simply absorbed within the network operations budget.

Question 8: Which option for dealing with number charges for ported and WLR numbers do you prefer? Please set out reasons for your preference.

C&W Worldwide strongly agrees with Option 5 for ported numbers. In our analysis of the earlier options, it was clear that one of the major implementation costs of charging for numbers, both from a systems setup and ongoing operational standpoint, would be the cost of generating bills to recipient CPs where we are the rangeholder, and validating bills from rangeholder CPs where we are the recipient. We regard the Option 5 proposal as a positive step forward in reducing implementation costs.

While we concede Ofcom's point that the proposed approach favours those CPs that utilise ported numbers, C&W Worldwide would contend that this is something that Ofcom *should be* favouring...if CPs utilise ported numbers, the need for introduction of new number ranges diminishes.

We do, however, query why Ofcom requires information on ported numbers disaggregated by recipient CP, rather than simply as a bulk percentage : is this to facilitate Ofcom auditing the information by checking with recipient CPs? If so, would it not be more appropriate to seek this information only when an audit is required, rather than CPs having to pro-actively produce the data?

We are less convinced about Option 5 for WLR lines. There is an argument that this incentivises one approach to access over another, in that (assuming usage of a new number) a CP utilising WLR faces no number charge, but one utilising LLU does face the charge. Further, the billing arrangement already exists between the number holder (Openreach) and the number user (the WLR CP), in that the cost of the number could simply be added to the WLR rental charge. However, for the sake of consistency with the treatment of ported numbers, we accept that Option 5 is an appropriate way forward. We would stress, however, that WLR lines should only be exempt from the charge when consumed by a non-BT Group company : this should mean that in addition to BT Retail falling outside this description, any other BT Group company should similarly be excluded from the exemption, whether or not the BT brand is utilised in their marketing.

Question 9: Do you have any comments on Ofcom’s intended billing assumptions for the proposed pilot charging scheme for geographic numbers? (i.e. that Ofcom will bill CPs annually; CPs will be billed in arrears; and charges will accrue for each number block in chargeable area codes on a daily basis.)

In principle, C&W Worldwide agrees. We question the materiality versus complexity of billing on a daily basis...for example whether it would be simpler to just bill according to when number blocks are held for full months within the charging year, in particular given the database files provided by Ofcom do not indicate the precise date of assignment for each block.

Question 10: Do you have any views on the appropriate Charging Year and billing cycle for the pilot charging scheme for geographic numbers?

C&W Worldwide has no comments.

OTHER COMMENTS

C&W Worldwide has comments in a series of areas that did not have direct questions associated with them, as follows:

RECIPIENT OF THE NUMBER CHARGE

We acknowledge Ofcom’s position that the funds generated by the number charging initiative should go into the Consolidated Fund (i.e. general taxation pot). We continue to disagree that at a time when funds will be required to publicise regulatory initiatives in the topic of telephone numbering (i.e. removal of local dialling, introduction of overlays), Ofcom will expect CPs to further contribute to this rather than using the funds already created by the number charge.

We absolutely agree that it is for each CP to communicate with their own customers, and the cost of such communication should be met by each individual CP, who inherently will do it in a cost-efficient

manner. However, there will inevitably be a requirement for a common communications campaign (recalling “All the phone companies together”, as used for the 2000 National Code and Number Change), which will require common funding.

Ofcom must be aware that on previous industry initiatives, an inordinate amount of time and effort has been devoted to agreeing cost-allocation matters, and that this discussion is disruptive to developing a shared industry team ethic. Further, if multiple CPs are funding a communications agency, each then needs to contract with that agency, which again has historically caused complication in agreeing legal terms. There must be some way in which Ofcom could set aside a portion of the number charge revenues for implementation of this communications campaign. If Ofcom was to benchmark the costs of such a campaign against previous number changes and the aborted industry campaign associated with 21CN rollout, a finite sum could be put to one side, and inherently CPs would be incentivised to use it efficiently as once the tap ran dry, there would be no more industry funding available.

Absent this, budgets are considerably more stretched than at the time of previous changes to numbering, and many CPs could take the attitude that their regulatory obligation extends only to implementing the specified numbering scheme and informing their own customers of it, hence refuse to get involved in an industry campaign. Potentially an outcome of this would be that Ofcom would be left having to publicise the changes itself.

TREATMENT OF SHORT NUMBERS FOR CHARGING PURPOSES

We note that at 4.133 Ofcom has taken onboard our comments about the presence of 5 digit local numbers in some areas facing exhaust. Should these blocks be allowed to remain at the existing number length, C&W Worldwide proposes that they be charged as if they were structured efficiently. So although the DE blocks involved are used to create only 1000 numbers, it should be acknowledged that if they were used at the more proper 6 digit local number length then 10,000 numbers would be available, hence the rangeholder involved should be charged for 10,000 numbers.

FORMER TYPE B CONSERVATION AREAS

C&W Worldwide seeks formal confirmation of how number blocks issued under the old “Type B” conservation system will be handled in the charging regime. It is our understanding that each assigned 10k block in these areas will be converted to 10x1k blocks, all initially assigned to the CP concerned. On the assumption that the assignee has kept within the conditions of utilising only specific F-digits within the previous 10k block, they will then be able to return the unused 1k blocks to Ofcom, hence be charged only for those 1k blocks that have been used.

We ask that Ofcom confirms that our understanding is correct, and clarifies when the transformation from 10k → 10x1k will occur in order that rangeholder CPs can return unused blocks prior to the introduction of the charging regime.