

Title:

Mr

Forename:

Dave

Surname:

Sowerby

Representing:

Organisation

Organisation (if applicable):

24 Seven Communications Ltd

Email:

dsowerby@24seven.co.uk

What do you want Ofcom to keep confidential?:

Keep nothing confidential

Ofcom may publish a response summary:

Yes

I confirm that I have read the declaration:

Yes

Ofcom should only publish this response after the consultation has ended:

Yes

Question 2.1: Do you consider that the scope for this review, set out above, is appropriate? If not how would you suggest that it should be modified and why?:

Yes we are happy with the scope of the review

Question 2.2: Do the summary of the history of NGC services and the rationale for this review capture all the essential concerns which this review

should be seeking to address? If not, please set out those issues which you consider are not being considered and why these should be included in the review at this stage.:

Yes we are happy with the summary of the history of NGC services.

Question 2.3: Do you consider our proposed approach and framework for analysis is fit for the purpose of this review?:

Yes we agree with Ofcom on this.

Question 4.1: Do you consider that the analysis set out in this Section and in more detail in Annex 2 represents fairly the consumers' concerns? In particular: does it provide a reasonable assessment of the type and extent of the detriment consumers currently experience? And does it identify all the relevant factors?:

Yes we agree with Ofcom on this.

Question 4.2: In this section and in Annex 2 we set out our views of the main factors that contribute to the current outcomes, specifically the interaction of poor price transparency for consumers combined with poor incentives leading to vertical and horizontal externalities. Do you accept that this analysis is a valid assessment of the incentives of the market participants? Do you consider that the implications for consumers we draw are sound and represent a useful basis for assessing appropriate regulatory responses? If not, how would you categorise the relationships and motivation underpinning consumers and OCPs' behaviour?:

Question 4.3: We have identified five key areas of consumer detriment as a result of the poor transparency and poor incentives in the market: reduction in demand for NGC, relative prices not reflecting consumers' preferences:

We believe that the focus on the mobile costs of calling these numbers is flawed. Increasing mobile use has led to reduction of landline use across all society levels not just on the low income families. The disproportionate and unsubstantiated prices charged by mobile OCPs have a detrimental affect across all consumer and business levels.

Question 4.4: Do you consider that our assessment of the state of the market in the absence of ex ante regulation is a reasonable extrapolation of the evidence? If not, why?:

Yes

Question 5.1: Do you consider that the analysis set out in this Section and in more detail in Annex 3, fairly represents the wholesale relationship and issues in this market? If not, why?:

Yes

Question 5.2: Specifically, do you agree with our assessment of the market experience for SPs', including in hosting markets? Do you agree with our assessment of SPs' concerns about price transparency and the impact on their incentives? If not, how would you characterise the market from the SPs' perspective?:

Yes we agree with Ofcom's assessment.

Question 5.3: Do you agree with: our assessment of the OCPs' incentives and behaviour and our preliminary views of the outcome for OCPs under the current market conditions? Are there other factors we should take account of in our analysis? How complete do you consider the tariff rebalancing effect would be in the event of any changes to retail prices, and what impact might any reduction in NGC prices have on consumers?:

We believe that non substantive evidence has been provided to prove that a tariff rebalancing effect will occur if caps are placed on the charges OCPs can impose for calling NGNs.

Question 5.4: Do you agree with our assessment on the complexity of the market relationships between OCPs and TCPs and the balance of bargaining power summarised in this Section and set out in detail in Annex 3? If not, what factors do you consider this analysis should include or give a different weight to?:

Yes we agree with Ofcom's assessment.

Question 5.5: Do you consider that our assessment of the state of the market in the absence of ex ante regulation is a reasonable extrapolation of the evidence? If not, why?:

Yes we agree with Ofcom's assessment.

Question 6.1: Do you agree with our assessment of the likely failure of deregulation to address the identified market failures? If not, please explain why, ideally with reference to the analysis set out Annex 2 and 3.:

Yes we agree. We do not believe deregulation will improve the situation for the consumer in any way. Market forces in the mobile sector have not shown a positive effect for the consumer so far and we do not anticipate without regulation.

Question 6.2: Do you consider that we were right to put aside consideration of wholesale intervention at this stage? If you disagree please set out your views, ideally with reference to the wholesale analysis set out Annex 3.:

No. Ofcom should use its powers to regulate the charges made to the consumer to ensure that continued referral of disputes to Ofcom is reduced instead of escalated.

Question 6.3: Do you agree with our assessment of the limitations of informational remedies to address the totality of the identified market failures? If not, what informational solutions would you propose and to what extent do you see that they would resolve the market failures identified, ideally with reference to the analysis set out Annex 4.:

Yes we agree with Ofcom's assessment.

Question 6.4: Do you agree with our assessment of unbundled tariffs as a potential remedy for the market failures identified? Do you agree with our assessment of the pros and cons of this approach? What do you consider would be the impact of the introduction of unbundled tariffs in this market? Ideally include in your response reference to the analysis set out Annex 5.:

No. We do not believe unbundling tariffs is a benefit in this instance. No evidence has been provided that shows the overall price to NGNs would decrease with unbundled tariffs.

Question 6.5: Do you agree with our assessment of maximum price as a potential remedy for the market failures identified? Do you agree with our assessment of the pros and cons of this approach? What do you consider would be the impact of the introduction of maximum prices in this market? How should such a scheme be structured? Ideally include in your response reference to the analysis set out Annex 6.:

Yes. We believe maximum pricing is definitely a way to restore confidence in non-geographic numbering and this will allow the consumer full information on the most they can be charged for a call. Historic pricing in a much simpler market gave a clearer structure to the consumer and regulation can enforce this again.

SPs must still be able to select appropriate price levels for their product to ensure services can continue and other prices are not affected. For example the costs of calling support lines are often given as problems by consumers yet it is the revenue generated by these calls that enable cheap prices on the high street. An direct consequence of dropping prices for all NGN calls (non-mobile) will be to increase prices for products.

Question 6.6: Do you agree with our assessment of the impact of different options relating to calls to Freephone numbers summarised in this Section and set out in full in Annex 7? In particular, do you agree with our preference for 080 to be "free-to-caller"?:

24 Seven strongly agree that calling Freephone numbers from a mobile should be free to the caller.

The charging model then needs to be adjusted down the line with costs from the mobile operator based on the falling mobile termination rates.

Question 6.7: Do you agree with our assessment of the impact of different options relating to calls to numbers which prices are linked to the prices of geographic calls (03,0845,0870) summarised in this Section and set out in full in Annex 7? In particular, do you agree with our preference for 03 to be the only range with calls prices at geographic rates?:

We agree that 03 should remain as a geographic range with all others being non-geographic.

The aim of this review is to look at simplifying options for consumers and by keeping 01, 02 and 03 separate to 07, 08 and 09 in charging must be maintained for clarity. To consider closing 0870 is an error when the range is strongly in use even after the removal of revenue sharing options previously. This shows the number range has a clear demand for use and to close will be a retrograde step. We must also remember the steps taken in recent years to increase numbers available through 01 02 etc. By closing the 0870 range you are immediately removing 9,999,999 numbers from use. Whilst the number in active service will be significantly less these will still need replicating elsewhere in the numbering network.

Question 6.8: Do you agree with our assessment of the impact of different options relating to calls to revenue share ranges (084, 087, 09, 118) summarised in this Section and set out in full in Annex 7? In particular, do you agree with our preference for: - Adoption of the unbundled tariff for these ranges, with a maximum tariff to apply for consumers' protection on the Service Charge, and - 0845 to be treated the same as 0844?:

No we do not believe there should be the adoption of unbundled tariffs for this range.

Question 6.9: Do you agree with our assessment of the impact of different options relating to calls to 07 numbers which are not mobile numbers (070/076) summarised in this Section and set out in full in Annex 7? In particular, do you agree with our preference for reducing the revenues available from these calls so as to remove the incentives for fraud?:

We are a provider of 070 numbers for Personal Numbering and have customers who use them happily for this. The higher call charge allows us to provide NGN services such as time-of-day routing and mobile termination without any concern about negative margin.

We believe the historic fraud on 070 has largely reduced and to close the numbers just because of a relatively small number of incidents will just drive the fraudsters to other number ranges and methods. You will not stop the fraud.

We believe the larger problems with this range relate to the prices charged to consumer by mobile operators for delivering the call. We fully agree this should be capped to prevent

profiteering on their part.

The services provided on these numbers could not continue at a lower price point and therefore there would be a reduction in services available to our customers.

Question 7.1: Do you consider 18 months would be a reasonable period for the implementation of an unbundled tariff structure? What are your views on staging for the potential implementation? In particular, would it be desirable to move more quickly to restructuring charging to reflect the new regime even if detailed billing would not be ready? What are your views of the technical cost of potentially introducing the new regime and how could implementation be staged to minimise these cost (see also Annex 7 for a discussion of costs)? What are your views on the communications' challenges for potentially introducing this new structure and how should they be addressed?:

No. 18 months is a short time to negotiate contracts, marketing and related number change issues.

Question 7.2: Do you consider 6 months would be a reasonable period for the implementation of the maximum price structure? What are your views of the cost of the potential new regime and how could implementation be staged to minimise these cost? What are your views on the communications challenges for introducing this potential new structure and how should they be addressed?:

This is achievable through a structured and measured introduction of any changes.

Question 7.3: What are your views on the implementation period of up to 6 months for the change to Freephone charges? What are your views of the challenges to the implementation of the new regime and how could implementation be managed to overcome these challenges and minimise any cost? What are your views on the communications challenges for introducing this potential new structure and how should they be addressed?:

We believe six months is plenty of time for this change and would welcome a time no longer than this.

Question 7.4: What are your views on the implementation period of up to 3 years for the modification of the 0870/0845/070/076 ranges? What are your views of the challenges to the implementation of the new regime and how could implementation be managed to overcome these challenges and minimise any cost? What are your views on the communications challenges for introducing this potential new structure and how should they be addressed?:

As we do not propose any change to these ranges I do this question is not relevant.

Question 7.7: Do you consider that the potential approach to the potential price publication obligations would be likely to be effective?:

Historically the publication of pricing in different methods have not been successful. The approach will need to be far reaching and significant to have a considerable effect on consumer's knowledge.