

Response to *Geographic telephone numbers: safeguarding the future of geographic numbers*

Submitted by: IPV6 Limited

Question 1 - Do you have any comments on the objectives and approach to this review of geographic number management? Do you agree with the policy principles that we consider should inform the review?

No

Question 2 - Do you agree that we should not consider further at this stage options that would change existing numbers?

No

Question 3 - Do you agree that local solutions are appropriate based on our current forecasts of anticipated requirement of more numbers?

No. Enforce national dialling. See our further responses for more information.

Question 4 - Do you agree with our assessment of the options for providing new supplies of numbers in four-digit code areas, as presented in Section 4 and in Annex 3?

Yes

Question 5 - Do you agree that closing local dialling followed, if necessary, by the introduction of an overlay code should be the preferred option for providing new supplies of numbers in four-digit areas that may need them? Please give reasons for your answers, and provide evidence where possible.

We believe that closing local dialling (and thereby enforcing national dialling) on a nationwide basis, whilst at the same time issuing geographic numbers in blocks based on a subsequent scarcity of resource basis (see our other answers for more detailed information) will provide sufficient capacity for several years. Our stance is backed by Ofcom's own research in 4.80: "the proposal to close local dialling makes approximately 200,000 numbers available for use in each four-digit area where the measure is implemented".

We believe that the impact of enforced national dialling will be, at best minimal due to several factors, including but not limited to:

1) Certain areas already have eight digit local dialling. Enforcing national dialling will add as little as three digits to such a dial sequence.

2) The volume of mobile phones in use (both as volume of quantity of handsets and customers (ie some customers having more than one handset)) has already set a precedent for national dialling, insofar that all mobile numbers have to be dialled as a national number.

3) The quantity of calls made to mobile phone numbers enforces the precedent outlined in point two above.

To ensure an easy migration from local to national dialling, we would not recommend Ofcom implement overlay codes at the same time as enforcing national dialling.

We believe Ofcom should enforce national dialling on a nationwide basis, in a single action, to ensure both simplicity and continuity.

Question 6 - Are there any other number supply measures that we should consider for four- digit areas?

We believe that enforcing national dialling, as outlined above, will eliminate the need for any further supply measures in four-digit areas, for a period of several years.

Question 7 - Do you agree that we should merge five-digit codes with four-digit codes to create new supplies in five-digit code areas that need them? Do you have any comment on our assessment of the impacts of the options we have considered? If so, please provide relevant evidence where possible.

Yes

Question 8 - Are there any other numbers supply measures that we should consider for five- digit areas?

No

Question 9 - Do you agree with our considerations and preliminary conclusions on how new supplies of numbers should be provided where they are required?

Question too vague to elect a positive or negative answer.

Question 10 - Do you have any comments on how the implementation of number supply measures should be planned?

At this stage, no.

Question 11 - How long do you consider that CPs would need to plan the implementation of the preferred options for four- and five-digit areas?

One year to eighteen months, minimum.

Question 12 - If you are a CP, what costs do you consider that your company would incur if the preferred options for four- and five-digit areas were implemented?

A full answer is dependent on how complicated Ofcom made any final ruling on this particular issue. With resources being diverted from real world activity and focused on a company shift change, database and backend changes, updating of customer and marketing material, staff retraining, we give a broad estimate of between £25,000 and £42,500 (gross impact).

Question 13 - Should we reserve a limited amount of numbers for allocation in blocks of 100 numbers in area codes where it is feasible to do so?

Only after national dialling has been enforced and if such a shortage occurs in X geographic area(s).

However, Ofcom needs to be aware of the administrative and cost impact (in terms of both manhours and monetary cost) which would be felt by such CPs going through the DMA / activation process for a such a relatively small amount of numbers.

Although sub-allocation from another CP can be considered as an alternative, the cost of such of such sub-allocation may be prohibitive when measured against any benefits.

Question 14 - What criteria, if any, in addition to a 'first-come first-served' basis should be used for allocating such blocks of 100 numbers to providers?

We would recommend a colour coding scheme, combining both resource and entitlement.

- Green - Capacity of 75% to 100% available: Allocate in blocks of 10k. Allocated on a first-come-first-served basis
- Yellow - Capacity of 25% to 75% available: Allocate in blocks of 1k. Allocated on the basis of an established network or interconnect arrangements
- Red - Capacity 1% to 25%: Allocate in blocks of 100. Allocated as Yellow but with the additional steps of requiring either a serious letter of intent or proof of requirement from a consumer.

Question 15 - Should the geographic extent of such allocations be limited to the seven areas currently forecast to run out of numbers for allocation before 2015? (i.e. Blackpool (01253); Bournemouth (01202); Bradford (01274); Brighton (01273); Derby

(01332); Langholm (013873) and Middlesbrough (01642)):

If the current system remains in place, unchanged, yes.

However, we would recommend that Ofcom first enforce national dialling and then revisit the issue with these particular ranges.

Question 16 - Do you consider that there are any technical obstacles currently to the effective sharing of number blocks by CPs and to sub-allocation? How could we usefully address those obstacles?

"Technical obstacles" is an ambiguous term.

Each CP will normally be its own commercial entity, in the private sector. We see no reason why Ofcom needs to further regulate and/or manage CPs, by enforcing CPs to sub-allocate, as:

- 1) One CP may not wish to do business with another CP.
- 2) One CP may have a commercial, legal or other reason why it is not able to do business with another CP.
- 3) Any attempt at this level of regulation and/or management will again increase Ofcom's own costs, as well as add additional and unwelcome costs to both CPs and, ultimately, the consumer.
- 4) Some CPs charge will and do charge more than other CPs to sub-allocate numbers, as should be their right in a free market and competitive economy. Regulatory interference and the setting of mandatory tariffs via the medium of regulatory price controls will remove the right of CPs to compete and thereby set their own profit margins.

Question 17 - What are your views on the concept, practicalities and implications of introducing a reservation system for geographic numbers?

We have no overall objection to a reservation system for geographic numbers, on the basis that Ofcom guarantee that any reserved blocks are immediately converted into allocated blocks upon satisfactory proof of interconnect by the CP concerned.

A guarantee is essential; otherwise new CP entrants will naturally not purchase hardware or interconnect provisioning outright until certificates of allocation are received, as there would be no point in having such hardware or connectivity without the requisite, planned numbering allocations being made available to them.

Question 18 - Do you have any comments on our proposed scope of additional audits?

For fairness and openness, there would need to be a further consultation on the proposed

scope of the additional audits themselves, to ascertain the following:

- 1) What data would Ofcom use for benchmarking?
- 2) From whom will Ofcom collect that data?
- 3) What impact will such requirements have on the entities in point two above? Will additional hardware, software and manpower be required to undertake such activities? Who will pay for such associated costs?
- 4) What impact will CPs be subjected to, with regards to loss of income whilst manpower and technical resources are diverted away from the day-to-day operation of a business to dealing with further regulatory requirements?
- 5) Will Ofcom offer AVCO payments to those parties and CPs subject to such increased audits, to cover such losses occurred as outlined in points two and four above?

Question 19 - Do you agree with the high level objectives proposed for the charging regime?

We do not see the objectives proposed for the charging regime benefiting stakeholders, consumers, end-users, etc, in any way.

We view the charges proposed as nothing more than a tax, albeit with a different name. Indeed, in 6.67, Ofcom states "Section 400(1)(b) of the Act specifies clearly that revenues from charging for numbers on the basis of willingness to pay (i.e. auction) go to the Consolidated Fund (i.e. passed to HM Treasury)". Additionally, in 6.68, Ofcom states "While the Act is not entirely clear on the destination of revenues, passing the revenues from number charging to the Treasury seems, from a policy perspective, to have merit..."

We view the overall proposal for charging a discriminatory measure against both smaller CPs and new-entrant CP, as imposing such a charge would no doubt transfer the burden of paying for the 'annual cost of fulfilling [Ofcom] functions' (section 6.20) from designated providers based on their turnover to both smaller CPs and new entrants.

In the current economic climate, at a time when the private sector is already suffering under the general burdens of over-regulation, micro-management and over-taxation, the introduction of this tax is badly timed, a bad policy and may indicate a lack of understanding of the comprehensive challenges on all private sector CPs, especially the smaller ones.

Question 20 - Do you envisage that sub-allocation would increase if number charging is introduced? Do you have any comments on our analysis of barriers to successful use of sub-allocation?

We do not envisage any fundamental increase in sub-allocation if number charging is introduced.

Sub-allocation may indeed be more expensive than allocation directly from Ofcom: If

company X sub-allocates numbers from company Y (who pay Ofcom 10p per number) then company Y will no doubt levy an additional charge on top of the 10p per number to cover additional elements such as manpower, VAT, billing management and processing of the transaction(s).

Question 21 - Do you agree with our view on how charges could be set? If not, please propose an alternative approach with supporting evidence.

No.

Neither the NRA outlined in 6.51 nor the proposed 10p per number are sustainable, which is further in our reply.

The alternative approach we propose is to close local dialling, enforce national dialling as mentioned elsewhere and, subject to this, allocation being administered according to the colour coding scheme, again mentioned elsewhere.

Question 22 - Do you agree with our preferred option for charging for geographic numbers? (i.e. Option 2 Pilot scheme: Charge a flat rate of 10p per number per annum in area codes with 100 or fewer blocks of 1,000 numbers (no charge for other areas). If not, please state your reasoned preference

At a minimum, we are against any type of charging for EXISTING NUMBER RANGES and EXISTING NUMBER RANGE HOLDERS.

We believe that no individual CP has foreseen or provisioned for this proposed tax.

Grandfathering any such tax levied against any EXISTING NUMBER RANGE HOLDER(S) and/or EXISTING NUMBER RANGES will have an immediate and devastating consequence on smaller CPs. The larger and incumbent CPs may be able to sustain this cost internally, or pass the cost to their consumer base, masked as a service charge or increase in line rental. However, smaller CPs will have no means to sustain this cost internally and will be forced to pass the cost to their customer base. We believe this will force many smaller CPs into administration or mergers with other smaller CPs, or into buyouts by either larger or incumbent CPs. This will inevitably lead to less consumer choice and less competitiveness in the marketplace.

Question 23 - Do you agree that the threshold for including an area code within the pilot scheme should be 100 or fewer 1,000-number blocks remaining to allocate? If not, please state your preferred threshold and reasons.

We believe that national dialling should be enforced, followed by a further audit of all geographic ranges, as to ascertain the percentage of available blocks versus blocks allocated.

Question 24 - Do you agree with the proposed level of the charge (i.e.10p per number per annum)?

No.

We believe that:

- 1) The introduction of this tax will spread rapidly to include any and all number ranges.
- 2) The tax itself number charge will increase, per annum, by at least the cost of inflation.
- 3) This tax will eventually be handed to the consumer and end up to be much more than any arbitrary figure that Ofcom sets, as billing systems, billing software, administrative processes and procedures will have to change and be updated. We envisage such a charge being inflated to at least £10 per number (ex VAT), once other factors are taken into consideration.

Question 25 - Are there any other incremental administrative costs likely to be incurred by CPs in relation to number charging? Can you estimate the magnitude of any such costs?

Yes.

This is a wide ranging question and raises as many questions as there are answers, with 'Administrative costs' being a wide ranging term.

If a charge is applied on an area which meets the conditions whereby there are less than 100 blocks of 1000 numbers in the same area, what is to occur when CPs return blocks en-masse, leaving more than 100 blocks of 1,000 numbers in the same area, Will Ofcom continue to levy a charge in that particular area for the remaining CPs, in breach of its own rules/guidelines, or will Ofcom refund the remaining CPs?

If a CP has a range of minimum usage and low profit, or perhaps fragmented usage across a particular range, how will Ofcom deal with this situation? Will the CP be able to return the unused numbers in such a range, or will Ofcom enforce return of the whole range? If the CP is forced to return the whole range, who will compensate the consumers who will lose numbers in that range - Ofcom? Will the CP be in breach of its own terms of supply to consumers if it is forced to return whole ranges and thereby disconnect paying customers who may not wish to cease service?

If a part-used or fragmented block is returned to Ofcom by a CP and a new customer emerges in the same area, the CP then has to reapply for numbers in that range. Once granted, there is then the lengthy DMA and activation process to go through (c.60 days), which will no doubt cause loss of business and revenue to the CP concerned and a migration of the enquiring consumer to a CP which already has particular range.

If a fragmented or part-used block is returned to Ofcom, how will Ofcom issue numbers within that range if the fragmentation is of a percentage that breaks up the number range to units with fewer than a sequential block of 100? Will Ofcom quarantine the block indefinitely or only allocate single digit numbers to new CPs?

The administration of numbering application and the provisioning of DMA administration, range setup, databuild and activation costs any CP money when quantified against manpower, manhours and technical expertise taken applying these steps. Withdrawal of ranges after this lengthy process has been completed will indirectly cause a real and implied financial loss to the CPs concerned.

In a situation where a number range holder has sub-allocated within its ranges, who will Ofcom invoice - the range holder or the sub-allocated party? In the event of failure to pay such an invoice, who would be responsible for payment of such a debt - the range holder or the sub-allocated party?

Question 26 - Do you agree that we should not pursue a policy of charging for golden geographic numbers? If you do not agree, please provide your reasoning.

No

This would be a further, additional tax CPs and ultimately a cost passed to the consumer.

What would Ofcom class as 'golden geographic numbers'? There are many types of 'golden' number including but not limited to sequential numbers, repeating numbers, those based on a persons religion (eg 786) and those based on a persons ethnic heritage (eg 888, 128, 338).

Would Ofcom allocate ranges where a CP did not want chargeable golden geographic numbers in that range?