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BY EMAIL

26 September 2011

Dear Claudio

Consumer Switching Review – Industry Proposal

As you are aware, over the last year, industry has participated in the Switching Working Group (“SWG”) to inform Ofcom’s Strategic Review of Consumer Switching (“CSR”). In addition to this, a number of major CP stakeholders - Sky, BT Retail, Virgin Media and Zen Internet have explored whether there may be any other ways to improve the consumer switching experience.

We have developed an enhanced proposal, based on the SWG work, for voice and broadband services on BT copper which Ofcom should include, as an option, in its forthcoming consultation to be published in October. **We consider that our proposal is capable of implementation by industry within 18 months of a final statement by Ofcom mandating this as its chosen solution, and industry wide design documentation being available. However, importantly, we consider that some of the retail front-end improvements would be deliverable much before the end of this implementation timeframe.**

Whilst the signatories to this letter have developed the proposal and are recommending it to Ofcom, it requires wider industry and Ofcom input to proceed and therefore it should be considered as part of Ofcom’s forthcoming consultation. It is not our intention to exclude any other providers and we consider wider industry participation and support to be essential to the success of this proposal. However, the fact that the UK’s major CPs are strongly in favour of the proposal means that Ofcom should include it in the next consultation document.

You will be aware that the signatories to this letter and other stakeholders have raised concerns over Ofcom’s approach to its CSR. We have reminded Ofcom of the need to act proportionately in seeking to develop its proposals. In particular, we have raised concerns over Ofcom’s apparent preference for a costly new switching solution involving either USNs or TPV at the “front end”, which we consider is a

disproportionate response to the specific issues that have been identified in the consumer switching experience. We consider that there is a much more cost-effective solution available, which we believe would also provide a much better customer experience overall.

The SWG process has not afforded sufficient time to consider how current processes could be improved in the short term to resolve some of the areas of concern identified by Ofcom. In particular, current shortcomings with the existing MAC process have been used to justify Ofcom's preference for a USN or TPV solution, without considering whether and how these shortcomings could be addressed. We consider that such consideration is critical to Ofcom's cost benefit analysis which will form an integral part of the CSR - particularly given the level of indicative costs of the longer term solutions (£50-100 million) that CSMG presented at the last SWG meeting on 13 July.

We consider that consumer interests would be better served and served more quickly, if industry first worked together to improve the known problems with current processes. Such improvements could then be taken into account in choosing and developing a new solution. With this in mind, we have developed the following proposal.

Transfer Code with immediate MAC enhancements

We consider that a switching experience based upon a code requested by a customer directly from their existing provider has a number of key advantages for customers and providers alike, including:

- quick, reliable and cost-effective *authentication* of the customer;
- quick, reliable and cost-effective *validation* of the customer's intention to switch, thereby eliminating slamming;
- reliable and future-proof *identification of the customer's assets* to be switched (i.e. the correct line, calls or broadband service, even where there is no CLI available); and
- provision of a timely impact assessment of switching for the consumer (including an accurate estimate of any early termination charges), i.e. *prior to* the customer finalising their decision (a better customer experience and much more cost-efficient for industry).

The signatories to this letter believe the following are essential elements of the proposal:

- The existing MAC process does not cover MPF based services or WLR. Switching of these services uses the Notification of Transfer ("NoT") process: a gaining provider led ("GPL") process which has the potential for slamming and mis-selling and which provides no reliable asset identification. We are all agreed that a code-based process is necessary to ensure accurate and future-

proof switching of assets, and that the two proposed GPL “front end” processes are disproportionate in terms of cost and efficiency, and unsatisfactory in terms of the customer experience. **We therefore propose that a code-based switching experience (referred to as Transfer Code process (“TxC”)) be extended to include all fixed line broadband and talk services delivered over BT copper.**

- We also acknowledge that the home move process requires attention (arguably it is more problematic than the process of switching providers). The lack of unambiguous identification of the asset supporting the service to be taken up at the new premises means that many services are erroneously ceased. Therefore along with a commitment to improve existing switching processes, **we propose that the transfer code process be extended (detailed process – including customer interfaces - to be agreed) to support an improved home move process with implementation concurrent with switching.** The implementation of a code-based process for working line takeovers at the same time as implementation of a Transfer Code process would be much more cost-efficient for industry – and therefore ultimately better for customers - than if these developments were to be undertaken separately.
- **CPs to provide a separate phone number or IVR option (their choice) for customers to notify their existing provider of their wish to leave. Additionally, customers would be verbally offered the option to receive the TxC without needing to listen to any save offers. The service would include:**
 - a dedicated line or IVR option with all calls to be recorded;
 - an SLA on response to calls to the dedicated line or IVR option to be agreed, reported and auditable;
 - explicitly offering the customer the opportunity to receive a code without hearing a save offer;
 - providing the TxC to the customer while they are on the phone, or where this is not possible within 2 hours by SMS, or email (similar to the current PAC process); and
 - also offering the TxC to the customer via SMS or email as a follow-up confirmation.
- **The customer will be offered a comprehensive assessment of the impact of ceasing their service, including any early termination charges (if applicable).** The impact assessment will also be offered to be delivered to the customer by email or SMS.
- **The customer will also have the option of obtaining a TxC(s) via their provider’s web portal** (requiring the same access and authentication as for other commercial transactions).

On receipt of the final statement from Ofcom adopting this proposal, the signatories to this letter would commit to making as many of these “front-end” retail process improvements in relation to provision of MAC as soon as possible ahead of the overall general implementation timeframe (i.e. those improvements which do not rely on changes to Openreach/industry systems and processes but which can be achieved by individual CPs unilaterally). Timescales for these shorter-term actions will differ between CPs, depending on the systems and process changes required, but we will work together to agree a consistent approach. Some would be achievable within a few months of Ofcom’s final statement.

We firmly believe that the proposal set out here represents a proportionate response to the identified problems and will deliver a greatly improved customer experience for fixed telecoms and broadband switching, with improvements for customers starting to take effect within a much quicker timeframe than that likely through Ofcom’s currently favoured USN or TPV solutions. The greater efficiency and reduced cost to industry would also ultimately deliver benefits to consumers at a far lower cost than Ofcom’s proposals. We would like to discuss our proposal with you and your team in more detail and suggest that we convene a meeting as soon as possible.

Yours sincerely

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