

In response to OFCOM's consultation 'Fixed access market reviews: wholesale local access, wholesale fixed analogue exchange lines, ISDN2 and ISDN30' we offer the following short paper on the quality of service aspects of the proposals made by OFCOM. These comments are made from the perspective of the business market.

Executive Summary

Openreach was separately forged within the BT Group to provide the Industry with equivalence of access to regulated assets – primarily the last mile. As such the Equivalence of Access Board ("EAB") and the associated undertakings were focussed on achieving equivalence of access rather than quality of service. Therefore, no clear industry accepted minimum performance measures targets were placed on Openreach.

As a consequence and without debate, over the years Openreach has repeatedly failed to meet the needs of its customers and in turn the UK's business and consumer markets. Over the last few years Openreach has stumbled from one service crisis to another without any real recourse or evident consequences for its business. Service providers have become weary and cynical of excuses and promises that don't materialise.

Regulating and incentivising an industry 'utility' is relatively new to telecoms, however is fairly common in other sectors such as rail. Drawing that parallel, the Office of Rail Regulation ("ORR") is very active in defining the standards by which its industry operates and has the power to enforce those standards.

In a recent press release (12th September 2013), ORR Chief Executive Richard Price said:

"Network Rail has been entrusted with large amounts of public and passengers' money, which, if invested well, should deliver the levels of efficiency and punctuality it promised to deliver. However, the company is falling short of expectations at the moment. It is facing many problems of its own making, having failed to deliver plans to renew Britain's rail network, with delayed works now affecting performance. The company must urgently catch-up and address the problems which are causing disruption to passengers and target its work as efficiently as possible. This is vital as it heads towards its new five-year delivery plan with more stretching targets." [Annual Efficiency Assessment of Network Rail 12 September 2013 ORR/20/13]

Interestingly this was reported by the BBC as:

'Train passengers are facing unnecessary delays because Network Rail is not doing its job properly, according to a critical report from the regulator. The Office of Rail Regulation said the infrastructure company was slipping behind on maintenance and had not done enough to prepare for bad weather.' [<http://www.bbc.co.uk/news/uk-24074945>]

For any organisation the balance between investment in infrastructure and maintaining day to day quality of service inevitably results in compromise. Ofcom's own findings suggest that Openreach has got this balance wrong and has favoured the roll out of future services (specifically fibre to the cabinet) over supporting existing products.

Given a structure where delays in the delivery and repair of existing products have little or no impact on consumption and margins, then inevitably any commercial organisation is going to either reduce its resources to a minimum or divert them elsewhere. Openreach has at various times done both.

It's therefore clear that Openreach need a clear set of minimum standards by which to operate, enforced through regulation, else we will never get to a position whereby we can support our markets with the certainty of service quality they rightly demand.

We appreciate Ofcom's recognition of the issues and the steps set out in this consultation to address 'quality of service', however the proposed measures are a halfway house and will lead to further gaming by Openreach at the expense of its customers. The proposed measures do not provide the right balance between the quantitative and qualitative aspects of service delivery and do not seem to address Ofcom's own conclusions of what is important to the business market.

In particular, and expanded in the sections below:

- Openreach need a set of minimum standards within which to operate, covering all aspects of service delivery.
- We feel the proposed Significant Market Power ("SMP") condition is not broad enough or measured on a granular enough basis to incentivise the certainty of service demanded by the market.
- We have proposed a small number of additional measures we feel should be included in the SMP condition.
- We have also provided a list of the Key Performance Indicators ("KPIs") we feel Openreach should be required to openly publish. This involves publishing the results of an independent, mandated and regular customer satisfaction survey.

The Need for Regulated Minimum Standards

It is our view that Openreach has little incentive to provide, in a consistent fashion, a level of service that aligns with the needs of the business market. Therefore unless there is a regulated set of minimum standards, then UK plc will continue to be subject to sustained periods of poor performance, at the mercy of how Openreach decide to optimise their operating model. This adds clear risk to the communications services of UK companies and may limit their ability to operate and grow both within the UK market and the internal market of the European Union for which Ofcom has a statutory objective to promote and protect.

Quality of output means many different things to different people. The quality associated with an organisation is often misconstrued as a set of badges or certificates that claim they are a quality organisation. However we believe that in essence there are three things that will drive the quality of service that an organisation actually delivers:

1. A set of minimum standards that the organisation needs to meet to be able to operate a particular service or deliver in a particular market.
2. The brand values that a company wants to evidence, this includes how an organisation might assess the risk to its reputation and ability to compete if they fail to meet their customer's expectations as well as how a company might want to differentiate through quality.
3. How a company assess and decides to manage the cost of failing to meet its customers' expectations.

So to give a parallel example in the airline industry, against each of the above areas:

1. The industry has various bodies such as the Civil Aviation Authority that ensure minimum standards are upheld by airlines to assure the safety of their passengers.

2. Individual airlines then choose the brand values they want to evidence – Virgin Airways have a very different service proposition to Ryanair however both are successful companies.
3. Low cost airlines do everything to strip out elements of service that are ‘superfluous’ and could lead to carrying a cost of failure.

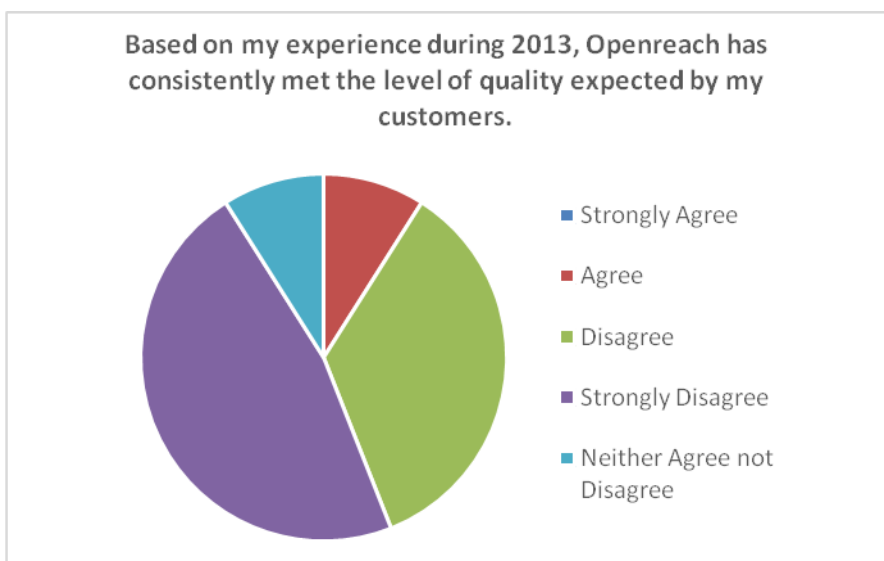
Each of the three aspects is in effect measured against the needs of the market that the organisation serves and will be ‘assessed’ by that market in how well they meet their requirements in all aspects of service delivery.

Taking these arguments into the telecoms environment and in particular Openreach, then against each of these three components, we would argue the following:

1. In terms of minimum standards then these do not exist for the way in which Openreach handles either system or human transactions, this includes field based engineering activity as well as call centre based support (e.g. escalations).
2. Openreach has SMP in a number of markets and therefore by definition does not have any risk driven through competitors offering a better service.
3. The structure of the charge control is such that the majority of the cost of failure to meet customer requirements is met by service providers and end users and not Openreach.

Therefore Openreach are seemingly free to operate without any real incentive to deliver a service that aligns with their customers’ requirements, even against a set of minimum requirements before any brand differentiation might come into play.

The above has been proven time and time again over the last few years as we have stumbled from one service crisis to another. In the consultation Ofcom suggests that service in 2013 has improved. Gamma carried out a survey of its Channel Partners, for the EAB, in June 2013, covering both Equivalence and Quality. Just over 100 individual organisations responded, the chart below illustrates the answers given to one of the quality related questions (full survey including free text responses in annex 1), this clearly indicates a disparity between a view presented to Ofcom by Openreach and the market’s view:



There is also a presumption that providing higher quality, costs more money and therefore if CP's require better quality then Openreach will have to charge more. However we would argue that lack of alignment with a market's minimum requirements costs money (cost of failure) before any additional qualitative components are added on top. Therefore should Openreach align itself better with its customer's needs then its costs might in fact go down.

It is therefore our view that a set of minimum standards needs to be defined and enforced that align with the needs of the business market and separately the consumer market. OFCOM's own research concluded that the expectations of these two markets were different e.g. Business market places 'certainty' as one of its most important requirements, over and above price and short lead-times.

Proposed SMP Condition Minimum standards for quality of service

Whilst we appreciate OFCOM has started to make a move in this direction with the inclusion of a new SMP condition and upholding the existing Service Level Agreement / Service Level Guarantee structure, we are extremely concerned that the proposals are not broad enough and will simply lead to further gaming by Openreach.

We are all well aware of the dangers of setting targets on an organisation and the 'law of unintended consequences', the numerous examples of Government imposed targets on the National Health Service leading to a reduction in the service are well versed. However these classic tales heed two warnings:

1. You get exactly what you target with all associated side effects.
2. If you are going to incentivise an organisation to perform, then make sure it's done in a comprehensive and balanced way.

Example: Target, General Practitioner appointment times must be within two days – response; only have open appointment slots for two days. Target satisfied, patient not satisfied. A better answer would have been to have a graduated scale over a few days, a backstop such as 100% of patients offered an appointment within a week plus a counter measure on quality that each appointment resulted in a patient being cured.

We would therefore request that Ofcom considers the inclusion of a small number of additional measures to be included in the new SMP condition:

1. A measure and target that assures the quality of engineering work associated with the provision of service, "Right First Time". There is mention of the % completed on the committed date however we would like to see that definition extended to complete in a single visit and with no fault reported in the first 3 months.
2. A measure and target that assures the quality of engineering work associated with repairing a fault, % repeat faults.
3. A measure and target that provides certainty in the support provided by the desk based support teams e.g. first point of contact resolution.
4. A measure and target that incentivises appropriate response times from desk based support teams including escalations; Dwell times within x%.
5. Performance to contracted SLAs i.e. a backstop in the SMP condition should Openreach continually miss contracted SLAs i.e. Care Level 4 performance.

The first two items above are fairly self-explanatory and simply aim to assure a level of quality associated with engineering visits.

Items 3 and 4 are associated with providing a level of certainty to customers that matters can be dealt with effectively and with a high degree of confidence.

In March this year a CP involved in the Business Market Service Improvement programme took a sample of 444 calls they made into the Openreach support desks, 36% of these calls did not result in a clear way forward to resolving the issue. This then resulted in multiple calls into the same support desks to try and find someone who could progress the issue. Clearly this drives a cost into all parties involved. In all of those cases the CP would have been unable to provide a business customer with a clear way forward on the issue in hand.

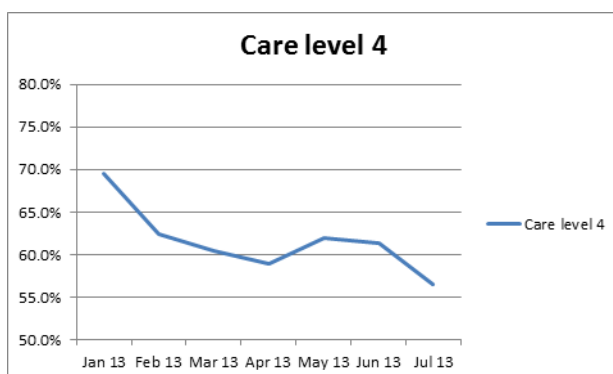
On escalations there has been huge variability in the time to respond, the table below is taken from Openreach’s own data and shows the sequential response times between KCI stages as a snap shot on a particular day in September (NB the KCI 1 figure does not include any delay between the Communications Provider (“CP”) raising a case and when it is first accepted, this can be several days):

Escalation queue	KCI	Description	Working hours
L2C	1	The case has been accepted and you are provided with a 'Viper' reference	27
L2C	2	The first update from Openreach	27
L2C	3	The case is resolved and closed	27

At this time a business customer would have to wait at least 54 working hours before they have an initial view on how a case will be resolved.

Whilst not necessarily the norm, performance drops to these levels several times a year and this leads to a lack of certainty in how responsive business CPs can be to meet our market’s needs. When performance does drop it can take weeks to recover.

On performance to SLAs then the graph below shows Openreach’s performance on Care Level 4 in terms of % of repairs that meet the target resolution time:



This again demonstrates the variability performance that Industry is subject to and whilst the SLA / SLG framework has had some benefits it does need to extend to all relevant aspects of service delivery.

Our final point on the proposed SMP condition is that the measurement period should be more granular than a year. The current proposed annual measure will naturally lead to a level of performance that varies throughout the year, rather than the consistency that is so desperately sought by the market.

Our concern is that Openreach will never resource robustly enough to deal holiday periods, fluctuations in demand and for periods of poor weather. They have recently shown how susceptible they are to even the shortest of weather events, the illustration below



Yet we had 2 days of rain in mid July and Matters Beyond Our Reasonable Control was declared across most of the country and not cleared in some areas until the end of August. We believe that a measurement period of a month is more appropriate even if the assessment and reporting is less regular.

Key Performance Indicators

In Annex 2 we have provided the list of measures agreed by the CP's involved in the Business Market Service Improvement programme. We would like to see a mandatory requirement for Openreach to report these measures against targets agreed by Industry. For any measure that is not meeting its target then an agreed corrective action plan must be in place, lack of progress against any action plan should be highlighted by Openreach when they publish the KPIs.

We would also request that a public, monthly, 'plain english' statement is made by Openreach, without spin, that reports on the current status of their service delivery, example below (this is taking just one product, but we would ask that a statement is made per product) using May data:

- For an I30 customer with care level 3
 - A fault will take an average of 41 hours to clear based on Openreach data.
 - 36% of faults will not be fixed in the expected timescale (SLA).
 - There is a 14% chance that the fault will reoccur in the next month.
 - There is a 18% chance of the engineer not attending site/gaining access.
 - 43% of services will not be delivered when Openreach told us they would be.

- On average a customer of Openreach will need to call the SMC 5 times between placing the order and it going live.
- The order will take nearly 4 weeks to go live.
- If we need to escalate it will take on average 11 days to fix, if we need to raise a complaint it will take 30 days to resolve.

The final area on KPIs is Customer Satisfaction. Openreach regularly carry out Customer Satisfaction surveys but do not publish the results. We would like to see an independent survey carried out once a quarter and the results published. The survey should reflect the aspects of service that are important to that particular market, for example in the business market this should include at least the following:

- Do Openreach deliver when they say they will?
- Do they provide you with clear enough update on how a fault or order is progressing?
- Do you have confidence that Openreach fix faults and deliver services 'right first time'?
- Do Openreach offer enough flexibility in appointment times to meet your customers needs?
- When a service is installed does it meet the quality standards demanded by your customers?
- How would you rate Openreach flexibility should you/your customer need to make changes?
- When you call the support desks are they generally able to resolve your issue?
- Do you believe Openreach fulfil the following behaviours in the event of something going wrong (Y/N):
 - Quickly demonstrate that they are in control of the situation and remain in control until the issue is resolved.
 - Provide a clear path to resolution.
 - Communicate regularly towards that resolution.
 - Have robust and effective escalation mechanisms in place should things drift from expectation.

Annex 1 – 2013 Gamma Channel Partner Survey on Openreach Performance



Microsoft Word
Document

Annex 2 – Business Market Service Improvement Programme – Agreed KPI's

Process	Measure	Target / Success Criteria	Frequency	Method of collation	Openreach Owner for delivery to target	Points to clarify
Provision Excludes transfers & installs requiring planning activity	Time to install <i>Calendar and working days</i> <i>Ave, Min & Max KCI1 to KCI3 delivery</i> Single Analogue Line Multi Analogue Line I2 I30 SMPF MPF MMPF		Weekly & Monthly.	Population		Data should reflect any orders closed (KCI3 received) in the calendar month irrespective of submission date. A measure should also be included for average and max open time for any order currently open.
	Meeting customer promises <i>% and volume of orders meeting CRD (2 measures CRD changed, CRD not changed) (KCI3 delivered)</i> Single Analogue Line Multi Analogue Line I2 I30 SMPF MPF MMPF		Weekly & Monthly	Population		Data should reflect any orders closed (KCI3 received) in the calendar month irrespective of submission date
	Quality of Order Management: <i>CP contacts required to manage order to completion (min, max, ave)</i> Single Analogue Line Multi Analogue Line I2 I30 SMPF MPF MMPF		Monthly	CP & Openreach sample		Data should reflect any orders closed (KCI3 received) in the calendar month irrespective of submission date
	Quality of Order Management: <i>% and volume of orders requiring escalation (DSO or Escalation team)</i> Single Analogue Line Multi Analogue Line I2 I30 SMPF MPF MMPF		Monthly	Population + CP sample		Data should reflect any orders closed (KCI3 received) in the calendar month irrespective of submission date
	Quality of Install: <i>ELF % and volume:</i> SAL MAL SMPF		Weekly & Monthly	Population		Orders closed in current month – 2 with ELF occurring in the following 28 days (shown as a % of

Process	Measure	Target / Success Criteria	Frequency	Method of collation	Openreach Owner for delivery to target	Points to clarify
	I2 I30 MPF MMPF					orders closed in month -2 without and ELF in the following 28 days)
	Quality of Install: <i>Repeat provision activity in 28 days of install % and volume:</i> SAL MAL I2 I30 SMPF MPF MMPF		Weekly & Monthly	Population		Orders closed in current month – 2 with new provision request occurring in the following 28 days (shown as a % of orders closed in month -2 without and ELF in the following 28 days)
	Customer Satisfaction <i>NPS, Customer Effort & CSAT:</i> Time to provision Quality of provision Escalation effectiveness		Monthly	CSAT online		CSAT responses should be in reference to the previous months performance
Installations requiring Planning activity (Where KCI received 'Delay in planning)	Time to install <ul style="list-style-type: none"> <i>% and volume with 'Delay in Planning' received</i> <i>Calendar days Ave, Min & Max submission to KCI3 delivery includes orders requiring planning intervention</i> Single Analogue Line Multi Analogue Line ISDN2 ISDN30 SMPF MPF MMPF		Weekly & Monthly	Population		Data should reflect any orders closed (KCI3 received) in the calendar month irrespective of submission date. A measure should also be included for average and max open time for any order currently open
(Where KCI received 'Delay in planning)	Quality of Install: <i>Right first time % rate (and volume):</i> Single Analogue Line Multi Analogue Line ISDN2 ISDN30 SMPF MPF MMPF		Weekly & Monthly	Population		Data should reflect any orders closed (KCI3 received) in the calendar month irrespective of submission date.
	Customer Satisfaction <i>NPS, Customer Effort & CSAT:</i> Time to provision Quality of provision Escalation effectiveness		Monthly	CSAT online		CSAT responses should be in reference to the previous months performance
Fault Management	Time to resolve <i>% and volume of faults fixed in service level split by product (SAL, MAL, ISDN, SMPF & MPF Variants)</i> Care level 1 Care level 2 Care level 3 Care level 4		Weekly & Monthly	Population		Data should reflect any fault closed (no reject clear received) in the calendar month irrespective of submission date.
	Time to resolve <i>Ave, min & max hours to repair split by product (SAL, MAL, ISDN, SMPF & MPF Variants)</i>		Weekly & Monthly	Population		Data should reflect any fault closed (no reject clear received) in the calendar

Process	Measure	Target / Success Criteria	Frequency	Method of collation	Openreach Owner for delivery to target	Points to clarify
	Care level 1 Care level 2 Care level 3 Care level 4					month irrespective of submission date.
	Quality of repair <i>% & volume Right First Time</i> Single Analogue Line Multi Analogue Line ISDN2 ISDN30 SMPF MPF MMPF		Weekly & Monthly	Population		Data should reflect any fault closed in the calendar month irrespective of submission date.
	Quality of repair <i>% & volume of Repeat faults (1, 2, 3 & 3>)</i> Single Analogue Line Multi Analogue Line ISDN2 ISDN30 SMPF MPF MMPF		Weekly & Monthly	Population		Baseline = volume of faults closed in previous 90 days. Measure = Any faults closed in previous 90 days with a repeat fault reported (split by product and frequency of repeats). Any faults closed >90 days ago with a current repeat open should also be reported as a volume measure.
	Quality of repair <i>% & volume of faults with a 'Reject on clear'</i> Single Analogue Line Multi Analogue Line ISDN2 ISDN30 SMPF MPF MMPF		Weekly & Monthly	Population		For faults closed in previous month
	Customer Satisfaction <i>NPS, Customer Effort & CSAT:</i> Time to repair Quality of repair Escalation effectiveness		Monthly	CSAT online		CSAT responses should be in reference to the previous months performance
	Infrastructure Quality <i>% of services subject to a fault</i> Single Analogue Line Multi Analogue Line ISDN2 ISDN30 SMPF MPF MMPF		Monthly	Population		Base size reporting a fault in preceding month
	Infrastructure Quality <i>% of services subject to a fault</i> Single Analogue Line with ADSL SMPF		Monthly	CP?		Base size reporting a fault in preceding month
Escalations (Irrespective of managing team i.e. SMC, Escalations, DSO)	Time to resolve <i>From CP raising to CP confirming resolved (assuming auto close if no response)</i> Provision: Single Analogue Line Multi Analogue Line ISDN2 ISDN30		Monthly	Population		For complaints closed in the previous month

Process	Measure	Target / Success Criteria	Frequency	Method of collation	Openreach Owner for delivery to target	Points to clarify
	SMPF MPF MMPF Faults: Care level 1 Care level 2 Care level 3 Care level 4 Porting related escalations					
	Quality of Updates <i>Updates received when promised, updates provide meaningful progress (as opposed to holding statements)</i>			Population + CSAT online		For complaints closed in the previous month
	Customer Satisfaction <i>NPS, Customer Effort & CSAT</i>		Monthly	CSAT online		CSAT responses should be in reference to the previous months performance
	Root Cause <i>Top drivers identified (by volume & %)</i>	Reduction in driver category hits target	Monthly	Openreach report into SMF		For complaints closed in the previous month
Porting	Time to process <i>% and volume of orders completed to industry guidelines (2 measures; acceptance and port)</i> Single Lines Multi Lines Single Lines (subsequent port) Multi Lines (subsequent port)					For ports completed in the previous month
	Quality					
Support Team Interaction	SMC quality % and volume of enquiries First Time Fixed	80% first time fixed	Monthly	Openreach call quality (CP CSAT)		For calls received in the previous month
	SMC Quality 98% of agents hitting required quality split by location	98% of agents hitting quality scores of 85% (call quality, FTF)	Monthly	Openreach call quality (CP CSAT)		For calls received in the previous month
	SMC Call Driver Root Cause <i>Top drivers identified (by volume & %)</i>	Reduction in call driver category hits target	Monthly	Openreach report into SMF		For calls received in the previous month
	Systems Support Team <i>% of service impacting cases resolved in 24 hours (Bridge case or P3). Ave, min and max calendar days to resolve</i>		Monthly	Population		For cases closed in previous month
	Systems Issue Root Cause <i>Top drivers identified (by volume & %)</i>	Reduction in call driver category hits target	Monthly	Openreach report into SMF		For cases closed in previous month
	Complaints <i>% and volume answered in 5 days</i>	95% answered in 5 days	Monthly	Bulk		For complaints closed in previous month. For any open complaints the volume & age profile should be provided.
	Complaint Response Quality					

Process	Measure	Target / Success Criteria	Frequency	Method of collation	Openreach Owner for delivery to target	Points to clarify
	Complaints Root Cause <i>Top drivers identified (by volume & %)</i>	Reduction in call driver category hits target	Monthly	Openreach report into SMF		For complaints closed in previous month.