

HYPEROPTIC RESPONSE TO OFCOM CONSULTATION: OPENREACH'S PROPOSED COMMERCIAL OFFERS

27 August 2026

Executive Summary

Hyperoptic welcomes Ofcom's consultation and broadly supports the analytical framework applied in its assessment of Openreach's (OR) proposed commercial offers.

In our response to Ofcom's earlier Call for Inputs, Hyperoptic argued that the key competitive significance of commercial offers of this nature lay not simply in their effect on prices, but in their potential to influence the allocation of customer demand between competing networks. We argued that customer acquisition drives take-up, take-up drives scale and scale drives investment and sustainable competition.

Hyperoptic supports Ofcom's proposed decision to direct OR to withdraw the Incremental New to OR Customer (NTO) Offer.

We also support the conclusions reached in the accompanying report prepared by Fibrus, Gigaclear and Hyperoptic with support from Frontier Economics. That report provides the detailed economic assessment of the notified offers, including support for Ofcom's proposed withdrawal of the NTO Offer and explains why Ofcom's provisional conclusions regarding the Geographic Incremental NTO Offer should be reconsidered. Hyperoptic's purpose in submitting separately is not to repeat that analysis, but to provide evidence from its own network footprint, customer base and operational experience which demonstrates how the mechanisms identified by Ofcom and Frontier manifest themselves in practice.

In particular:

- approximately 30 premises within Hyperoptic's footprint overlap with OR, representing around 30% of our total footprint;
- approximately 30 premises remain available for future acquisition within those overlap areas;
- approximately 30 annual customer renewal decisions occur within OR overlap areas;
- approximately 30 premises remain available for future acquisition within the footprint directly affected by the Geographic Incremental NTO Offer;
- approximately 30 annual customer renewal decisions occur within the footprint directly affected by the Geographic Incremental NTO Offer;
- approximately 30 existing customers within the footprint directly affected by the Geographic Incremental NTO Offer are contestable when the offer commences, representing around 30% of Hyperoptic's customer base within that footprint; and

- Hyperoptic's observed long-run take-up $\ll$.

Taken together, this evidence reinforces Ofcom's concerns regarding the NTO Offer and supports Ofcom's proposed direction requiring its withdrawal. It also supports the conclusions reached in the accompanying Frontier report regarding the Geographic Incremental NTO Offer and demonstrates that a substantial volume of customer demand remains exposed to the competitive mechanisms identified in that analysis. In Hyperoptic's view, the combined evidence supports Ofcom directing OR to withdraw the Geographic Incremental NTO Offer.

1. Hyperoptic Broadly Supports Ofcom's Assessment

Hyperoptic broadly supports Ofcom's analytical framework and welcomes its focus on customer acquisition, take-up and sustainable network competition.

At the Call for Inputs stage, Hyperoptic set out that competition in the current phase of fibre market development increasingly operates through customer acquisition rather than network deployment alone. We explained that customer acquisition influences take-up, take-up influences scale, and scale influences investment incentives and future competitive strength.

We welcome the extent to which these relationships are now reflected in Ofcom's position as set out in the consultation.

We therefore support Ofcom's proposed direction requiring OR to withdraw the NTO Offer.

We also support the conclusions reached in the accompanying Frontier report and endorse its findings regarding:

- the competitive significance of the NTO Offer;
- customer lifetime assumptions;
- financeability;
- retail competition;
- retail-route operators; and
- the Geographic Incremental NTO Offer.

Our purpose in this response is not to repeat those arguments, but to provide practical evidence from Hyperoptic's experience as a retail fibre network operator.

2. The Customer Opportunity Affected by These Offers is Substantial

The consultation rightly focuses on acquisition, migration and switching customers because these customers drive future take-up and competitive development.

Hyperoptic's experience suggests that the volume of customer demand exposed to these dynamics remains substantial.

As at July 2026, Hyperoptic passed approximately $\ll$ premises and served approximately $\ll$ customers. Of these, approximately $\ll$ premises, representing around $\ll\%$

of Hyperoptic's footprint, are located in areas where OR is present. Hyperoptic currently serves approximately 30 customers within those areas.

Figure 1: Hyperoptic Take-Up in Overlap Areas

Area Type	Premises Passed	Customers	Take-Up
Openreach only overlap	30	30	30%
Openreach + VMO2 overlap	30	30	30%
Total Openreach overlap	30	30	30%

Source: Hyperoptic analysis.

Of particular relevance is the fact that the footprint directly affected by the Geographic Incremental NTO Offer remains comparatively immature. Hyperoptic currently serves approximately 30 customers across 30 passed premises within OR and VMO2 overlap areas, implying take-up of approximately 30%. This compares with approximately 30% across Hyperoptic's wider OR overlap footprint and suggests that a substantial proportion of future customer acquisition within the relevant area remains to be determined.

As a result, approximately 30 premises remain available for future acquisition within OR overlap areas, including approximately 30 premises within the footprint directly affected by the Geographic Incremental NTO Offer.

The significance of these offers is not limited to future customer acquisition.

Hyperoptic's customer-level analysis indicates that a substantial proportion of existing customers within OR overlap areas are also contestable. Approximately 30 customers are currently out of contract, a further 30 customers are on flexible or rolling arrangements, and approximately 30 customers are expected to reach contract expiry before the proposed offer commences. Taken together, approximately 30 customers within OR overlap areas are expected to be contestable when the offer becomes available, representing around 30% of Hyperoptic's customer base within those areas.

Contestability also remains significant on an ongoing basis. Hyperoptic's customer-level analysis indicates that approximately 30 customer renewal decisions occur annually within OR overlap areas. This estimate is conservative. It reflects 30%. Accordingly, it is likely to understate rather than overstate the volume of customer demand exposed to renewal and retention activity within OR overlap areas. The customer opportunity exposed to these offers therefore consists not only of a substantial stock of customers who are immediately contestable, but also a continuing flow of customer renewal decisions over time.

The relevance of this evidence is straightforward. A substantial volume of customer demand remains contestable and future competitive outcomes remain highly dependent upon acquisition, switching and retention activity. The customer populations directly exposed to the competitive dynamics considered in this consultation are therefore significant in both absolute and

proportional terms, reinforcing the importance of customer allocation effects in determining future take-up outcomes.

3. Customer Allocation Already Affects Outcomes in Practice

The consultation's underlying theory is that customer allocation influences take-up trajectories over time.

Hyperoptic's experience suggests that this is not merely a theoretical proposition. We already observe materially different outcomes in different competitive environments.

Figure 2: Average Take-Up Trajectory by Competitive Environment

Years Since Build	Overbuilt Areas	Non-Overbuilt Areas	Difference
1 Year	✂	✂	-✂pp
3 Years	✂	✂	-✂pp
5 Years	✂	✂	-✂pp
7 Years	✂	✂	-✂pp
10 Years	✂	✂	-✂pp

Source: Hyperoptic historical cohort analysis.

The most notable feature of this evidence is not the short-term difference but the persistence of the effect.

While take-up outcomes are ✂

Hyperoptic does not suggest that this difference can be attributed to any individual commercial offer. However, the evidence demonstrates that customer allocation outcomes influence long-term take-up outcomes in practice.

The significance of this evidence is that relatively small differences in customer allocation can accumulate over time into materially different take-up outcomes. While the initial gap between overbuilt and non-overbuilt areas ✂. This suggests that competitive interventions which influence customer acquisition and retention decisions need not produce large immediate effects in order to have meaningful long-term consequences for network utilisation and competitive strength.

This observation reinforces Ofcom's assessment and the findings of the accompanying Frontier report.

4. Implications for the Geographic Incremental NTO Offer

Hyperoptic agrees with Ofcom's analytical framework for assessing geographically targeted offers.

Our concern is not with the framework itself, rather, our concern is whether the consultation has fully reflected:

- the scale of customer opportunity exposed to the offer;
- the volume of contestable demand represented by customer renewals;

- the observable impact of customer allocation on take-up trajectories; and
- the cumulative nature of these effects over time.

The accompanying Frontier report explains why the Geographic Incremental NTO Offer operates through many of the same mechanisms identified in relation to the NTO Offer.

Hyperoptic's evidence demonstrates that the customer populations exposed to those mechanisms remain substantial.

As noted in Section 2, the footprint directly affected by the Geographic Offer currently exhibits take-up of only around 30%, indicating that a substantial proportion of future customer acquisition remains to be allocated between competing networks.

As a result, approximately 30% premises remain available for future acquisition within the footprint directly affected by the Geographic Incremental NTO Offer. This is in addition to approximately 30% customers outside their minimum contract term in the same footprint.

Hyperoptic's customer-level analysis also indicates that approximately 30% customers within the affected footprint will be contestable when the proposed offer becomes available. This represents around 30% of Hyperoptic's subscriber base within the area directly affected by the Geographic Incremental NTO Offer. Customer renewal patterns within the wider OR overlap footprint also indicate that the volume of contestable demand grows materially over time as customers reach contract expiry and make renewal decisions.

The offer therefore applies not to a mature customer base, but to an area in which a substantial volume of future customer acquisition, switching, renewal and retention activity remains contested.

Hyperoptic does not suggest that the Geographic Incremental NTO Offer will necessarily produce a specific customer outcome.

However, we consider that the evidence demonstrates that:

- a substantial volume of customer demand remains contestable within the affected footprint;
- customer allocation outcomes already influence take-up trajectories in practice; and
- relatively small differences in customer allocation can accumulate over time into materially different levels of network utilisation and competitive strength.

Taken together, we consider that this evidence supports the conclusions reached in the accompanying Frontier report. The Frontier analysis explains why the Geographic Incremental NTO Offer operates through many of the same mechanisms identified in relation to the NTO Offer, while Hyperoptic's evidence demonstrates that the volume of customer demand exposed to those mechanisms remains substantial. In Hyperoptic's view, the combined evidence therefore supports Ofcom directing OR to withdraw the Geographic Incremental NTO Offer.

If Ofcom nevertheless determines that the notified offer may proceed, any approval should be strictly limited to the specific proposal currently under consideration and should not be treated as a broader endorsement of geographically targeted acquisition incentives.

5. Cumulative Effects Remain Relevant

In our Call for Inputs response, Hyperoptic highlighted the importance of considering commercial arrangements cumulatively where they influence the same customer acquisition margin.

We continue to hold that view.

Our principal concerns in this consultation relate to the NTO and Geographic NTO Offers. However, competition in fibre markets is shaped by the cumulative effect of repeated customer acquisition, migration and renewal decisions. We therefore continue to consider it appropriate for Ofcom to assess the interaction of customer acquisition-focused incentives where they operate on the same pool of contestable demand.

Hyperoptic's evidence in this response reinforces that concern. As demonstrated in Section 2, a substantial volume of customer demand within OR overlap areas remains contestable through both future acquisitions and ongoing renewal activity. Commercial arrangements that operate through different mechanisms may nevertheless act upon the same underlying pool of contestable customers. Their cumulative significance therefore arises not only from their individual effects, but from their combined potential to influence customer allocation outcomes over time

This remains relevant to the interaction between:

- NTO incentives;
- Geographic NTO incentives;
- FTTN Frontbook ARPU Share arrangements; and
- other acquisition-focused commercial offers.

While we recognise Ofcom's provisional conclusions regarding these arrangements, we do not consider that they should be viewed entirely in isolation when assessing long-term competitive outcomes.

6. Future Application of the Framework

Hyperoptic also considers it important that any decision regarding the Geographic Incremental NTO Offer is clearly limited to the specific proposal currently under consideration.

If Ofcom ultimately permits the offer to proceed, Hyperoptic supports the safeguards proposed in the accompanying Frontier report.

In particular, any:

- extension of the offer;
- increase in rebate levels;
- widening of geographic scope; or

- material amendment to its structure
- should be subject to a fresh assessment and consultation.

Any approval of the current proposal should therefore be understood as applying only to the notified offer and not as a broader endorsement of geographically targeted acquisition incentives.

Conclusion

Hyperoptic broadly supports Ofcom's analytical framework and welcomes its recognition that customer acquisition, take-up and scale are central determinants of sustainable network competition. We support Ofcom's proposed withdrawal of the NTO Offer.

The evidence presented in this response demonstrates that a substantial volume of customer demand remains contestable within OR overlap areas through both future customer acquisition and ongoing customer renewal activity. It also demonstrates that customer allocation outcomes are associated with materially different long-run take-up trajectories in practice.

These observations are consistent with Ofcom's concerns regarding the NTO Offer and reinforce the conclusions reached in the accompanying Frontier report regarding the Geographic Incremental NTO Offer. While the Frontier analysis explains the mechanisms through which the offer may influence customer allocation, Hyperoptic's evidence demonstrates that those mechanisms operate within a footprint where significant customer acquisition opportunities, renewal decisions and contestable customers remain available.

Taken together, Hyperoptic considers that the combined evidence supports Ofcom directing OR to withdraw the Geographic Incremental NTO Offer. If Ofcom nevertheless determines that the current proposal may proceed, any approval should be strictly limited to the notified offer and should not be treated as a broader endorsement of geographically targeted acquisition incentives.