

Your response

Question	Your response
<p>Question 1: Do you agree with our provisional conclusion regarding market definition? Please provide reasons and evidence in support of your views.</p>	<p>Confidential? N</p> <p>Yes, we agree with your provisional conclusion regarding market definition.</p>
<p>Question 2: Do you agree with our provisional conclusion regarding SMP? Please provide reasons and evidence in support of your views.</p>	<p>Confidential? N</p> <p>Yes, we agree with your provisional conclusion regarding SMP. That each range holder holds SMP, and that there are insufficient competitive constraints that prevent market abuse. As a large buyer of A2P SMS for Public Sector organisations, we have no countervailing buyer power with the UK MNOs to offset prices rising above a competitive level.</p>
<p>Question 3: Do you agree with our provisional conclusion regarding the three-criteria test set out in section 79(2B) of the Act? Please provide reasons and evidence in support of your views.</p>	<p>Confidential? N</p> <p>Yes, we agree with the provisional conclusion regarding the three-criteria test. (1) Barriers to entry are high and non-transitory - there have been no significant new aggregator entrants into the market over this historical period (2) Each range holder holds a monopoly and market structure does not lend itself towards effective competition. (3) Competition Law may have the ability to resolve this distortion over time, but unlikely to have an impact in the 3-year review period.</p>
<p>Question 4: Do you agree with our provisional view that setting a price cap on A2P SMS termination rates (based on historical pricing with indexation) would be the most appropriate and proportionate response for addressing our competition concerns arising from SMP (identified in section 5)? If not, please explain why.</p>	<p>Confidential? N</p> <p>Yes</p>
<p>Question 5: Do you agree with our provisional view that Option 2 would be effective in addressing the risk (identified in Section 5) that</p>	<p>Confidential? N</p> <p>Yes</p>

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<p>terminating MCPs have the ability and incentive to set and maintain prices for the termination of A2P SMS at an excessively high level, while Options 1 and 3 would not fully address that risk? If not, please explain why.</p>	
<p>Question 6: Do you agree with our proposal to set the price cap at a level based on an average of the four large MNOs' December 2020 prices, adjusted using CPI? If not, please explain why.</p>	<p>Confidential? N</p> <p>Yes, for MT cap.</p> <p>However, there are other cost burdens around connecting to UK MNOs, routing on-net and providing 2-way reply to functionality, which are unaddressed in this consultation.</p> <p>Elements such as 'HLR lookup' carry a cost, and the MNOs charge for this service to enable accurate on-net routing. It is conceivable that the UK MNOs may look to raise these lookup charges to cover lost revenue, which would increase cost burden of delivery.</p> <p>UK MNOs may also choose to charge very high off-net rates to aggregators, despite cap being in place for the interconnect, further increasing cost burden.</p> <p>UK MNOs may choose to charge very high 'connection' fees, which would increase barriers to new entrants or force smaller existing aggregators out of the market – reducing competition.</p> <p>Other assets such as virtual mobile numbers or short codes may have their prices increases to make up for lost revenues.</p> <p>Should the UK MNOs choose to increase the cost burden of these elements, the result on pricing could run counter to the 'growth' strategy intention of these proposals.</p>
<p>Question 7: Do you agree with our impact assessment? If not, please explain why.</p>	<p>Confidential? N</p> <p>Yes</p>
<p>Question 8: Do you agree with our assessment of the potential impacts on specific groups of persons, as set out in paragraphs 2.36-2.37? If not, please explain why.</p>	<p>Confidential? N</p> <p>Yes</p>

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<p>Question 9: Do you agree with our proposal for a three-month implementation period following the publication of our final Statement? If not, please explain why.</p>	<p>Confidential? N</p> <p>No. The MNOs have shown the capacity previously to implement price rises within 30 days. Making changes within 30 days of final statement (or agreed CPI month figure confirmation) should be easily done for on-net traffic at the 1.9637p level concurrent with already applied historical CPI adjustments up to now.</p> <p>Further to this, in public sector procurement, contracts are generally aligned to financial year, commencing on 1 April for 12 months. For practical purposes, aligning any CPI rise to financial year (with December CPI rate used) going forwards could make sense as a single price point could be used for each 12-month financial period.</p> <p>An appropriate solution could be for the proposed price cap to be implemented within 30 days of the final statement, with the next available CPI-linked rise after that to be 1 April.</p>

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