

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>Yes, Voxbone agrees with Ofcom’s provisional conclusions on market definition. These are broadly in line with the market structure and value chain in the market for A2P and not just at wholesale level but also retail level.</p> <p>We also agree with Ofcom in its analysis which points out the lack of service substitutes for SMS bulk messaging. The current volumes of alternatives to SMS for bulk A2P are so minimal in comparison to SMS volumes. We would however ask Ofcom to monitor developments in order to ensure that it can adjust the timeline of the market review.</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>Yes, Voxbone agrees with Ofcom’s provisional conclusion on SMS and the finding that MCPs (mobile communication providers) have significant market power in the A2P SMS termination market. The finding is in line with established regulatory and competition law principles and precedent. Each MCP is in a position to dictate commercial and technical terms for the termination of SMS to its own end users and the pricing hike trend that Ofcom has noted has taken place is an indicator of the MCPs position of dominance as well as the incentive to leverage on this to their own advantage.</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>Yes Voxbone agrees with Ofcom’s provisional conclusion regarding the three-criteria test and it notes that the current structure of the market is conducive to reduced competition.</p> <p>Voxbone notes that the recent significant price increases for the wholesale termination of A2P bulk SMS are a clear signal of a market that not only meets theoretically all the factors considered as part of the three-criteria test.</p>

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	<p>Voxbone agrees with Ofcom that ex-ante regulatory intervention is required given the fact and the circumstances. Relying on ex-post competition law intervention will not suffice in this case.</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>Whilst we agree with Ofcom’s approach in setting the price cap on A2P SMS termination rates based on historical pricing may be suitable, Voxbone believes that Ofcom should ensure that cost benchmarks are used in order to adjust the proposed charges and set them at a more reasonable level, and a level that is closer to the cost of providing the service and in line with cost orientation. See our answer to question 5 for some additional details.</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 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>We agree with Ofcom’s provisional view that Option 2 and the implementation of a wholesale price cap would be effective in addressing the risk that terminating MCPs have the ability and incentive to set and maintain prices for the termination of A2P SMS at an excessively high level.</p> <p>Whilst setting the price cap on the average termination charges of the four largest MNOs based on their December 2020 charges, adjusted for inflation, may appear as reasonable as it avoids setting the price cap based on much higher charges seen since 2021, Voxbone believes that this does not go far enough in addressing the risk it is meant to address.</p> <p>The proposed cap level, approximately 1.96 pence per message as of September 2024, appears unreasonably high based also on international comparisons and with rates in EU markets subject to the € 0.003 cap per message. Considering the material, if not complete, similarity of technologies used and volumes sent, we fail to understand how the costs associated with SMS termination are deemed so much higher in the UK.</p> <p>Allowing rates in the UK at an inflated level can only dampen the adoption of this technology to the detriment of the end users who have shown, as Ofcom itself stated,</p>

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	<p>a very favourable approach to SMS engagement. Furthermore, it is not inconceivable that a markedly too high A2P SMS termination rate could drive a parallel adoption of messaging onto other platforms which lack the trust end users have placed on traditional SMS services. At a time when the end user market is seeking certainty and trust in its communications, incentivizing engagement models that do not ultimately drive end user trust would be an unfortunate outcome.</p> <p>We therefore ask Ofcom to reconsider its position and adjust the rates based on a suitable benchmark and approach in setting the charges at a level that more correctly reflects the cost of providing the service.</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>See our answer to Question 5</p>
<p>Question 7: Do you agree with our impact assessment? If not, please explain why.</p>	<p>Voxbone agrees with Ofcom's impact assessment</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>We do not have come to a final view but we generally agree on the positive impact that a stable A2P SMS market may have on specific groups of persons, such as digitally excluded.</p>
<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>Whilst the introduction of the price CAP is desperately needed, Voxbone agrees with Ofcom proposals for a three-months implementation period.</p>

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