



26 February 2015

Draft Annual Plan 2015/ 2016

Vodafone UK Response to Ofcom Consultation

Introduction

1. Vodafone welcomes the invitation to comment further on Ofcom's draft annual plan. As a leading provider of digital communications in the UK and globally, Vodafone shares Ofcom's goal of continually improving the services available to consumers. With this shared goal in mind, Vodafone embraces the opportunity to assist in establishing Ofcom's priorities for the coming year.

Overall Strategy

2. As discussed within our response to the invitation to comment, Vodafone fully acknowledge the importance of Ofcom's six strategic purposes and, on the whole, see no reason to radically overhaul the duties that these purposes endeavour to address. When looking back over Ofcom's achievements, a focus on these duties has broadly served the industry well. However, in regards to the 10 priorities that have been highlighted within the draft annual



plan, we believe improvements could be made to better serve the needs of consumers. We address those where we believe further attention is required.

Ensure Improved Quality of Service and Customer Service Performance

3. We welcome Ofcom's commitment to 'report on, and enforce against the tighter requirements... introduced regarding the quality of service BT delivers in the initial provision and repair of fixed line services.' Inadequate response times to provision requests and repairs within the Openreach network (as evidenced within OTA2's analysis), are a continual source of consumer harm that urgently need to be addressed. Furthermore, Openreach's failure to meet its KPIs regularly results in driving complaints in to other operators, resulting in distorted complaints figures that may pollute consumer choice. For these reasons, Vodafone applauds Ofcom's decision to prioritise this matter. However, years of piece meal efforts to address this issue guide us to take this commitment with a pinch of salt. Whilst Ofcom have improved the KPIs held against Openreach, it is the perennial issue of enforcement that seems to be ever elusive. Vodafone looks forward to seeing proposals to rectify this difficulty.

The Undertakings

4. The Undertakings are now a decade old with both the industry and consumer behaviour changing significantly in that time. New products such as NGA are significant, competing alongside existing regulated services like LLU. BT is also in the process of acquiring the UK's largest mobile business to integrate into its incumbent fixed business and have made significant investments in a



consumer TV offering. This means that a forward looking review of the Undertakings is needed to ensure that the UK market has the correct regulatory checks and balances to enable competition to flourish and consumers to benefit. In the time horizon ahead Ofcom need to think seriously about how the Undertakings agreed in 2005 can be updated to provide a sound regulatory footing for our industry in the decade ahead.

Business Connectivity Market Review (BCMR)

5. We are pleased to see that Ofcom's attention is beginning to turn to the specific bottlenecks where competition is lacking (through the BCMR), rather than being broadly spread across the industry. It is our firm belief that regulation should be applied in a way which ensures a level playing field and care must be taken to ensure that differing regulatory requirements are not in themselves the cause of competitive distortions. This is of particular concern where monopolistic advantage may be leveraged to apply across propositions or into adjacent markets, through the bundling of services.
6. Following from the above, Vodafone would ask Ofcom to specifically focus its attention within the BCMR on reviewing the quality of service for active Ethernet services, regulated dark fibre and duct access which can be used for all downstream services and effective price controls to protect users of TDM products who cannot easily switch providers.



Services for SMEs

7. Vodafone commend Ofcom's commitment to review the quality of services available to SMEs. As the draft plan notes, Ofcom is obliged to consider the needs of both small business and consumers. We acknowledge that Ofcom signalled its intention to address this issue in September last year, outlining a programme of work designed to enable SMEs to get the best out of communications services in the UK. We hope that this work will ensure good outcomes for SMEs in the provision of communications services and to identify policy options that could deliver an improved experience for them. In particular, we look forward to reviewing Ofcom's assessment of how far the current market outcomes meet the needs of SMEs in terms of the availability of fixed networks, price and quality.

Promote better coverage of fixed and mobile services

8. Continual improvement of service coverage is of primary concern to both Ofcom and Vodafone and we acknowledge the recent implementation of the Voice Coverage Obligation for licensees of 900MHz and 1800MHz spectrum bands. This follows the voluntary industry commitment agreed with the government to deliver 90 per cent of the UK's land mass with voice services by 2017. On top of this commitment, we will continue to address network 'not-spot' areas with our 'Rural Open Sure Signal' programme, which will target 100 rural communities across the UK to be provided with 3G coverage via femto cell technology.
9. Vodafone shares Ofcom's desire to provide an effective and consistent approach to reporting on coverage and quality of experience of mobile



services. However, we urge Ofcom to acknowledge the complexity of ensuring that this information is accurately conveyed and provided in real-time, to ensure that the customer is best equipped to make an informed choice when selecting providers. To address this issue, we ask that Ofcom engage with communication providers as early as possible in this process, in order to benefit from the experience each has in collating coverage data and conveying this in an easily accessible format.

Switching

10. As previously stated, Vodafone supports efforts that seek to make the switching process work to the benefit of the customer. For this reason, we supported Ofcom's previous work in accelerating the mobile porting process from three days to one. Testament to these efforts, Ofcom's own survey data suggests we are now seeing significant improvements in customer satisfaction with this service. However, Ofcom is once again considering overhauling the mobile porting process. Whilst we recognise the theoretical benefits of a Gaining Provider Led system, we remain concerned that further amendments to the switching process may undermine the investment made in the technical solution that underpins the current process. To date, we remain concerned that any further investment in changing this process would be better served addressing work streams where greater consumer harm is present.

Nuisance calls

11. We fully support Ofcom's commitment to take action against instances of nuisance calls, through its joint action plan with the Information Commissioner's Office. The frustration and anxiety that nuisance calls



generate are a serious issue that require swift and effective action where such harm is present. To ensure Vodafone customers are aware of the measures available to counter nuisance calls, we currently provide a dedicated section of our website that provides useful information and all available options to our customers that seek to prevent such calls. Vodafone looks forward to working with Ofcom to consider what other solutions may be viable, although are cautious of adding specific requirements to what must be provided at point of sale, given the detrimental impact this may have on the overall customer experience.

Spectrum

12. Vodafone welcomes Ofcom's acknowledgement of Spectrum being a 'fundamental element' of its strategy. Recent Ofcom and Vodafone commissioned studies have highlighted that younger generations are increasingly consuming data, in part due to the faster speeds associated with 4G services. To meet the needs of this and subsequent generations, it is imperative that Ofcom remains committed to managing the release and further access to spectrum.
13. Furthermore, it is vital that Ofcom continues to explore ways in which additional spectrum can be made available to Internet of Things devices and innovative ways of utilising spectrum, particularly sharing. Accordingly, Vodafone looks forward to the publication of Ofcom's assessment of mobile data demand.

Contribution to Public Policy



14. The lack of immediate access to our network infrastructure is one of the most significant limitations on any mobile network operator's ability to maintain and upgrade their network coverage. Furthermore, the property costs MNOs incur on renting these sites are many times higher than those paid by other key infrastructure providers. These two issues combine to limit the speed at which MNOs can roll out improved network access and address technical faults in a timely manner. As policy makers consider telecommunications as the 'fourth utility', Vodafone feel that the time is right to address this imbalance between our industry and other key infrastructure providers. To rectify these issues we urge Ofcom to continue to work with policy makers to reform the Electronic Communications Code. Reform to the Code must ensure that we have clearer rights to immediately access sites for repairs and maintenance as well as consolidate, maintain and upgrade our infrastructure at no extra cost. We strongly believe that improvements in this area would significantly improve the quality of service across all mobile operators, enabling further competition and assist all stakeholders in protecting consumers from harm associated with network faults and maintenance.

General Conditions Review

15. Vodafone is disappointed to see that despite multiple requests for the General Conditions to be broadly reviewed to amend duplicate/ inconsistent guidance, Ofcom has given this little attention in its draft plan. Due to the nature of the GC's incremental expansion, there is a lack of consistency across the use of definitions (e.g. the interchangeable use of Consumer, End-User and Subscriber which are defined in some but not all conditions), thus resulting in areas of overlap and ambiguity. It would be sensible for there to



be a commitment in this annual plan to have a project to remove duplicate requirements, check the relevance of current requirements and to address the inconsistency in use of terminology. Stripping the conditions back to their original principles will assist communication providers in their compliance efforts and interaction with the conditions, thereby freeing up valuable resource to better meet customer needs. We have no doubt that all relevant parties would embrace this activity.

Protecting Consumers from harm

16. In the draft plan, Ofcom makes reference to its continued interest in fair contract terms. Whilst we acknowledge the importance of this topic, we propose that Ofcom take a holistic approach when imposing regulatory obligations in this area. Price fluctuations do not take place within a regulatory vacuum; they are often the product of a multitude of factors; competitive forces, Annual Licence Fee changes and wholesale costs being of particular relevance. When discussing how price changes can be restricted, it is of vital importance that Ofcom balance the needs of operators to respond to such forces with providing contractual security to consumers. If this balancing act is skewed, it will be to the detriment of further investment, innovation and competition. We urge Ofcom to consider this balancing process if it concludes that a review in this area is required.