<u>Responding to the SMEs Call for Inputs: Name Confidential</u>

Additional comments:

As a Communications Provider to SMEs I have limited our responses to those questions where we have detailed knowledge, expertise and experience. I haven't answered some of the questions which are most likely to be answered more accurately and concisely through published data.

Question 1: What are the communications needs of SMEs and how may these differ by: business size, sector and business model, location, other relevant factors?:

Question 2: How do the needs of SMEs for communications services differ from (a) residential consumers and (b) large enterprises?:

SMEs need reliability and quality but often lack the resources to pay for products and services which have meaningful SLAs. They also tend to lack in-house expertise and need more support and guidance from their supply chain (and others such as peer groups) than larger enterprises in order to develop and sustain their ITC strategy.

Question 3: What are the types and degree of network availability issues that affect SMEs, for example issues with specific locations or services and what is the effect of these issues on SMEs? businesses?:

Unfortunately, many SMEs move into new business premises without asking simple questions about the local telecoms infrastructure. This can create significant stress and increased costs to SMEs. Rural and urban 'not spots' for connectivity of 30Mbps or greater are barriers to business growth. Lack of line plant can often delay the delivery of services.

Question 4: What opportunities do communications providers see in serving the SME market and how are these evolving as a result of developments in technology and infrastructure?:

See response to Q2. Good CPs (and the SME telecoms reseller channel) will be able provide quality advice and support to SMEs enabling them to adopt the most appropriate technologies for their business. The growth in cloud services and associated low-capex purchasing models for SMEs will be enhanced by improved infrastructure, and severely restricted by a lack of it. The convergence of voice/data and fixed/mobile technologies continues to offer opportunities for innovation and the supply of products and services which deliver significant business benefit to SMEs. Continued development of network infrastructure is essential for these opportunities to be realised. Please note that the footnote on p11 of the published call for inputs describes VoIP in an outdated way - delivery of voice services over IP networks using SIP Trunking is growing rapidly, through hosted and on-premise PBX solutions, and converged voice/data access with well-managed bandwidth is a massive opportunity in the SME market.

Question 5: How far does the choice, quality and price of products in the retail market meet the needs of SMEs?:

Generally well, but connectivity products with good SLAs remain beyond the budget of most micro SMEs. This is in part the result of price competition in the residential broadband market and an expectation on the part of business owners that broadband will be both cheap and reliable.

Question 6: Are there challenges for communications providers in targeting the SME sector, and do these vary by geography, SME size and SME sector?:

Question 7: Are there issues facing retail providers in engaging with wholesale providers in order to offer retail products which meet the needs of SMEs?:

Question 8: How far does the quality of service delivered by communications providers meet the needs of SMEs?:

The benefits of higher-priced business-grade connectivity products are often not understood by SMEs until the shortcomings of cheaper residential-style services are exposed. This is not the fault of the CP, but is a matter of buyer education. The products are there - although note previous responses regarding quality/price.

Question 9: What issues face SMEs in ensuring that they have appropriate SLAs and are able to gain redress when quality of services falls below the standards expected?:

Question 10: What products and service enhancements are available, at what indicative price points, to deliver on SMEs? quality of service needs (e.g. in terms of technical product characteristics or fault resolution)?:

The 'Care Levels' provided through Openreach for analogue and digital lines enable SMEs to select response/repair times appropriate to business priorities. Ethernet products are also well covered within standard SLAs. A gap exists within the DSL product set, and if enhanced SLAs for quality and fault resolution on DSL were provided by the Tier 1 carriers it could only benefit the SME market. However, commercial reality might be that such SLAs could not be provided at a price point which smaller SMEs would be prepared to pay.

Question 11: What information is available to SMEs to enable them to select communications services appropriate for their business needs? Please identify any additional information or measures which you consider would enhance transparency for SMEs and your reasons for this view?:

There is a general lack of understanding by SMEs of how the UK telecoms market operates, and the roles/responsibilities of the different elements and businesses within it.

Question 12: What factors do SMEs take into account when they are considering changing their communications service or provider? Please

identify any that you consider may deter SMEs from switching and your reasons for this view.:

Question 13: What evidence is there of issues where bad practices by communications providers causes harm to SMEs?:

Question 14: Are there any other issues in relation to the provision of communications services to SMEs, or SMEs? experience of these services, which you consider should be included within our assessment?:

There are significant problems with Openreach and the timely delivery of new services to business users. Failed engineering visits, missed appointments and delayed installations cost SMEs time and money. As a business-only CP we have seen Openreach performance deteriorate markedly in recent years - in the past 3 months 26% of our analogue line orders, 23% of ISDN2 orders and 15% of MPF orders have failed to meet customer required dates (all such dates being within standard lead times). Repair times are also failing to match up to customer expectation. This is not a new or temporary problem, there are systemic, institutional failings to be addressed.

Question 15: For any issues identified in response to any of the questions above do you have any views on how they may be resolved?:

Openreach must be more thoroughly investigated and held to account in its delivery of services to business end-users. It may be that the time has come to make major changes to the structure, management and operations of Openreach's areas of responsibility. All options including full separation from BT Group should be considered