KCOM Group PLC

Consumer Switching

A consultation on processes for switching fixed voice and broadband providers on the KCOM copper network

Response by KCOM

10 December 2014

Summary

KCOM Group PLC delivers communications services to a range of businesses and consumers throughout the UK under a number of different brands. In Hull and East Yorkshire, as the incumbent provider KC delivers a range of communications services to businesses, consumers and other CPs. Nationally, Kcom provides services to enterprise customers while Eclipse offers a portfolio of communications services with a focus on the SME market.

We have already had to implement changes to the processes used by KC in Hull for voice switches as a result of the changes Ofcom made to GC22 in 2013. We have also implemented changes for our national businesses and for services KC operates outside of the Hull area using Openreach infrastructure. We will also be making the necessary changes to ensure full compliance with GC22 for services offered by KC and our national businesses outside of the Hull area by June 2015. We believe it would represent an unnecessary regulatory burden to continue the MAC process in the Hull area forcing us to use different processes depending on where we are providing service.

KCOM is therefore supportive of measures to extend the provisions of General Condition 22 to voice and broadband services provided to consumer and small business customers on the KC (Hull area) copper network. Absent of intervention, GC22 as it currently stands would mandate KC and resellers on the KC network to continue to use the MAC process for broadband transfers, even after it is being removed everywhere else in the UK.

Our aim is to have a proportionate and efficient switching process in Hull. We see achieving consistency with the Openreach changes as the best method to do this.

While we believe mirroring the Openreach switching changes for voice and broadband services provided over the KC copper network is the right in the circumstances, this may not be the case for any future proposals in relation to switching processes. If Ofcom were to consider extending obligations to additional services or introducing further enhancements to switching processes we would need to consider whether those particular changes were proportionate and appropriate in each instance.

Q1. Do you agree (i) that the problems we identified as arising in relation to switches on the Openreach network exist, or might be expected to exist in the future, in relation to existing switching processes on the KCOM network, and (ii) that consumers and businesses would benefit from a single process for switching voice and broadband services between providers using KCOM's copper network? If not, please explain why, where possible providing evidence to support your view.

KCOM has previously set out its views on the potential harm which Ofcom has identified in relation to switching processes in response to earlier consultations and we do not intend to repeat those views in this response.

Our key concern is to ensure that our business is not required to use multiple processes and different processes depending on where geographically services are being provided. This simply creates confusion and inefficiencies that are unhelpful for customers, ourselves and other providers.

Q2. Do you agree with our view that consumers are likely to find switching provider over the KCOM copper network cheaper and easier under a GPL process than under an LPL process? If not, please explain why, where possible providing evidence to support your view.

Again we do not intend to repeat the views that we have previously expressed on the issue of GPL and LPL processes. We accept that Ofcom has chosen to pursue a GPL option and our main concern is that the processes to be used by our retail and wholesale customers are consistent and clear and do not result in additional costs. Our relatively low volumes of transfers mean our processes are somewhat more manual than Openreach. Therefore we expect in practice harmonising processes to the enhanced notification of transfer process will require limited systems development and be less onerous for KC and KC resellers as compared with running entirely different processes in different network areas.

Q3. Do you agree with our assessment and our proposal to amend the GCs to require CPs to record and store customer consent to switch in order to address the problem of slamming? If not, please explain why, where possible providing evidence to support your view.

In responses to earlier consultations we were supportive of the requirement to record and store customer consent to switch and that remains the case. As we have already had to ensure that we record and store customer consent for fixed line transfers both within and outside of Hull we do not see this as creating any issues.

Q4. Do you agree with our assessment of the requirement for better information on the implications of switching? If not, please explain why, where possible providing evidence to support your view.

We agree that it is important for customers to be provided with adequate information about the implications of switching. We have already had to update notification letters sent to customers switching voice provider when GC22.1 came into force for switches both within and outside of Hull, therefore updating letters for broadband switches within Hull will not be problematic.

Q5. Do you agree with our assessment of the requirements for exact line match and for end-user notification, in order to address the issue of ETs under the WLT process? If not, please explain why, where possible providing evidence to support your view.

There is a very low risk of erroneous transfers taking place on the KCOM network in Hull. As Ofcom notes in the consultation there is only one database of lines and addresses and CLIs are available under all switching scenarios.

We have no objection to the provisions of GC22.22 and Annex 2 of GC22 being extended to KCOM to address any remaining risk.

Q6. Do you agree with our assessment of the requirement to minimise loss of service through the use of simultaneous transfer functionality where available? If not, please explain why, where possible providing evidence to support your view.

We agree with Ofcom's assessment that incidences of loss of service are likely to be low on the KCOM network given the number of switches are small and we currently use a manual process to manage switching activity.

We do not anticipate any marked increase in the number of switching requests and therefore no systems development will be necessary in the short-term. If we did experience a significant increase in the volume of switches it is likely that we would need to undertake systems development regardless of the need to use simultaneous transfer functionality where available. We therefore have no objection to this requirement.

Q7: Do you agree with the estimated implementation timescales of GPL NoT+ we have outlined? If not, please explain why, where possible providing evidence to support your view.

Ofcom has suggested an implementation period of nine months. As we have already had to implement changes for our fixed voice services in order to comply with GC22.1, we believe that a shorter implementation period is feasible. We would find it acceptable to aim for implementation at the same time as changes to Ofcom processes are being implemented,

i.e. June 2015 however, we recognise that this will be dependent on when Ofcom is able to publish a final statement and the ability of our reseller customers to implement the necessary changes.

Q8: Are there any other issues that need to be taken into consideration? If so, please explain what these are, providing evidence in support where possible.

We have already had to implement changes to the processes used by KC in Hull for voice switches as a result of the changes Ofcom made to GC22 in 2013. We have also implemented changes for our national businesses and for services KC operates outside of the Hull area using Openreach infrastructure. We will also be making the necessary changes to ensure full compliance with GC22 for services offered by KC and our national businesses outside of the Hull area by June 2015. We believe it would represent an unnecessary regulatory burden to continue the MAC process in the Hull area forcing us to use different processes depending on where we are providing service.

Additionally, Ofcom's implementation of the MAC process for broadband transfers was originally intended as a remedy for Openreach-based switching. However, the drafting of the GC did not restrict its scope to Openreach. When KC began to offer reseller broadband services in the Hull area, we implemented the MAC process in accordance with the GC. The application of the MAC process in Hull was therefore not in response to any evidence of consumer harm in Hull.

KCOM considers Ofcom's proposals represent a removal of regulatory burden and as such are a proportionate measure which will ensure consistency and clarity for our business.