

## Response to Narrowband Market Review Consultation

### VoIP versus TDM

VoIP is being pushed as the way to go for the future for Carriers and in some circumstances it has its place, but from actual experience the kit has turned out to be generally far less resilient than the TDM kit it replaces. Also the standards are not set in stone with the ITU etc. for inter carrier traffic to ensure that all of the Caller Line Identity details and information flags is maintained (like national, international etc.), which is all well established for many years in the TDM C7 protocols. Much of the hype about cost effectiveness of VoIP equipment is incorrect, replacement TDM equipment would also be at greatly reduced costs compared to the original price of the equipment being replaced. Kit costs have generally fallen through floor, especially TDM equipment! VoIP maintenance fees, which forms a large part of the overall cost of running a network is generally more expensive than TDM, because it generally requires more maintenance activity. There are Operators that are trying to use VoIP as an excuse to reduce interconnect rates, in my opinion the transport mechanism is immaterial and doesn't come into the equation. The cost to control, route and bill a call is generally the same regardless.

### Geographic (Geo) termination to value added services

Contracts for such services cannot be altered to account for such dramatic cost changes as proposed by Ofcom, which is typically for a year but some of our resellers have longer agreements. Example, a customer wishes to move site and with the problems associated with 08 numbers and many originating networks overcharging for such calls they have used Geo numbers for everything including sales. In such circumstances a Changed Number Announcement isn't acceptable, every sales call has a cost and risking the caller not recording and redialling the new number isn't acceptable. Many Geo numbers cannot be ported especially into a different area of the country, so the customer contracts with a provider to permanently call forward the calls to their new site until they can phase out the number over time, which might take years to achieve.

I don't believe Carriers and Resellers should be expected to continue to operate these services with such a significant reduction in their profit margins, Ofcom should phase these changes in over time, similar to mobile termination rate changes, to allow for price increases to be included into contracts to take the changes into account. In the world of Telecoms a 0.2ppm gross profit is not uncommon and with these proposed changes the Providers will be contracted to continue to run these services in effect at a loss, because costs such as customer support and billing will continue and would normally be paid for out of the gross profit which could be reduced significantly or even to zero as a result of the Ofcom enforced changes.

Dropping the requirement on BT to provide CPS where the lines are still contracted with BT or ANO. I cannot see the sense in removing the obligation on BT to provide CPS regardless of who provides the telephone lines. There are customers who wish to continue with their existing relationship with BT for their lines and DDI etc. but may wish to route some or all of their calls via an alternative provider, especially if they make a lot of calls to international destinations or mobiles. Some providers have passed on the reduction in the termination rate changes for mobiles far sooner than others and CPS allows more choice to the customer. I can't see why Ofcom should remove this option to customers and in effect it restricts competition and reduces the options available to the customer. On face value it appears to contradict the Ofcom objectives for regulation.