Representing the Communication Services Industry

FCS
Federation of
Communication
Services

Strategic review of consumer switching
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Introduction

The [Federation of Communication Services](#) represents over 300 businesses delivering products and services via wireless, copper and fibre technology. Over 50% FCS members are smaller CPs and new entrants that deliver telephony services into the residential and business markets; this sector is growing. A recent survey by You Gov in October 2010 [a copy of the survey report is on the [FCS website]](#) asked SME customers what they thought of their telecoms suppliers; the results show that 30% of the SME sample were the customers of smaller CPs, who were valued for their flexibility and customer service.

Key issues

We welcome the opportunity of responding to this consultation on one of the most important issues in the competitive telephony market and we recognise the thoughtful research and analysis that Ofcom has put into the document.

FCS in conjunction with its members has developed a policy position on customer migrations which forms the basis of this response:

- Ease of customer migration is essential for maintaining competition
- It is important to recognise the diversity of the UK telecoms market and the industry participants
- Customers who are individuals as well as small and large businesses must be supplied with a positive experience as they move supplier
- Industry must do more collectively to improve its own image, the positive customer experience and work to agree a single common process as Ofcom is currently subject to reduced resources
- Policy and processes need to take account of market convergence- separate migration mechanisms for different services seem increasingly inappropriate
- UK is out of line with other countries and must move to gaining provider led processes with safeguards against mis-selling and mis-saving
- Fixed number portability is of particular concern for smaller CPs and requires change
- Since customers increasingly purchase bundles of services including fixed, broadband and mobile, mobile number portability is in scope for this review. MNP may be better addressed in an integrated way with work on broadband and fixed line migrations rather than wait until 2013; we believe that this will lead to customers eventually receiving a seamless gaining provider led service from the communications industry.

Customer migration processes must improve:

It is clear from Ofcom's research, the EC Digital Agenda and the recent National Audit Office report on Ofcom that the ease of customer migration is of concern and the process must improve and be relevant to the current and evolving market structure and products. We agree that the industry should be tasked with addressing solutions to current problems under the overall direction of Ofcom.

Common approach

We welcome Ofcom proposals to develop a common approach to the switching arrangements for consumers. In this response we would like to mention other related areas where industry processes are in need of improvement to ensure a more uniform and effective service to our customers.

Number portability

Integral to customer migration is the ability of a customer to port their telephone number during the migration process. Ofcom places less emphasis on number porting in this consultation but FCS has evidence from our members that fixed number portability in particular is a real concern [a report is given in the appendix]. All customers including individual consumers and business customers need a similar process for number portability. Unless this process is improved the ability of customers to switch suppliers will be diminished, competition limited and new entrants will face barriers to market entry

SMEs

Although the scope of this review is limited to residential and small business customers, we hope that Ofcom will have regard for the needs of SME customers with more than 10 employees as well. In the current economic climate a small business of 12 employees may have to downsize to 10 employees and different telephony switching rules will then apply. Hopefully as well, small businesses with less than 10 employees will grow. They might consider it strange that the communications industry treats them differently depending on the number of their employees rather than their turnover for example.

Gaining provider led

 Ofcom's research and the experience of other European Member States demonstrate that gaining provider led processes are better for consumers and competition and we agree that, belatedly, the UK should be adopting gaining provider led processes. We welcome therefore Ofcom's proposals to engage with industry to move forward with this project.

Co-ordinated industry

We suggest that implementation of changing switching processes is co-ordinated between communications providers delivering services over all the technologies- copper, fibre, wireless and satellite – to ensure that industry is able to resolve the operational issues that will arise. Customers using bundled services would expect to have a single process for changing their supplier either to obtain new unbundled products or to another supplier providing the same bundle. The inclusion of very small business customers within the scope of this review brings a large number of smaller CPs delivering for example WLR, IP, and hosted services into the mix and FCS will aim to represent their views in industry fora.

Ofcom consultation questions

Section 4
Question 1: Do you think hassle is a key issue we should tackle in this review?

Yes

Our members report that the current processes can cause them hassle and additional resource cost arising from the current processes; their customers can experience hassle in seeking their new service. Our report on fixed number portability in the appendix demonstrates that customers can give up moving to a new supplier in frustration because they cannot take their phone number with them. This is detrimental to the customer who cannot take advantage of the new services that the gaining provider might offer and detrimental to the gaining CP as he loses potential business despite having to expend resource in seeking to move his customer
We recommend that fixed number portability is tackled with some urgency as part of this review.

Question 2: Do you agree there is a lack of clarity about the switching processes that consumers need to go through to switch and this may create a barrier to switching?

Yes

Customers generally first discuss moving supplier with the gaining provider who has to explain the different processes to move depending on who the losing provider is; any requirement to explain an industry process to a customer leads to a lack of clarity and a barrier to the customer switching. Moving to a gaining provider led process would remove this lack of clarity as the gaining provider would be more in control of events.

Question 3: Do you think clarity is a key issue we should tackle in this review?

We think that the main focus of the review should be to deliver a gaining provider led process, which we believe would result in greater clarity for the customer as an outcome.
For the industry there is a real need for consistency and clarity of industry process enabling established and new participants to deliver service. We are concerned that the current situation does no favours to the reputation of the telecoms industry.

Question 4: Do you think continuity of service (including unwanted breaks and double billing) is a key issue we should tackle in this review?

Yes

Communications services are the essential feature of life for individual consumers and very small businesses. The UK Government and the EC Digital Agenda plan to deliver more public services online, as well as health and smart metering services, so any break in service could cause a real problem for customers in their daily or business life

FCS members have reported loss of fixed line service by their customers when seeking to port their number and the process has failed. The SOHO worker desperate to clinch the next deal by sending their proposal as a file over the internet to meet the deadline is very disadvantaged by any discontinuity of service if their new supplier is unable to deliver service due to ineffective industry processes.

As Next Generation Access services are evolving there is an urgent need to set in place a clear customer switching regime before the market becomes firmly established, otherwise only the early adopters will be able to play in the market, reducing competition and diversity of offerings for customers.

Question 5: Do you think the ability of providers to frustrate the switching process is a key issue we should tackle in this review?

Yes.

The activity of losing providers, either incidentally or intentionally, to deny a customer switching to the gaining provider is a nuisance at best and anti-competitive at worst. The central area of concern is the process within the industry. We have noted that there appear to be few effective sanctions against losing CPs who attempt to frustrate the switch.

Question 6: Do you think consumers' experience of save activity is a key issue we should tackle in this review?

Yes.

Question 7: Are there issues specific to either residential or business consumers' experiences of the switching processes that you think we should tackle in this review?

Yes

We recommend that a single process for switching supplier is developed so that the arrangements between gaining and losing supplier are streamlined. Our examples from the fixed number portability process [see the appendix] demonstrate that sometimes it is the lack of effort by the losing provider to enter a contract with others in the market or even a poorly manned telephone number that holds up transfers between customers of smaller CPs and resellers. Unless there is a comprehensive review of all internal industry processes in this review the problems for customers may continue. In our view there is little difference between the needs of individual consumers and small businesses.

Section 5
Question 8: Do you agree with our analysis of switching costs? Please provide any evidence you have to support your views.

Yes, they appear reasonable

Question 9: Do you agree with our analysis of save activity?

Yes

Question 10: Do you agree with our analysis around the multiplicity of switching processes?

Yes

Section 6

Question 11: Do you agree with the general switching principles we have identified?

Yes

Question 12: Do you agree with our proposed tier structure for the general switching principles?

Broadly we agree and suggest that both a reliable process and guaranteeing continuity of service should also be in Tier1

Question 13: Do you agree with our proposal that the preferred switching approach assuming a 'greenfield' basis is GPL?

Yes, but not only for greenfield sites

Question 14: Which of the identified GPL switching options do you support?

As discussed at the first Ofcom Switching Working Group it is likely that a combination of the options proposed will provide the optimum solution

Customers, we believe, are seeking an option that closely resembles that of their utility or banking supplier.

Question 15: Do you have any information or views on the costs of the switching options outlined above?

Sorry, no.

Question 16: Do you agree with our proposals and implementation priorities for taking forward our work in relation to existing switching processes?

We think that the switching process for all technologies ought to be included in a wide ranging communications switching project overseen by Ofcom, but the detail would be best developed by industry. Ideally now is the time for the industry to set itself up a co-regulatory Telecoms Forum, akin the Telecoms Carriers Forum in New Zealand, to undertake this work.

Appendix

FCS report: Fixed number portability- November 2010

Introduction

The Federation of Communication Services represents over 300 businesses delivering products and services via wireless, copper and fibre technology. Over 50% FCS members are smaller CPs and new entrants that deliver telephony services into the residential and business markets; this sector is growing. A recent survey by You Gov [October 2010] asked SME customers what they thought of their telecoms suppliers; the results show that 30% of the SME sample were the customers of smaller CPs, who were valued for their flexibility and customer service.

Porting of geo and non geo numbers

For the three years from 2008 to 2010 FCS has been asking its members about their experience of fixed number portability and how effective number porting processes were for them in gaining new customers. In 2008 FCS members reported that if a customer cannot port their number then they frequently cannot or will not move to their new supplier. This was a particular concern for new entrants supplying VoIP services. The major obstacles to porting geo and non geo numbers cited were:
- The porting process is long and protracted , often paper or fax based, with the potential for abuse by the losing CP
- A lack of porting agreements between number range holders
- Accuracy of information such as whether the number is on a single or multiline service [even very small business customers have multiline services]
- Rejects are not communicated adequately to the gaining provider

Similar problems were cited in 2009 and FCS has reported its concerns to Ofcom.

2010 FCS member survey

We are disappointed to report that FCS members continue to complain about the fixed number porting process. Several members have said that the time taken to port a customer's number has increased in the last year and some customers have not moved to the new supplier due to their frustration with the porting process.
In summary the respondents said:
- The majority port their numbers via a third party including BT/Openreach and Gamma
- The average number of ports was small- 14 per month- but were increasing
- For WLR to WLR ports and WLR to VoIP ports the average time taken to port was 21 working days, with the longest time to port from 3- 12 months
- The time taken to port a number has increased in the last year- the situation is getting worse as more companies are trying to port more numbers
- The impact on the CP of this porting process is to allocate a higher % of resources
- The impact on customers is frustration, long delays on order acceptance or rejection particularly when rejections are on the day of port
- 60% respondents reported some customers abandoning transfer of their business due to problems with number porting
- Customer confidence in the gaining CP is reduced, when in fact the porting process or intransigence by the losing CP is at fault
- The paper based system is inadequate

- It is difficult to obtain all the relevant information to achieve the port and when a port is rejected the losing CP does not have to give a reason or the correct information
- Respondents say they cannot get their calls through to the Openreach Number Port team and urgent updates on the Order Tracker do not take place leaving the CP unable to explain to their customer what is going wrong

FCS members proposed changes to the system to improve the situation for the industry and their customers:

For Openreach customers:
- Ability to pre-check phone numbers prior to placing a port request
- Ability to fast track orders that have a late rejection
- Direct access to the Port Team that does not require 30 minutes on hold
- A response time within 48 hours enabling the gaining CP to re-present the order
- WLR3 needs to be improved before the SPG closes- processes need to be built for porting BBV and IPEX numbers

For the industry as a whole:
- Improve the speed of the current process and automate
- Implement multilateral agreements across the industry replacing the bilateral agreements, where they are in place
- Losing CP must provide all relevant information to the gaining CP including the CUPID code and DDI ranges on the bearer
- Develop a central data base for ported numbers open to all CPs who need to port their customer's numbers- this will include the need for multilateral agreements

Conclusion

The fixed number portability process originally designed for single line ports between large retail customer based CPs is inadequate for the current market where smaller CPs and new entrants are growing their market share, particularly in the SME customer sector. Unless changed, the process contributes to a barrier to competition and the ability of customer to take up new services. Ofcom should address these failings

FCS recommends that Ofcom instructs industry to develop an effective central database for all ported numbers [irrespective of technology], with a scheme of multilateral contracts, and no barriers to market entry. We are concerned that the UK will be unable to implement its obligation for a 1 day porting process by May 2011 for geo and non geo numbers unless the porting process is immediately addressed.

We would welcome more proactive enforcement by Ofcom against losing CPs who refuse to co-operate with the number porting process.