

# **Response to Ofcom Consultation on:**

## **Routing calls to ported telephone numbers**

From  
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This response is a collection of brief comments based on my experience of working on mobile number portability in various countries including Bahrain, Channel Islands, Ireland, Malta, Malaysia, Netherlands, Saudi Arabia, South Africa, and UK. This work has included activities for regulators, operators and database suppliers.

**This response does not represent in any way the views of the UK MNP OSG, which I chair, nor any of its members.**

These comments are made from the perspective of what I would recommend as "regulatory best practice".

### ***Overall context and interaction with other measures***

There are interactions between three areas:

- MNP process
- Call routing to ported numbers and associated charging
- Mobile termination rates

Ofcom should provide a clear roadmap for its treatment of all three areas.

The current situation in UK is one of the most complex and confused compared to other countries. This situation seems to have arisen because Oftel/Ofcom have worked initially from dealing with specific issues and expanded solutions to the general and have not addressed the general first. There also seems to be reluctance to address issues initially in sufficient practical detail presumably on grounds of economic theory. This allows problems to develop and grow and then over prescriptive measures are proposed to tackle the resulting problems. One example is the charging arrangements for calls to ported numbers. Another example is the difference between termination rates and permitting different times of day for peak and off-peak rates. The lack of adequate detail and the resulting divergences between different operators leads to great confusion for the general public and additional expense for operators.

### ***Support of onward routing is essential***

All Call Query direct routing should not be viewed as an alternative to onward routing but as a supplement. Block operators should always support onward routing since they may receive calls to ported numbers that have not been subject to ACQ. Such calls may come from fixed operators or from operators in other countries.

### ***Treatment of additional conveyance costs in a "user right" MNP requirement***

When Oftel decided that the recipient network should pay the additional conveyance costs of the block operator in onward routing this decision was taken when the number portability requirement was based on enhancing competition and operators with significant market power had an obligation to export numbers on request from other operators. Number portability was not a user right. This led to the concept that portability was an issue to be isolated between donor (and block) operator and recipient.

The change introduced without much debate by the European Commission to number portability being a user right should have led to a wider reassessment of the charging arrangement. With portability becoming a user right it becomes logical for the originating operator to bear the cost of any additional conveyance and this creates an appropriate incentive for direct routing using ACQ if information on ported numbers is available.

Thus a historical specific solution has been expanded to a general solution in somewhat changed circumstances and now is wholly inappropriate in my view.

## ***Choice of solution***

In the condoc, Ofcom dismisses Option (3) as follows:

1.30 However, in practice, we do not favour this option because:

a) Calls to mobile numbers originate on both mobile and fixed networks and this change would shift some of the burden of mobile porting conveyance costs from the mobile industry to the fixed industry. Because we expect that fixed networks are unlikely to directly route calls to ported mobile numbers in the foreseeable future (because it is likely to be uneconomic), this change would likely result in some of the inefficient cost of onward routing simply being transferred from mobile to fixed operators and hence, from one group of subscribers to another;

b) fixing that problem, by restricting this option to mobile-to-mobile calls to ported numbers, creates a new problem, which is that calls could be re-routed from mobile to fixed networks to take advantage of the price differences between them ('arbitrage'). In effect, such a rule would encourage mobile operators to route traffic through fixed operators to avoid paying porting conveyance costs; and

c) in any event, it is uncertain whether existing wholesale billing systems can support this option and, if not, what the costs of implementing it might be.

I think that this argument is misplaced for the following reasons:

- From first principles it is quite reasonable for the originating operator to pay the additional porting conveyance costs and this principle should apply to all calls whether from fixed or mobile and whether to fixed or mobile. I see no need to isolate the porting costs and charges between fixed and mobile. To do so is also inappropriate considering the trend to fixed-mobile substitution and "convergence".
- The argument that "this change would shift some of the burden of mobile porting conveyance costs from the mobile industry to the fixed industry" is disproportionate and unbalanced since the mobile charge is half of 0.2 ppm = 0.1 ppm when mobile termination rates are several pence and much higher than fixed termination rates.
- I do not think that the option should be restricted to mobile to mobile calls, it is Ofcom that is introducing this restriction. I think that the same approach should apply to all calls to ported numbers whether from or to fixed or mobile. This approach would solve the arbitrage problem.
- I accept that there may be some costs for billing systems in changing the treatment of additional conveyance costs but block operators can decide whether or not it is cost effective to charge under the new arrangements and can negotiate simpler estimations if they wish. In other countries some block operators do not charge the originating operator for additional conveyance even though they are entitled to. Thus any high costs can be avoided.

I agree with Ofcom's evaluation of some of the attractions of Option (3). It is the option that offers greatest fairness, simplicity and scope for minimising costs and in my view the best one.

## ***Migration***

Given the large number of players in the UK market and their diversity, it is probably unrealistic or extremely difficult to implement a solution that requires synchronised changes. Operators need to be able to make changes at their own pace and Option (3) and the long term solution described below allows this.

## ***Effects on market entry***

The current treatment of additional conveyance costs results in each pair of operators that is porting numbers between each other having to conclude a contract creating a large "mesh" of contractual relations. This creates unnecessary problems and expense for new entrants. If the direction of payment of the additional conveyance were changed it should become possible for an new entrant to enter into a single contract with a transit operator who would handle the payments to other operators. This would greatly facilitate market entry.

## ***Long term solution***

As long as the UK continues with a patchwork of separately formulated solutions to specific issues the overall situation will become ever more complex. Now is the time to introduce much needed simplifications and to adopt the simple framework followed by some other countries. The basic elements of this framework would be:

- Originating operators are responsible for routing their subscriber's calls and have rights of access to the information needed to do direct (ACQ) routing but have a choice whether to route directly or via the block operator.
- Block operators should be entitled to charge those operators from whom they receive calls to ported numbers for at least the full costs of transiting their network. Such charging will give the appropriate economic signal to move to direct routing when this will be more cost effective. Ofcom could set a common maximum porting conveyance charge for both fixed and mobile block operators.
- Operators that import numbers should have an obligation to make available to other operators a list of the ported numbers that they are currently serving. The means for making this information available does not have to be a central database although a simple central database does make sense. The information could be published for downloading on a VPN or distributed multilaterally in an agreed form regularly by other means. Updating every week would be sufficient since onward routing could handle calls from the time of porting to the time of update. Where a number has been ported more than once the donor would have to apply onward routing until the update occurs. A simple system such as this could be upgraded over time.
- Termination rates are equal at all times of day for those networks that port numbers between each other
- The same solution should apply to fixed and mobile even if many fixed operators choose to not to use ACQ at least for the next few years.

Thus in my opinion Option (3) should apply to both fixed and mobile as part of a wider framework for the future.

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