



# Wholesale Line Rental

Fit-for-Purpose Assessment

Statement

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## Section 1

# Summary

## Background

- 1.1 Wholesale Line Rental ('WLR') allows alternative suppliers to rent access lines on wholesale terms from BT, and resell the lines to customers, providing a single bill that covers both line rental and telephone calls. Its introduction has been a significant stage in the development of competition in retail markets in the UK. A fully effective WLR product will bring major benefits to consumers in terms of increased choice, innovation and lower prices. Consumers in all parts of the country will have the opportunity to choose alternative suppliers who combine access and call services.
- 1.2 In 2002 BT was required to introduce WLR. This was linked to a form of incentive regulation - the retail charge control ('RCC') would be relaxed from RPI-RPI to RPI+0% when Ofcom assessed that BT had introduced a fit-for-purpose WLR product which was being actively used by competitors. This commitment gave BT an incentive to introduce WLR fully in a timely manner and also recognised that the market for these services would become more competitive through the introduction of a fit-for-purpose WLR, with competition itself controlling prices.
- 1.3 'Fit-for-purpose' ('FFP') is to be assessed in terms of material compliance with a product specification and process implementation published in March 2003 and through an analysis of the market impact of WLR assessed against criteria also set in March 2003.
- 1.4 BT triggered the assessment on 8 July 2005 by writing to Ofcom and indicating that it considered that the WLR product now met the 2003 requirements and that the RCC should consequently be immediately relaxed. Ofcom has committed to complete the assessment by the end of 2005.
- 1.5 Ofcom subsequently conducted its own thorough review of the WLR product, assessing its performance against the 2003 criteria. On 7 October 2005, Ofcom published a consultation document ('the consultation document') which set out its analysis of the extent to which the WLR product meets the 2003 FFP requirements and inviting views on Ofcom's initial conclusions. This statement summarises the responses to that consultation, updates the analysis where necessary and sets out Ofcom's final conclusions.

## Consultation Assessment

- 1.6 The product specification published in 2003 set out 38 main requirements which a WLR product would have to meet in order to be FFP. Having assessed the WLR services and processes introduced by BT, Ofcom proposed in the consultation document that 37 of these requirements had been delivered as originally specified or in a different form agreed by Ofcom and service providers subsequent to the March 2003 statement. Albeit in the case of two of these 37 the delivery was only marginally met. The 37 included exchange line types, supplementary services, forecasting and order queue management, consumer protection measures and most ordering, provisioning and fault management requirements.
- 1.7 The product area which Ofcom proposed did not meet the requirement was the process that enables service providers to transfer customers when they move home.

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- 1.8 In addition, in order to measure the performance of WLR process implementation, 15 Key Performance Indicators (KPIs) were set in 2003. Assessing performance against these KPIs, Ofcom proposed in the consultation document that 13 of the KPIs met the requirements set (although four of these were met only in part). The two areas where Ofcom believed the requirements were not met relate to the availability of the ordering and fault management services.
- 1.9 The consultation document also included an 'action plan' provided by BT in which BT committed to make further improvements to the WLR product in system upgrades in December 2005 and April 2006. These addressed those shortcomings identified by Ofcom in the consultation document, including those areas where Ofcom judged the 2003 requirements only to have been met marginally.
- 1.10 The final part of the assessment was to consider the market impact of WLR and compare this to the levels set in 2003. This assessment was intended to capture whether the goal of greater retail competition was likely to be achieved taking into account the level of take-up of the WLR product. The levels set in 2003 for a FFP assessment were 50,000 WLR orders a month. The consultation document reported that the average monthly growth rate for WLR over the previous six months (February – August 2005) had been 115,758 lines, with an average of 80,798 residential and 34,960 business lines.
- 1.11 Ofcom concluded its assessment in the consultation document by proposing that, taking into account BT's commitment to improvements in the action plan, WLR is FFP under the criteria set in 2003 and that the RCC should therefore be relaxed to RPI+0%. This was based on the 2003 criteria that if the WLR product meets most of the core requirements, the work outstanding is sufficiently minor, BT has committed to carrying out the outstanding work in a timely manner, and take up levels are significantly exceeding the targets set, then the RCC should be relaxed immediately.

## Responses to the consultation

- 1.12 Thirteen responses were received to the consultation document. There was broad agreement with Ofcom's assessment that:
  - most of the core requirements of the Product Specification had been met;
  - Ofcom had correctly identified the key areas where the requirements had not been met or only partially met;
  - the BT Action Plan was the right way to address these shortcomings; and
  - the market impact was double the target set in 2003.
- 1.13 However, nine of the respondents argued that WLR should only be considered FFP once BT had delivered its commitments in the Action Plan. They argued that the shortcomings with the current product were significant, not minor. Furthermore, they believed that BT would not have an incentive to deliver the Action Plan once the RCC had been relaxed. Some argued that many aspects of the WLR product should be assessed against a standard of equivalence of input to the parallel BTR product and that it would fail this test.
- 1.14 While agreeing that take-up significantly exceeded the targets set in 2003, some argued that these were lower than those achieved by CPS at a similar stage in market development and that other targets should be set.

- 1.15 BT and another provider argued that the requirements set in 2003 had been met and that WLR is FFP. Another agreed with Ofcom's overall approach – that a FFP finding should be linked to an Action Plan – but argued that more items should be added to the Plan and additional incentives created on BT to deliver it fully and on schedule.

### Ofcom's conclusions

- 1.16 Ofcom has carefully considered all the responses to the consultation document, in particular, the views expressed in responses that the shortcomings correctly identified by Ofcom were in fact significant and hence that the RCC should not be relaxed until the commitments in the Action Plan have been delivered by BT.
- 1.17 Ofcom has taken account of the fact that the great majority of the core requirements have already been satisfactorily met. Furthermore, Ofcom has taken into account that BT has publicly committed in the Action Plan to delivering the outstanding improvements relatively quickly, with a third of all remaining improvements on track for delivery on 19 December.
- 1.18 Ofcom has also carefully considered the market impact of WLR to date. The very positive take-up figures reported in the consultation document have improved further. The average growth rate for WLR over the past six months is now 133,295 lines per month. Business WLR is growing by 34,649 lines per month on average and had reached 896,258 lines at the end of November 2005. Residential WLR is growing at 98,645 lines per month, and had reached 920,113 lines at the end of November. In the past 12 months WLR residential has grown by 846,853 lines. Approximately 4.7% of BT's residential and 11% of BT's business PSTN lines have transferred to WLR. These figures far exceed the targets set in 2003.
- 1.19 Ofcom's requirement is to assess WLR against the criteria set out in the March 2003 statement and not against a standard of equivalence of input with BT Retail's products. Equivalence of inputs will be delivered through the undertakings given by BT under the Enterprise Act 2002 as part of the Telecoms Strategic Review. Similarly, projections of take-up can only be judged against the levels set in 2003 and not figures set subsequently.
- 1.20 Taking all of this into account, Ofcom's judgment remains that the outstanding shortcomings are minor in nature. Consequently Ofcom considers the correct conclusion to be drawn is that WLR is FFP under the criteria set in 2003 when considered in conjunction with BT's improved Action Plan. Ofcom therefore concludes that the RCC should be relaxed to RPI+0% from the date of this Statement in accordance with Outcome 2 identified in the 2003 statement.
- 1.21 Nevertheless, it is essential that BT delivers the Action Plan fully and on schedule. In light of this, Ofcom has sought further assurances from BT that it will deliver the improved Plan within the timeframe required and has obtained from BT Openreach a written commitment which is being published in this statement. In addition, BT has agreed to report regularly to industry on the progress of the Action Plan and to publish its performance against the KPIs. Finally, Ofcom is making clear that it will review performance against the Action Plan in April and that it will direct BT to implement any necessary changes if any of the Plan commitments are not materially met.
- 1.22 The RCC provision contained in BT's SMP Condition is itself due to expire on 31 July 2006. Ofcom intends to review the RCC provisions in the first half of 2006 and will consult on future options for the RCC in spring 2006.

## Section 2

# Introduction

## Background

- 2.1 BT was required in August 2002 to introduce a new 'Wholesale Line Rental' ('WLR') product. WLR allows alternative suppliers to rent access lines on wholesale terms from BT, and resell the access lines to the customer, enabling them to provide a single bill that covers both line rental and telephone calls.
- 2.2 BT introduced a basic WLR product at the beginning of September 2002 (known by Industry as 'WLR1'). However, it was recognised that this product would need to be developed further if it was to be a 'fit-for-purpose' (FFP) product in the mass market.
- 2.3 In order to provide BT with an incentive to introduce WLR as quickly and fully as possible, the requirement was accompanied by a commitment that the charge controls on BT's residential prices would be relaxed (from RPI-RPI to RPI-0%) when BT was assessed by Ofcom to have introduced a fit-for-purpose WLR product which was being actively used by competitors. A relaxation of price controls would reflect the fact that the market for these services was becoming more competitive, with competition itself controlling prices.
- 2.4 In March 2003 in the Statement *Wholesale Line Rental* ('the 2003 Statement') the essential features of an enhanced WLR product to be used in the assessment were set out in a Product Specification, along with details of the assessment process ([http://www.ofcom.org.uk/static/archive/oftel/publications/whole\\_line/2003/wlr\\_2\\_0303.htm#b](http://www.ofcom.org.uk/static/archive/oftel/publications/whole_line/2003/wlr_2_0303.htm#b)). The Product Specification is included in Annex 2 of this document.
- 2.5 The 2003 Statement set out three main tests of whether WLR as implemented is fit for purpose:
- Is the functionality of WLR consistent with the Product Specification?
  - Has this functionality been implemented in such a manner as to minimise barriers to effective retail competition?
  - Is the market impact such as to suggest that the goal of effective retail competition is likely to be achieved?
- 2.6 The 2003 Statement identified four possible outcomes to the assessment:
- The WLR product as implemented is fully satisfactory, with no further work required. The retail price control can immediately be relaxed to RPI+0%.
  - The WLR product meets most of the core requirements, but there are some areas where further work is required. The work is sufficiently minor that it is reasonable to relax the retail price control immediately, on the basis that BT guarantees to carry out the outstanding work.
  - The WLR product meets most of the core requirements, but there are some areas where further work is required. The work is major enough that the retail price control should not be relaxed until it has been completed. On completion of this work, there would be a further assessment of whether this has been done to a satisfactory standard, but Ofcom will not carry out a full reassessment of the WLR product.

- The WLR product does not meet the core requirements. A large amount of additional work is required, and a full reassessment of the WLR product will be required once this has been carried out.
- 2.7 A second WLR product was launched in March 2004 (known by Industry as 'WLR 2'). Since that time, BT has sought to develop WLR further to meet the requirements of the Product Specification by releasing enhancements to the product and processes.
- 2.8 BT triggered the assessment by writing to Ofcom on 8 July 2005 indicating that it believed the WLR product is now FFP.

## Assessment and Consultation

- 2.9 Ofcom published a consultation document on 7 October 2005 ('the consultation document') considering whether the WLR product is FFP. It is published at: [http://www.ofcom.org.uk/consult/condocs/line\\_rental/#content](http://www.ofcom.org.uk/consult/condocs/line_rental/#content).
- 2.10 Ofcom's analysis suggested that the WLR product now meets most of the core requirements set in 2003. Ofcom noted that the work outstanding is sufficiently minor and BT has committed to carrying out the outstanding work in a timely manner. Moreover, the take-up levels significantly exceed the targets set in 2003. On this basis, Ofcom proposed that WLR is FFP under the criteria set in 2003 and that the RCC should be relaxed to RPI+0% from December 2005.
- 2.11 Thirteen responses to the consultation were received. The non-confidential responses are published on Ofcom's website and names of respondents are listed in Annex A. This statement summarises the consultation and the responses. This statement does not address issues raised in responses where those issues are outside the scope of or irrelevant to the assessment. It updates the information provided in the consultation, where applicable, and gives Ofcom's analysis of the responses. Finally it sets out Ofcom's conclusion on whether WLR meets the FFP requirements set out in the 2003 Statement.
- 2.12 In Section 3 the issues around the requirements of the Product Specification are examined. The implementation and performance of WLR is considered in Section 4. In Section 5 the market impact of WLR is considered against the targets set in the 2003 Statement. We set out our conclusions in Section 6 along with our plans for reviewing longer term issues around the RCC.
- 2.13 It is important to emphasise that this assessment is made against the criteria set out in the 2003 Statement. It does not assess whether the WLR product is fully equivalent to that provided to BT Retail. That equivalence is being delivered through the Enterprise Act undertakings given by BT as part of the Telecoms Strategic Review, a statement on which was published on 22 September (available at [http://www.ofcom.org.uk/static/telecoms\\_review/final\\_statement.htm](http://www.ofcom.org.uk/static/telecoms_review/final_statement.htm)). Details of what this equivalence will mean for WLR are set out in Section 6.



## Section 3

# WLR Product Specification

## Introduction

- 3.1 As explained in Section 2, the FFP assessment contains three tests. This section examines the first of the tests, involving the Product Specification. The assessment criteria and process set out in the 2003 Statement are reproduced in Annexes 2 and 3 of this document.
- 3.2 The main components of WLR are the Service Provider Gateway (SPG) and eCo Repair. When the current WLR product was launched in March 2004, the SPG was at Release 11 and eCo Repair at Release 2.1. Since then, there have been a number of further releases of the SPG and eCo Repair providing both new functionality and fixes or improvements to existing functionality.
- 3.3 In relation to the Product Specification, the FFP assessment was carried out on the releases that were in place when the FFP assessment was triggered by BT on 8 July, i.e. SPG Release 13.1 and eCo Repair 4.0. Since then, there have been changes to the WLR processes and product (SPG Release 14 and eCo Repair 4.1). These have been taken into account as appropriate.
- 3.4 The WLR product and systems support both digital (ISDN) and analogue (PSTN) services but the FFP assessment was only concerned with the PSTN product and systems.

## Product Specification Test

- 3.5 The main question set in the 2003 Statement for the Product Specification test was: is the functionality of WLR consistent with the Product Specification?
- 3.6 In the consultation document Ofcom reviewed in detail all the Paragraphs A.1 to A.46 of the 2003 Statement and assessed the WLR product against the Product Specification. This Section gives an overview of the outcome, summarises responses and sets out our responses.

## Areas where WLR product meets the requirements of the Statement

- 3.7 Ofcom proposed in the consultation that having assessed the WLR products and services provided by BT, in the areas of the Product Specification listed below BT has materially met the requirements set out in the Statement. References in brackets are to Annex A of the Statement, replicated in Annex 2:
- **Line types and supplementary services**
    - the Statement set out the list of analogue exchange lines and services that should be provided by BT (Paragraphs A.6 to A.15 )
  - **Ordering lines (with the exception of the change of address process - 'home mover')**
    - the Statement set out requirements regarding the ordering, provisioning and transferring of exchange lines (Paragraphs A.16 to A.25; but note that A.16, A.17, A.19 and A.21 are covered under WLR Implementation in Section 4)

- **SPG capacity, queue management, forecasting and rationing**
  - the Statement set out procedures by which BT is to provide and manage ordering capacity, manage and process orders under a system involving multiple levels of priority related to the service providers' forecasts. The Statement also set out procedures that BT should follow if monthly forecasts by service providers exceed the capacity of the SPG (Paragraphs A.26 to A.32)
- **Consumer protection**
  - the Statement set out procedures for BT and the service providers to follow when a customer is being transferred (Paragraphs A.33 to A.36)
- **Billing, debt management, fraud and security**
  - the Statement set out requirements for BT to provide billing records and means to allow service providers to manage fraud and bad debt (Paragraphs A.42 to A.45)

3.8 In these areas, Ofcom proposed that most requirements specified in these paragraphs have either been:

- delivered in WLR as specified;
- delivered in WLR but in a different form as agreed by Ofcom and Industry, subsequent to the March 2003 statement ;
- agreed by Industry to be excluded from WLR; or
- delivered but later withdrawn because no longer offered by BT Retail.

3.9 Ofcom had some areas of reservation but Ofcom did not consider these to be significant. Full details of the analysis in relation to the above requirements are set out in Annex 4.

3.10 Ofcom invited views on the proposed conclusion that the requirements above have been met.

### **Responses to the consultation**

3.11 Because this single question concluded that the majority of core requirements were met, a number of respondents answered it at some length. Ofcom's analysis of the responses aims to capture the essential points.

3.12 BT agreed with Ofcom's conclusion that the requirements had been met.

3.13 Three other respondents agreed, or broadly agreed, that the requirements, or most of the requirements, had been met.

3.14 Six other respondents disagreed at various levels with Ofcom's conclusion, and one further respondent with no WLR experience endorsed the concerns of one of these six. Between them, these respondents had a mix of high level and detailed comments on this question.

3.15 At a high level, the views expressed included the following:

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- individual issues may be of low materiality but many such issues add up to something which is material and significant;
- contrary to Ofcom's assessment, some individual issues are not of low materiality and are significant in their own right;
- it is questionable whether features that Industry agreed to exclude from WLR were excluded on a reasonable basis;
- it is difficult or not possible to conclude whether the requirements have been met;
- the tests in the 2003 Statement for assessing whether requirements have been met were inadequate;
- the number of existing issues means that fundamentally providers do not have the opportunity to offer equivalent end user service to that offered by BT Retail and it is therefore inappropriate to pronounce the product FFP and relax the RCC.

3.16 The detailed comments included the following main ones:

- Wholesale 1571 is not available on rural exchanges;
- Inability to submit debt management orders outside working hours;
- Problems with rejections generally and specifically with rejections due to postcodes and open broadband orders;
- Due to the problems caused by manual processing errors, more transparency is required on automation;
- Number selection is less functional than BT Retail;
- Call Mapping is not integrated into WLR ordering;
- Problems with CPS not being enabled on the WLR line;
- Concern over sufficient SPG order processing capacity;
- Forecasting and order processing framework remains complex, burdensome and inflexible.

## Ofcom's response

- 3.17 With respect to the detailed comments, Ofcom notes that BT will now be providing Wholesale 1571 (and other features such as Call Minder, Call Waiting, off hook Caller Display) on its 457 remaining rural exchanges by April 2006. This is included in BT's Action Plan commitment.
- 3.18 Ofcom had reservations in the consultation document about the inability for providers to apply debt management measures outside working hours and had asked BT to investigate possible solutions. BT is now proposing a solution for April 2006 and has included this in its Action Plan commitment.
- 3.19 Ofcom addresses the detailed comments on rejections and automation separately in paragraphs 4.74 and 4.101 respectively (see Section 4).
- 3.20 On number selection, Ofcom acknowledged in the consultation document that the functionality available to providers is not as comprehensive as BT Retail's but assessed that the difference was not material. Having considered respondents' views, Ofcom's judgement remains that the difference is not material. However, Ofcom notes that equivalent functionality is due to be provided in WLR3, which is due to be delivered in the first half of 2007.
- 3.21 On Call Mapping, Ofcom acknowledges the respondent's long-held desire for Call Mapping to be fully integrated into WLR ordering. The current sequential capability agreed in 2003 (for Call Mapping to be either applied before or after a WLR transfer) is not ideal but Ofcom remains of the view that this meets the requirements of the

Statement. Ofcom believes it is up to WLR3 to address the full integration of products such as Call Mapping with the basic WLR product.

- 3.22 Ofcom agrees with the potential materiality of CPS problems and has been carefully monitoring all CPS issues during the whole FFP consultation process. In the consultation document, Ofcom judged that CPS problems caused by the interaction complexity arising out of the Industry decision to implement WLR with two ordering gateways should not be a subject of FFP assessment. Ofcom remains of that view. Having carefully analysed the CPS problems that are currently occurring, Ofcom concludes that the significant majority of them continue to arise out of the two gateway complexities. Ofcom has looked into the CPS Retain failures reported by some respondents and is satisfied that they have reduced to small levels suitable to be resolved as part of the Business As Usual (BAU) process. Ofcom believes that it is up to WLR3 to address all CPS problems related to the two gateway complexities.
- 3.23 Ofcom has noted respondents' concerns on SPG processing capacity and the difference between Priority 1 capacity and total capacity, but remains of the same view that it expressed in the consultation document. At the time of the 2003 Statement the SPG total capacity was thought to be 525,000 orders per month, but Ofcom is satisfied that it is now 750,000. In conjunction with the processing of Priority 2 (and lower) orders every night up to the capacity of 25,000 orders per day, Ofcom still concludes that this meets the requirements of the Statement. Ofcom acknowledges that the level of total monthly Actual orders has now been revised upwards, but remains of the view that the margin between total Actuals and total capacity is sufficient based on current trends. However, Ofcom agrees that the level of total Actuals must be monitored closely in case current trends change suddenly. Ofcom notes that WLR3 is due to remove concerns about order processing capacity.
- 3.24 Ofcom has noted some respondents' on-going views on the forecasting and order processing framework despite the Industry-agreed simplifications due in December 2005 (Release 14.1) and the introduction of a manual process for increasing the Daily Order Placement Limit (DOPL). Ofcom also notes one idea of having forecasts only for manual orders. Ofcom remains of the view that the framework as implemented remains necessary in its essence and meets the requirements of the Statement. Despite the complexities, better forecasting overall by Industry will reduce the effects of rationing and some parameters remain available to fine tune the operation of the framework. Ofcom notes that WLR3 is due to remove concerns about the forecasting and order processing framework.
- 3.25 With respect to the high level comments, Ofcom considers that features were agreed by Industry to be excluded from WLR after a formal and comprehensive discussion and analysis. It also considers that the individual assessment criteria in the 2003 Statement are adequate and allow a conclusion on materiality and whether the requirements have been met. Ofcom understands that different providers will have different views on the materiality of individual issues, but its judgement on materiality across all providers remains unchanged. It should be recalled that Ofcom's requirement is to assess WLR against the criteria set out in the 2003 Statement and not against a standard of equivalence of input with BT Retail's products.

### **Maintenance, fault management, end user visits by BT engineers**

- 3.26 The 2003 Statement also set out requirements in respect of maintenance, fault management and end user visits by BT engineers (Paragraphs A.37 to A.41 in the Statement).

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- 3.27 In the consultation document, Ofcom proposed that some requirements have been clearly met. Priority Fault Repair ("Priority Service") has been agreed with industry to be equivalent to Care Level 3 ("TotalCare") for fault management purposes. A code of conduct for BT engineer contacts with the end user has been agreed with Industry.
- 3.28 'eCo Repair' is the system which provides SPs with fault reporting and management capability, including line testing.
- 3.29 eCo Repair has a good capability but operates with a manual electronic interface. Some SPs would like the equivalent of a fully automated interface (like XML). While recognising the reasons for this request, Ofcom does not consider this to be an explicit requirement of the original Product Specification.
- 3.30 eCoRepair is not equivalent to that available to BT Retail in some areas, for example diagnostic tests are not as extensive, there is no access to updates on CSS and no information of major area problems is provided.
- 3.31 Ofcom also noted that a good real-time appointment capability has been delivered with access to the same engineer visit appointment book as BT Retail. However, Ofcom proposed that it is not equivalent to the BT Retail capability in the following ways:
- there are address matching problems for New Provisions;
  - changes to appointment dates or times require 3-way or multiple phone calls;
  - there are difficulties with the process for managing a missed appointment and arranging a new appointment.
- 3.32 Ofcom proposed that most parts of the maintenance and fault management functionality meet the requirements of the Statement. Ofcom welcomed BT's commitments to make improvements to the functionality in the near future in those areas where the requirements have not been fully met.
- 3.33 Ofcom invited views on the proposed conclusion that the requirements on maintenance and fault management have mostly been met and on the areas identified as needing further improvement.

## Responses to the consultation

- 3.34 BT believed that the functionality relating to maintenance, fault management and end user visits by BT engineers is comparable to BT Retail, and that any differences are not material. BT re-stated its commitment in its Enterprise Act undertakings to improving Real Time Appointing (RTA) including missed appointments and re-appointments. BT also noted Industry's recent agreement not to go ahead with eCo XML functionality in April 2006 but to wait for an early strategic eCo capability in October 2006.
- 3.35 Two other respondents including one with no WLR experience agreed with Ofcom on the areas requiring improvement and on the functionality requirements which have been met.
- 3.36 Seven other respondents had areas of concern about Ofcom's assessment and conclusion, and one further respondent with no WLR experience endorsed the concerns of one of these seven.

- 3.37 In general, these respondents agreed with Ofcom about the areas needing further improvement but felt Ofcom underestimated the materiality of the shortcomings. Several believed the actions to remedy the shortcomings had to be completed before the functionality could be declared FFP, and the current functionality does not allow providers to offer an equivalent level of service to BT Retail.
- 3.38 Four respondents disagreed with Ofcom on the subject of eCo XML or a fully automated electronic Repair interface, saying that such a facility was essential for a FFP product and noting that providers would now not have such a facility until October 2006 compared to April 2006 previously.
- 3.39 Three respondents stressed the advantage that BT Retail has over providers in the area of RTA and direct contact with engineers. Two respondents had strong reservations about the functionality for fault updating and handling major outages. Two respondents highlighted that BT Retail has more extensive line diagnostic test capabilities than providers. And two respondents expressed concern about BT engineers not adhering to the Code of Conduct.

### Ofcom's response

- 3.40 Ofcom's view on the eCo Repair capability remains that the existing product, which allows a human operator to interact with the end user in real time while entering and processing data manually, and then to track the status of a fault manually, provides the electronic interface and the core functionality which meets the requirements of the Statement. This does not mean that Ofcom believes an eCo XML-type capability is not important. However, the absence of such a capability is not a barrier to a conclusion that WLR is FFP as delivery of this was not a requirement of the 2003 Product Specification.
- 3.41 Ofcom notes that the eCo XML functionality that was originally to have been provided in April 2006 would not have satisfied those providers who wanted it as it would not have had real-time responses. The strategic Repair facility now due in October 2006 will in contrast have all the desired features, and Ofcom notes that BT has included this in its Action Plan commitment.
- 3.42 Ofcom identified in the consultation document that RTA and missed appointments and re-appointments required improvement. A first improvement to this functionality is due in April 2006 (Release 15) and further improvements are due in June 2006 as part of the Enterprise Act undertakings. These are included in BT's Action Plan commitment.
- 3.43 Ofcom notes that other improvements to the eCo Repair functionality are due in December 2005 (Release 4.2) and April 2006 (Release 4.3). These are included in BT's Action Plan commitment. The timing of a further Release 4.4, possibly in June 2006, is to be confirmed by BT. It will consist of a number of further improvements (including fault updating and major outages) requested by providers during the consultation period.
- 3.44 Ofcom identified in the consultation document that line diagnostic test capabilities for providers are not as extensive as for BT Retail. Its judgment is that this issue is not material on its own. Ofcom notes that, when it is launched in the first half of 2007, WLR3 is due to provide complete equivalence on line diagnostic testing.



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- 3.45 Ofcom notes the concern about BT engineers not adhering to the Code of Conduct but judges that such events are low volume and are best handled as part of the Business As Usual process.
- 3.46 Overall Ofcom retains its view put forward in the consultation document, noting again its requirement to assess WLR against the criteria set out in the 2003 Statement and not against a standard of equivalence of input with BT Retail's products.

## Where the WLR product does not meet the requirements of the Statement

### Change of Address (CoA)

- 3.47 The 2003 Statement required BT to develop a process that provides SPs with the same opportunity to retain customers who are moving home as is available to BT Retail: this is commonly referred to as a 'home-movers process' (Paragraph A.25).
- 3.48 In August 2004 (SPG Release 12), BT introduced a new dedicated CoA order form to replace the previous manual and text-based low volume request (LVR) mechanism. The overall CoA capability which was delivered then has essentially not changed since and is the one currently in operation.
- 3.49 Although the changes to CoA made in Release 12 enabled BT to process CoA orders for SPs more efficiently, a number of issues remain with the actual CoA capability when compared with the equivalent BT Retail process. These issues are set out below.
- 3.50 Prior to Release 12, SPs were able to change services on a line at the same time as changing address as part of the manual LVR mechanism. The introduction in Release 12 of the dedicated CoA order form has removed that simultaneous capability, SPs must now sequentially change address and then services (or vice versa). This was a known and accepted Industry compromise as part of the benefits (improved processing) that came with the Release 12 changes, but some SPs have requested that the capability to simultaneously change services be re-introduced. There are no plans for this in the BT Release schedule, while BT Retail end users continue to have this capability.
- 3.51 Where a CoA requires an appointment (e.g. for a New Provision), the appointment booking does not use the real-time access process (to the global BT appointment system). This will typically result in more than one phone call with the end user to book and confirm an appointment whereas a BT Retail end user can make all arrangements in one call. Similarly, changing an appointment is cumbersome and often requires more than one call.
- 3.52 There are also several items of information which, during the call to place a CoA order, a SP and its end user do not currently have access to compared to a BT Retail end user. These items of information include:
- will the end user be able to retain all the current services at the new address?
  - will the end user be able to retain the current telephone number?
  - is there an existing line at the new address and will it (and its telephone number) be available, or are a new line (and number) required?
- 3.53 These items are all important to the end user in establishing when a CoA will take place, how much it will cost and what the number will be at the new address. A BT

Retail end user is able to obtain this information (although not always) in the same single call to place the CoA order, whereas an SP end user will typically require several phone calls over a period of time to get this information.

- 3.54 Some SPs are also concerned about errors in the processing of a CoA order, notably the requirement to order a new line at the new address where a stopped line existed which could have been re-started, saving time and expense.
- 3.55 In the consultation document Ofcom proposed that the differences in the capability with BT Retail are significant and material, and that the current functionality overall does not meet the requirements of the Statement.
- 3.56 Ofcom invited views on the proposed conclusion that the requirements on change of address have not been met.

### Responses to the consultation

- 3.57 BT recognised that the required Change of Address (CoA) functionality was missing, but that it would be delivered in April 2006 (Release 15).
- 3.58 All ten other respondents on this question agreed, in most cases strongly, with Ofcom's conclusion that the requirements on CoA have not been met.
- 3.59 Three respondents expressed concern that few details were known about the improved CoA process due in April 2006 and one explicitly asked for information. Although one of these three believed the BT Action Plan will meet providers' requirements, the other two said that the CoA functionality cannot be judged FFP until it is actually delivered. This latter view was also expressed by three further respondents.
- 3.60 One respondent highlighted the significant problem areas with the current CoA product which BT Retail does not suffer from, including issues associated with determining the CLI at the new address and the longer lead times and higher costs associated with provisioning a new line at the new address when an existing line could have been re-started. This latter issue was also stressed by one other respondent.
- 3.61 One other respondent expressed concern that Ofcom would accept functionality that is only comparable with BT Retail as opposed to equivalent.

### Ofcom's response

- 3.62 Ofcom notes that details (including screenshots) of the improved CoA process due in April 2006 were presented at the Industry WLR Process forum on 29 November 2005. These demonstrated how the required improved functionality (e.g. determining the CLI at the new address) will be available at the front end of the process during the real-time interaction with the end user. In addition, Real Time Appointing and the new Address Matching capability (due in December 2005) will be built into the improved CoA process. The process will also assume by default that an existing line at the new address is available to be re-started.
- 3.63 Ofcom judges that this improved CoA functionality will meet the requirements of the Statement to give providers the same opportunity to retain end users who are changing address as is available to BT Retail.



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- 3.64 Ofcom notes that BT has included in its Action Plan commitment a number of points relating to the CoA functionality. In addition to the improved process in April 2006, the commitment covers improvements to the current CoA process including the check for an existing line at the new address which could be re-started. It should also be recalled that Ofcom's requirement is to assess WLR against the criteria set out in the 2003 Statement and not against a standard of equivalence of input with BT Retail's products.

### **Services introduced by BT Retail and not included in WLR**

- 3.65 Paragraph B.3 of the Statement indicated that, where BT Retail had introduced new services following publication of the Product Specification, the assessment should consider whether these had been included in WLR and, if not, whether this could materially affect the achievement of competition.
- 3.66 Ofcom is aware of only two such cases. They are two variants of the 1571 BT Retail messaging service: Message Alert and Personal Greeting.
- 3.67 Ofcom notes that both are low volume, with less than 150,000 BT Retail customers in total, and that WLR like-for-like transfers will automatically upgrade both variants to Call Minder which has greater functionality. Ofcom considers that this is of low materiality and therefore the requirements of the Statement have been met.
- 3.68 Ofcom invited views on the conclusion that the two variants of 1571 are not material to the assessment. If respondents were aware of any other cases where BT Retail has introduced a service after the Statement and that service had not been included in WLR, they should provide details of the case and its materiality in their response.

### **Responses to the consultation**

- 3.69 BT said that the take-up of the two 1571 variants was low and so the issue was not material. It was not aware of any other cases.
- 3.70 Six respondents agreed that the two 1571 variants were not material, and four of those six said they were not aware of any other cases. One other respondent said that not acting on this case of the two 1571 variants set an alarming precedent. One further respondent had no specific comments.
- 3.71 One respondent observed that providers have to buy the more expensive Call Minder product (instead of the two 1571 variants) which is itself a BT Retail product re-sold to providers, so asked why providers could not also buy a re-sold version of the BT Retail 1571 variants.

### **Ofcom's response**

- 3.72 Ofcom notes that virtually all respondents agree with its conclusion and that the low demand for the two 1571 variants does not justify any further action.

## Section 4

# WLR Implementation

## Introduction

- 4.1 This section examines the second of the three principal tests set out in the 2003 Statement: "has the [WLR] functionality been implemented in such a manner as to minimise barriers to effective retail competition?"
- 4.2 Key Performance Indicators (KPIs) were identified in Annex B of the Statement as a key component of the FFP assessment process for product implementation. The Statement gave BT an obligation to provide transparency of its operational performance by publishing KPIs (Paragraph A.46). BT has satisfied this by first producing a list of KPIs in October 2004 (with data values starting in April 2004) and subsequently giving Industry regular monthly scrutiny of the KPI data.
- 4.3 For the FFP test Ofcom used primarily the KPI data for June and July, using August data where possible and also May data where necessary to provide a 3 month trend. Data prior to May was taken into account as appropriate.
- 4.4 This document contains further KPI data for September and October 2005. Please refer to Annex 11 for details. A brief commentary is given on these two months of KPI data below in the corresponding parts of the text in this Section.
- 4.5 In the consultation document Ofcom assessed KPIs against Service Level Agreements (SLAs) that SPs have with BT and/or by comparison with the service levels experienced by BT Retail. Where this comparative data is not available, the assessment either took account of whether concerns have been raised by SPs or proposed service levels that should be provided.
- 4.6 Ofcom also considered some elements of the Product Specification where the assessment requires the use of KPIs. A.16 of the Statement refers generally to the basic WLR processes providing the SP with the opportunity to offer an equal level of customer service to BT Retail. A.17, A.19 and A.21 refer to KPI comparisons with BT Retail, and to automation and rejections which both have a corresponding KPI.
- 4.7 The issue of the availability of the BT Wholesale website and the eCo Repair service are linked to a corresponding KPI (system availability) and are also covered in this section as part of the review of all the KPIs.
- 4.8 Ofcom analysed in detail all the KPI data and the implications of relevant current operational issues. This section gives an essential overview of Ofcom's conclusions from that analysis.

## List of KPIs

- 4.9 Fifteen KPIs are currently being reported monthly by BT, labelled KPI 1 to KPI 15. Of these, a further five KPIs, namely KPI 5 to KPI 9 are reported monthly as a comparison with equivalent BT Retail measures. The list of KPIs is set out in Table 4.1 below. KPI data provided to Industry by BT during 2005 is set out in Annex 11. Ofcom has been continuing to monitor KPI data during the consultation period.

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- 4.10 Ofcom believes that the current KPI set suitably captures the essentials of BT's operational performance for the purpose of FFP assessment.

KPI no	Key Performance Indicator (KPI)
1	Volume of orders submitted
2	Percentage of orders that are rejected
3	Percentage of orders that flow through BT systems without manual intervention
4	Average time between submission of a WA order and acceptance by BT
5	Average time between acceptance of a WA order and service activation
6	Customer fault reports per 100 lines per quarter
7	Average time between submission of a WA fault report and fault being cleared
8	Percentage of time that an appointment for an engineering visit is missed
9	Percentage of lines that are subject to repeat faults
10	Percentage of billable CDRs which are produced on time
11	Average time to resolve WA billing queries
12	Percentage of monthly GenIUS CDRs despatched on time
13	SPG availability
14	DEDS availability
15	eCo Repair availability

Table 4.1 List of KPIs being provided by BT, September 2005

### Accuracy of KPI data

- 4.11 Ofcom recognises that during the recent 9-12 month period where BT's KPI data has been reviewed monthly in detail there have been SP concerns about whether:

- the data for a given KPI has been a true reflection of the definition of that KPI;
- comparisons with BT Retail KPIs are truly like-for-like;
- a given SP's own experience of a given KPI is consistent with the average value reported for that KPI over all SPs.

- 4.12 Examples of the concerns that SPs have had are set out in Annex 5.

- 4.13 In advance of the 2004 launch of WLR, Ofcom and BT together reviewed in detail the precise definition of the KPIs and how they would be measured on BT's systems in order to ensure that accurate and repeatable data measurements could take place.

At the start of this FFP assessment period, BT conducted another detailed review of the KPIs and how the data is collected and evaluated, with particular emphasis on the KPI comparisons with BT Retail. Ofcom believes that a strong degree of robustness now exists with all the KPI data as a result of the following:

- there has been focused Industry scrutiny on the data for 9-12 months, which has helped to bring about corrections or improvements of the type described in Annex 5;
- although the actual WLR KPIs themselves are necessarily new (because WLR itself is a new product), BT uses the same methodology for collecting raw data and evaluating KPIs as it does for other Industry-reported KPIs which have a longer track record or have been formally audited in the past (e.g. in relation to faults).

4.14 Ofcom invited views on the proposed conclusion that the KPI data is robust.

### Responses to the consultation

4.15 BT agreed with Ofcom that the KPI data is robust.

4.16 One respondent was satisfied that the published KPIs are a complete and accurate representation of WLR service delivery. Another felt that Ofcom had understood provider concerns and should continue to ensure KPI accuracy and comparability.

4.17 Five respondents expressed concerns about the robustness of the KPI data, with one explicit view that the KPI data is not robust, another that there is not enough data to answer the question, another that it is difficult to judge if data is robust because KPI changes in the past year have added to the uncertainty, and two saying they had on-going concerns with the clarity and robustness of the data. One further respondent with no WLR experience endorsed the views of one of these five.

4.18 The main concerns of these respondents was that there has been no visibility of the Ofcom and BT efforts to validate the KPI data and some definitions were too vague and open to interpretation. There were doubts that the KPI data are a true reflection of the actual situation or of providers' experience, and also that the comparator KPIs are measuring true like-for-like. Several respondents called for more transparency around data collection and methodology, one called explicitly for a workshop or consultation to validate the KPI data and approach, another recommended a formal audit because the KPI were being both provided and validated by BT.

4.19 Four respondents expressed concern that the monthly publication of KPIs is due to stop after WLR is judged to be FFP, with one saying that the KPIs are useful, another welcoming the KPI data, and another calling for the Retail comparators to continue going forward. One respondent asked Ofcom to review the current plans as Industry would lose a valuable source of information if the current KPIs stop being published, noting that in the September 2004 Direction BT only has to publish seven KPIs of which only four are equivalent to the FFP KPIs.

4.20 One respondent provided confidential data measuring its own experience with respect to six of the KPIs.

4.21 One respondent proposed that KPI 5 (fault resolution) which is currently measured in working hours should be measured in elapsed days to reflect end user experience.

## Ofcom's response

- 4.22 In the consultation document, Ofcom recognised providers' concerns about the robustness of the KPI data and where the responses received included concerns these have been echoed.
- 4.23 Ofcom welcomes the data provided by one respondent (and the promise by another to provide some in due course) but is unable to comment on that data for reasons of confidentiality. However, Ofcom has taken this data into account in its considerations.
- 4.24 Ofcom has carefully considered all the views expressed on the lack of visibility and transparency behind the KPI data production process and again understands the link this has with trust and confidence in the data. However, Ofcom concludes that a formal audit or workshop to validate the KPI data and approach would not be justified or cost-effective. Ofcom retains the view expressed in the consultation document that the verification work by BT and Ofcom and the Industry scrutiny over the previous 12-15 months give the KPI data the required robustness.
- 4.25 Regarding the future of the KPIs, Ofcom acknowledges the support expressed for the monthly publication to continue. It notes that BT is proposing in its Action Plan commitment to do that until April 2006, and also plans to make available new measures (e.g. on service availability) following recent Industry discussions. BT also proposes to consult with Industry in the interim period on what these new measures should be. Ofcom welcomes these proposals and will support the consultation process.

## KPI data

- 4.26 Set out below are the areas of implementation where Ofcom proposed in the consultation document that the KPIs indicate that the requirements of the Statement have clearly been met.
- 4.27 For KPI 4 (average time between submission of an order and acceptance by BT), the single headline figure has varied between 0.24 and 0.1 calendar days since March 2005 but has essentially been in that same range since August 2004. The high volume Transfer and Change orders have averaged between 0.1-0.2 calendar days during the assessment period, with New Provision orders averaging just over 1 calendar day but representing less than 3% of orders. As expected, Business orders have generally averaged slightly higher than Residential orders. Split by Priority, there has been a jump higher for some of the Priority 3, 4 and 5 figures between May and July 2005 but they have all dropped back to previous trends in August 2005. These figures meet the contractual SLA and Ofcom proposed that the requirements of the Statement are being met.
- 4.28 For KPI 5 (average time between acceptance of a WA order and service activation), there is no single headline figure. New Provision orders ("CSS Provide") are covered in more detail below, including the comparison with BT Retail. Transfers ("CSS Start") have averaged 14-15 calendar days since February 2005 and during the assessment period in line with the contractual SLA. Change orders ("CSS Change") are not broken down by order type or Priority but in total have averaged less than 2 calendar days since March 2005 and during the assessment period. Cease orders ("CSS Cease") have averaged less than 2 calendar days for Residential, and around 5-6 calendar days for Business, during the assessment period. Given that SPs have not identified any significant problems in this area and that performance meets the SLA, Ofcom proposed that these figures meet the requirements of the Statement.

- 4.29 For KPI 6 (customer fault reports per 100 lines per quarter), the residential figure has averaged less than 2 since March 2005 and during the assessment period, with the corresponding Business figure being in the range 2.2-2.3. The equivalent figures for BT Retail have been worse, just over 3 for Residential and in the range 3.5-3.6 for Business. In view of the better performance experienced by WLR SPs, Ofcom proposed that these figures meet the requirements of the Statement.
- 4.30 For KPI 8 (percentage of time that an appointment for an engineering visit is missed) there has been some variability in the figures but during the assessment period the appointments missed by BT have averaged just around 9% for Residential and 8.5% for Business. For appointments with no access, the averages have been around 3% for Residential and 2% for Business. The equivalent figures for BT Retail for appointments missed by BT are marginally better for Residential (just below 9%) and worse for Business (around 11.5%), and for appointments with no access better for both Residential (around 2%) and Business (around 1.5%). Given that the SPs' experience is reasonably similar or better than that of BT Retail, Ofcom proposed that these figures meet the requirements of the Statement.
- 4.31 For KPI 9 (percentage of lines that are subject to repeat faults), there has been some variability in the figures but during the assessment they have averaged around 6% for Residential and 8% for Business. The equivalent figures for BT Retail have been worse, around 8.5% for Residential and 11% for Business. Given that the SPs' experience is better than that of BT Retail, Ofcom proposed that these figures meet the requirements of the Statement.
- 4.32 There is no contractual SLA for KPI 10 (percentage of billable CDRs which are produced on time) or KPI 12 (percentage of monthly GenIUS CDROMs despatched on time), but these are KPIs where Ofcom expects BT to perform not far from 100% on a consistent basis. The data shows that this has been achieved since March 2005 and certainly during the assessment period. Ofcom therefore proposed that this performance meets the requirements of the Statement.
- 4.33 There is no contractual SLA for KPI 11 (average time to resolve WA billing queries), but the data shows stable performance and volumes since March 2005 and during the assessment period. There have been no SP issues of note on this KPI. Ofcom proposed that this performance meets the requirements of the Statement.
- 4.34 Ofcom invited views on the conclusion that the requirements of the Statement have been met in respect of the above KPIs.

### **KPI data for September and October 2005**

- 4.35 These comments apply to the following absolute KPIs: KPI 4, KPI 5, KPI 6, KPI 8a, KPI 9, KPI 10, KPI 11 and KPI 12. For KPI 5, they do not apply to the New Provision component (including KPI 5a) which is dealt with below. The comments also apply to the following Retail comparator KPIs: KPI 5 (but not KPI 5a which is dealt with below), KPI 6, KPI 8a and KPI 9.
- 4.36 Ofcom observes that previous trends for these KPIs have been maintained into September and October 2005. Some of these trends (e.g. KPI 4 for New Provision) have been improving. Where trends have largely been flat, some individual numbers have either increased or decreased (e.g. KPI 5 for Change) but in Ofcom's view not in a material way.

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- 4.37 Overall Ofcom judges that this new KPI data does not alter its conclusions in the consultation document.

### **Responses to the consultation**

- 4.38 BT agreed that the requirements for these KPIs had been met.
- 4.39 One respondent had no specific comment, another agreed with Ofcom's interpretation of the KPI data and supported Ofcom's conclusions, and another generally agreed that the requirements had been met.
- 4.40 Five respondents said that due to their concerns over the robustness of the KPI data they had reservations about the conclusions reached including those KPIs that have been deemed to have met the requirements of the Statement. One further respondent with no WLR experience endorsed the views of one of these five. One of the five respondents said that until there was more transparency in the KPI data it could not comment on whether the requirements have been met, another said it could not agree with a FFP conclusion until further consultation to validate the KPI.
- 4.41 One respondent questioned Ofcom's correlation with SLAs for KPI 4 (time between submission of an order and acceptance by BT) and KPI 5 (average time between acceptance of a WA order and service activation). Another said that even if SLAs had been met they were a compromise contractual agreement and not a reflection of equivalence with BT Retail.
- 4.42 One respondent noted that most providers no longer receive billing CDROMs so the relevance of KPI 12 is diminishing. These providers now access their billing data via the BT Wholesale website.

### **Ofcom's response**

- 4.43 Given Ofcom's position that the KPI data are robust, it also continues to judge that the requirements for these KPIs have been met.
- 4.44 Ofcom accepts the technical point that the analysis of the detailed KPI data it has seen does not formally correlate to meeting the contractual SLAs for KPI 4 and KPI 5. However, according to Ofcom's detailed analysis the KPI data very strongly indicates that the primary SLAs for these two KPIs have been met. In summary, the main point also remains that the KPI data supports the conclusion that the requirements of the Statement have been met.
- 4.45 Ofcom notes the point about the diminishing relevance of KPI 12 and suggests that this be part of the consultation proposed by BT to review the future role of the KPIs.

### **Rejections (KPI 2)**

- 4.46 KPI 2 records the number of orders that are rejected. There is no SLA and no equivalent BT Retail experience. Ofcom has not set an absolute target for the percentage of orders rejected by the electronic gateway. The primary reason for this is that the detailed analysis of rejections over the last 12 months has shown that this is a complex area which makes setting an appropriate target difficult.
- 4.47 Ofcom continues to believe strongly that rejections need to be kept to a minimum in a high volume mass market product in order to minimise the real operational costs that rejections cause to both the SP submitting the rejected order and BT.



- 4.48 The complexity emerges when trying to find the most appropriate point in the process chain where the rejection of an order could have been avoided, e.g.:
- getting service information from the end user at the point of sale;
  - better SP knowledge and execution of the process of order preparation and submission;
  - better BT processing of the order where manual work is involved; and
  - better BT systems where automated processing is involved.
- 4.49 When looking at individual cases it is also subjective as to which of these categories a given rejection should be allocated.
- 4.50 There is further complexity in thinking about the relative operational impact of rejections. While all rejections should ideally be avoided, the impact per rejection is relatively greater in the high volume residential market than in the business market. The impact is also potentially greater with Transfer orders than with New Provision or Change orders, e.g. because the end user may not transfer following problems with a rejection.
- 4.51 Detailed analysis of the rejection data shows that there are common causes of rejection but also material differences across the market types and order types, thereby increasing the difficulty of assessing overall rejections with one or even a small number of headline figures.
- 4.52 There are also significant differences between SPs. In addition to its root cause analysis of all rejections, BT has been working one-to-one with SPs to share data and work on improving rejection performance as it affects SPs individually.
- 4.53 The single headline figure of percentage of total WA orders rejected has stabilised at around 10.5% between May and August 2005. Broken down by residential and business and by order type, the average between May and July 2005 has been 7.7% for residential (6.8% for Transfer, 10.5% for New Provision, 13.7% for Change) and 17.1% for business (18% for Transfer, 9.4% for New Provision, 16.2% for Change). (Monthly figures are set out in Annex 11). Business orders are more complex on average and a greater percentage of rejections is therefore expected than for residential.
- 4.54 These figures do not count rejections due to postcode errors (for CLI validation). Postcode-related rejections are not logged for orders submitted on the web SPG interface but are logged on the XML interface. Ofcom has been shown some individual SP XML postcode rejection figures. Because this data has not been collected for the purpose of formal reporting it is difficult to reach formal conclusions. However, the data indicates that on average SPs experience no more than 3% of rejections due to postcode errors. Ofcom believes these postcode rejections should be added to the rejections recorded in KPI 2b, and notes that they are more likely to occur in the more impact-sensitive residential market and in Transfer orders.
- 4.55 Ofcom has also been shown a rejections breakdown by SP and notes that four SPs have averaged between 4% and 7% between April and July 2005, of which two with averages of 5% and 6% respectively are high volume residential market SPs.
- 4.56 However for reasons set out in Annex 5, Ofcom believes that these figures overstate the level of rejections for the purpose of this assessment and that about 70% of



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residential rejections and 40% of business rejections are attributable to reasons that should not count towards assessing whether the WLR product is FFP.

4.57 Overall, for residential order rejections, Ofcom notes that:

- two high volume SPs are operating with percentage rejections below the Industry average of 7.7%;
- excluding 70% of that figure gives about 2.3%;
- even allowing for up to 3% of postcode rejections, the resulting figure is around 5% (and is lower for the more rejection-sensitive Transfer orders);

4.58 Ofcom considers that an overall level of residential order rejections of 5% is a reasonable level.

4.59 Overall, for business order rejections, Ofcom notes that:

- the Industry average for total percentage of rejections is 17.1%;
- excluding 40% of that figure gives about 10.3%;
- the main contributors to this figure are the top two rejection reasons “unsuitable products” (about 21.5% of rejections) and “Featureline” (about 17% of rejections);

4.60 Ofcom considers that an overall level of business order rejections of 10% is a little higher than desirable.

4.61 Although no target or SLA has been set, in the consultation document Ofcom concluded that the current performance meets the requirements of the Statement in part: being reasonable in respect of residential orders and that there is scope for improvement in the case of business orders. BT’s plans to improve the rejections process are set out under the ‘Action Plan’.

4.62 Ofcom invited views on the conclusions with regard to the rejections process.

## KPI data for September and October 2005

4.63 These comments apply to the absolute KPIs KPI 2a (volumes) and mostly KPI 2b (percentages).

4.64 Ofcom observes that the key headline figure of total percentage of orders rejected has continued to improve in September and October 2005 with both months recording a total below 10%. While some individual figures vary, there have been improvements in both Residential and Business components.

4.65 Overall Ofcom judges that this new KPI data does not alter its conclusions on rejections in the consultation document (see also further comments below).

## Responses to the consultation

4.66 BT noted that it has been involved in a continual programme of reducing Rejections over the past year by both internal root cause analysis and by working directly with SPs. It also corrected the timing of the delivery of the top level CRF management capability (which will help avoid certain categories of Rejections) as being April 2006 (Release 15) and not December 2005 (Release 14.1). BT also noted that the FeatureLine functionality in December 2005 (Release 14.1) will not prevent Rejections in Like-for-Like transfers (but will facilitate removal of FeatureLine from

the line). BT also reaffirmed the April 2006 (Release 15) delivery of Pre-Validation and the commitment in the Enterprise Act undertakings to providing the strategic Address Matching capability in December 2005.

- 4.67 One respondent agreed with Ofcom's interpretation of the Rejections KPI data, supporting its conclusions that the requirements have been met in part and believed BT's Action Plan should reduce rejections by April 2006. Another welcomed the work on reducing rejections and agreed with the assessment.
- 4.68 Six respondents had a variety of concerns about rejections. One further respondent with no WLR experience endorsed the views of one of these six.
- 4.69 A first concern for three respondents was rejections due to open broadband orders which effectively block end user transfers for potentially very long periods. One respondent pointed out that these rejections are not avoidable by providers as they are not the party placing the open order, and welcomed any further help to reduce this cause of rejection.
- 4.70 A second concern for four respondents was doubts that BT's Action Plan, including the introduction of Pre-Validation and Address Matching, would have any significant impact on rejection levels. One said that it was difficult to comment on the Action Plan until its impact was known. Three said that the Address Matching capability would not really address the postcode rejection problem or would have a limited impact because it was a Web interface and could not do bulk checking. Two said that an XML version of Address Matching was required in order to routinely use it for order pre-validation and thus avoid primary rejections rather than repeat rejections.
- 4.71 Two respondents said that BT Retail does not suffer from the burden of rejections at all and so only 0% rejections can be equivalent. One other said that Rejections are not FFP and Ofcom cannot relax the price control until improvements are actually delivered. One other did not believe that the Rejections KPI is accurate since it does not include postcodes or system errors, did not agree that postcodes accounted for only 3% of rejections, and disputed that 70% of rejections should not be counted towards the FFP assessment.
- 4.72 One respondent said BT must deliver a consistent downward trend in rejections and should engage with providers (if any) who cause a good proportion of rejections.
- 4.73 One respondent said that rejections due to the NTS Billing feature should be avoided by automatic re-allocation to a separate account and not require a cumbersome fax authorisation process.

### Ofcom's response

- 4.74 Ofcom agrees that open broadband orders can effectively block end user transfers for long periods. It is a basic problem of the CSS system which causes some product orders to be rejected due to another product order being open. BT Retail also suffers from this problem. Ofcom judges that this is not a FFP matter for WLR. It is up to WLR3 to address the proper integration of products such as broadband with the basic WLR product. In the mean time, the end user must cancel the broadband order to allow the WLR transfer to proceed. To help this happen, Ofcom has asked BT to specify in the "Open Order" rejection which product type is actually open (e.g. broadband or CPS).

- 4.75 Ofcom believes that Pre-Validation and the Address Matching capability have the potential meaningfully to reduce rejections but this will be a function of if and how providers use the two facilities. Ofcom agrees that if the standalone Web-based Address Matching facility is not usable for routine order pre-validation then it will only avoid repeat rejections due to postcodes (but this will still reduce rejections). Ofcom notes that the Address Matching facility will be built into the Change of Address process in April 2006 (Release 15) and fully integrated into WLR3. Ofcom also notes that other elements in BT's Action Plan commitment, e.g. the top level CRF management facility due in April 2006 (Release 15), will reduce rejections.
- 4.76 Ofcom has reviewed its analysis of rejections including the data relating to postcodes and retains the same view as in the consultation document, including that BT's Action Plan will deliver the necessary improvements. With respect to the call for 0% rejections, Ofcom's requirement is to assess WLR against the criteria set out in the 2003 Statement and not against a standard of equivalence with BT Retail.
- 4.77 Ofcom notes that rejections are on a downward trend and that BT is engaging with providers on rejections and is committed in its Action Plan to continue to do so.
- 4.78 Ofcom agrees that the process relating to the NTS Billing feature could be improved although there are issues with end user authorisation, but believes this is not material to WLR and notes that this has been added to the WLR3 agenda.

**Automation (KPI 3), New Provisions Activation (KPI 5), Fault Clearance (KPI 7)**

- 4.79 In the consultation document, Ofcom analysed in great depth a quantity of data on BT's levels of automation and manual processing performance. The summary of that analysis is reprised in Annex 5.
- 4.80 Ofcom concluded that the current performance meets the requirements of the Statement in part. It is reasonable in most respects and is improving. Ofcom welcomed BT's proposals to improve performance further under the 'Action Plan'.
- 4.81 For New Provision during the assessment period the average time to service activation has been around 24 calendar days for Residential orders and around 20 calendar days for Business orders (KPI 5). Looking at the whole period of measurements since April 2004, the corresponding averages for the first five months (until August 2004) were around 15 and 16 days respectively. After that, the performance became suddenly worse, especially for Residential orders, but has been gradually improving recently.
- 4.82 The KPI 5 comparison with BT Retail is not based on absolute time values; it compares the percentage of time the New Provision has been completed by the Customer Agreed Date. During the assessment period, for WLR SPs this has been just below 85% for both residential and business orders, whereas for BT Retail it has been just above 85% for Residential and around 82% for Business.
- 4.83 The recently introduced KPI 5a allows a comparison between absolute times for New Provision orders involving an engineering visit. There are only two months of data available and while this does not allow statistical inferences the data so far shows that the performance is better for BT Retail than for WLR SPs for both Residential and Business orders and that the performance gap increased in August 2005, especially for Residential.

- 4.84 Overall, Industry agrees that the absolute performance for New Provisions does not meet the requirements for WLR or BT Retail's service. However in terms of the comparative data the WLR SPs experience approximately equal performance to that of BT Retail for residential customers and better performance for business customers and in this regard the performance meets the requirements of the Statement.
- 4.85 For Fault Clearance (KPI 7), there is some variability in the data but it still gives a clear picture. For Appointed Faults, the performance worsened suddenly in August 2004 (especially for Residential orders) then improved for a few months and then worsened again recently. During the assessment period the average fault clearance time has been around 26.5-27 working hours for Residential and 20 hours for Business. For Non-Appointed Faults, the trend is similar but smoother and the corresponding averages in the assessment period have been around 10-10.5 hours and 11.5 hours respectively.
- 4.86 The KPI 7 comparison with BT Retail shows that the performance for WLR SPs is better in all four fault categories and materially so in three out of the four categories. (see Annex 11)
- 4.87 Ofcom welcomed BT's proposals to improve its performance for New Provision and Fault Clearance further under its 'Action Plan'.

#### **KPI data for September and October 2005**

- 4.88 These comments apply to the absolute KPIs KPI 3 (automation), KPI 5 and KPI 5a (New Provision only), and KPI 7 (fault clearance). They also apply to the Retail comparator KPIs KPI 5, KPI 5a and KPI 7.
- 4.89 On automation, Ofcom observes that the KPI 3 figures and the percentage zero touch figures have both decreased a little in September and October 2005. Although the decreases may not subsequently materially affect the gradual upward trend they have occurred at a time when further increases had been expected. BT explained to Industry on 24 November 2005 that the decreases were due to Release 14 (August 2005) having introduced CPS Validation which caused many manual exceptions. This problem has now been fixed.
- 4.90 Ofcom judges that this new KPI data does not alter its conclusions on automation in the consultation document (see also further comments below).
- 4.91 On New Provision and Fault Clearance, Ofcom observes that while some individual figures have increased or decreased, the main conclusion shared by Industry is that the absolute numbers continue to be unacceptable. The main observation on the comparator KPIs is that the New Provision KPI 5a continues to show a materially better performance for BT Retail than for service providers. BT explained to Industry on 24 November 2005 the reasons for the different performance on KPI 5a, including problems with queue backlog and different survey policy, and BT also put forward the detailed actions it is taking to address this.
- 4.92 The main issue with New Provision and Fault Clearance remains the need significantly to reduce the absolute completion times, and this is covered in BT's comprehensive programme in its Action Plan commitment.
- 4.93 Overall Ofcom judges that this new KPI data does not alter its conclusions on New Provision and Fault Clearance in the consultation document (see also further comments below).

## Responses to the consultation

- 4.94 BT confirmed the details of the automation increases due in December 2005 and April 2006 (Releases 14.1 and 15). BT then gave details of its commitment to a significant programme to improve performance on New Provision and Fault Clearance.
- 4.95 One respondent agreed with Ofcom's interpretation of the KPI data and with its conclusion. Another did not disagree with Ofcom's conclusion and had no specific comments. Two respondents had no concerns with Automation or agreed the Automation requirement had been met.
- 4.96 Seven respondents had concerns about one or more of Automation, New Provision and Fault Clearance. One further respondent with no WLR experience endorsed the concerns of one of these seven.
- 4.97 On Automation, four respondents referred to the significant problems caused by manual processing errors and concluded that existing levels of automation were not sufficient. Another respondent said the existing levels of automation were unacceptable. One respondent doubted that BT's Action Plan would improve automation significantly. Two called for more transparency around automation.
- 4.98 On New Provision, one respondent had significant concerns about the order completion times while another said they were appalling even if similar for BT Retail. Another repeated its doubts about the KPI data itself and hence about the conclusion on New Provision. Another pointed out that KPI 5a is a more suitable measure for New Provision performance than KPI 5 and shows that BT Retail is offering a better service to end users than providers are able to.
- 4.99 On Fault Clearance, three respondents had strong views about the poor performance even if similar for BT Retail and said that WLR cannot be judged FFP until the performance improvement is delivered. Another repeated its doubts about the KPI data itself and hence about the conclusion on Fault Clearance. One respondent asked if cancelled bookings are included in the fault clearance data.
- 4.100 Two respondents repeated their general concern about the KPI data and hence about any conclusion based on that data, and that relaxing the price control should not happen until the improvements are actually delivered.

## Ofcom's response

- 4.101 Ofcom agrees that manual processing errors can potentially have an operational impact but believes that the previous significant problem areas, particularly the 'Missing (or delayed) S Status' issue, have now been reduced to levels that can be dealt with as part of the Business As Usual process and therefore can be considered as minor issues. BT is committing in its Action Plan to the necessary quality assurance of its manual processes.
- 4.102 Ofcom believes that BT's Action Plan will increase automation. With respect to more transparency, Ofcom has asked BT to provide more automation information in its monthly reporting and this is included in its Action Plan commitment.
- 4.103 Ofcom agrees that the performance on New Provision and Fault Clearance is not acceptable in absolute terms albeit comparable with BT Retail, and also agrees that KPI 5a shows better performance for BT Retail than for providers. Ofcom is satisfied

that BT's comprehensive programme to address the root causes of this poor performance (and better performance for BT Retail) will deliver the necessary improvements and notes that they are included in its Action Plan commitment.

- 4.104 Ofcom repeats its view that it believes the KPI data and the conclusions based on it are robust.

### **Systems and services availability (KPI 13, KPI 14, KPI 15)**

- 4.105 The current KPI 13 (SPG), KPI 14 (DEDS) and KPI 15 (eCo Repair) KPIs are all measures of system (equipment) availability. The reported data for these three KPIs show a very high system availability during the assessment period.
- 4.106 However, Industry has now agreed that these KPIs will only be meaningful if they measure the actual service (application) availability. BT is in the process of compiling true service availability metrics for these three KPIs, but they will not be available for this consultation. It is necessary therefore to extrapolate performance from the existing system availability KPIs and other data.
- 4.107 In the case of DEDS, the service availability is very closely correlated to the system availability. Since an extensive outage in February 2005, the KPI 14 data shows almost 100% availability since March 2005, and Ofcom concludes that this performance meets the requirements of the Statement.
- 4.108 For the SPG and eCo Repair, the service availability is a more complex function which is affected both by the availability of the BT Wholesale website (through which the two services are accessed) and by the availability of the corresponding systems, which in both cases consist of a number of separate equipment units.
- 4.109 If there are problems with the BT Wholesale website then access to the SPG is disrupted but there is then an alternative independent access route to the service.
- 4.110 For eCo Repair however, problems with the BT Wholesale website result in either reduced availability (e.g. difficulty logging on or very slow response times) or complete unavailability (i.e. no electronic access to the service). Similar symptoms result from problems with some of the eCo Repair equipment units.
- 4.111 In times of unavailability of the electronic eCo Repair service, there is only a telephone-based backup service. This service is very limited in its capacity and cumbersome in its use. It is an inadequate replacement capability especially if the eCo Repair problem occurs during a busy period.
- 4.112 During the assessment period, there were a number of unplanned outages and problems with the BT Wholesale website and with various equipment units which together resulted in some periods of SPG unavailability and also in more and longer periods of eCo Repair unavailability. The cause, nature and duration of the outages have varied, but the disruption to SPs was frequently during busy periods and is likely to have had some commercial impact.
- 4.113 Although the SPG is not a 24x7 system and has an alternative access than via the BT Wholesale website, Ofcom concluded, that even with good system availability KPIs and in the absence of actual service availability figures, that the disruptions to the critical commercial function of order placement between 8 am and 8 pm have been material.



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- 4.114 For eCo Repair, which is a 24x7 system and has no alternative access than via the BT Wholesale website, Ofcom concluded in a similar way that the performance had been unacceptable.
- 4.115 In the consultation document, Ofcom invited views on its conclusion that the availability of the SPG and eCoRepair was not currently acceptable.

## **KPI data for September and October 2005**

- 4.116 KPI 14 for the DEDS availability has continued to be 100% in September and October 2005, confirming Ofcom's conclusion in the consultation document. For KPI 13 (SPG availability) and KPI 15 (eCo Repair availability), the formal measures have been 100% and more than 99% respectively in September and October 2005. Given that some problems have still occurred with those two services in that period, Ofcom's view remains that genuine service availability metrics are required in order to properly measure and conclude on this aspect of WLR performance.

## **Responses to the consultation**

- 4.117 BT clarified the current status, the remaining actions and the timing of on-going programmes to improve the resilience and availability of the BT Wholesale website, the eCo Repair systems and service, the SPG systems and service and the DEDS systems. BT included one caveat that the precise timing of remaining actions may still vary for operational reasons.
- 4.118 Nine respondents all agreed with Ofcom's conclusion, many strongly, some emphasized that the availability problems severely impact SPs, with eCo Repair downtimes in particular being material to the end user quality of service and having other knock-on effects e.g. on cancelled appointment bookings. One further respondent with no WLR experience endorsed the views of one of these nine. Seven of the respondents said that these availability problems preclude WLR being found FFP until the required improvements have actually been delivered.
- 4.119 One respondent welcomed BT's Action Plan to increase the availability and resilience of all the systems and services.

## **Ofcom's response**

- 4.120 Having reviewed details of BT's programmes to increase the availability and resilience of the BT Wholesale website and all the main systems, Ofcom considers that when completed these programmes will deliver the required service availabilities. Ofcom also considers that some significant improvements have already been made, particularly for the BT Wholesale website and the SPG availabilities, although the formal KPIs which only measure system availability are not able to show that. Ofcom notes that these programmes are all included in BT's Action Plan commitment.
- 4.121 Ofcom also notes BT plans to make available new measures on service availability following recent Industry discussions which will allow progress on availability to be better and more formally monitored.

## **Operational issues with ordering and provisioning**

- 4.122 The 2003 Statement refers generally to the basic WLR processes providing the SP with the opportunity to offer an equal level of customer service to BT Retail

(Paragraph A.16). Under this banner could be included a number of current operational issues with ordering and provisioning.

- 4.123 Ofcom's view is that the vast majority of operational issues should be dealt with within the Business As Usual resolution process and not be explicitly included in the FFP assessment.
- 4.124 There is however one current operational issue with the ordering system which Ofcom believes should be part of the FFP implementation assessment but which was not included in the KPIs. It involves one category of problems, referred to as "Orders with Unknown Terminal Status", in which SPs do not know at the required time when or if an order has completed or been cancelled. In the case of a Transfer order, this leaves the gaining SP not knowing the status of the end user, i.e. whether the end user is now with the gaining SP or still with the losing SP. A variation of the problem is one where relevant notifications are late or do not contain the expected information, or information is missing.
- 4.125 In the consultation document, Ofcom concluded that the occurrence of these situations was a significant flaw with the ordering system implemented by BT and that it needed to be satisfactorily resolved for the ordering system to meet the requirements of the Statement in terms of providing an equal level of customer service to BT Retail.
- 4.126 During the assessment period, there was one notable instance of this problem, referred to as "Missing S Status" in which an end user cancels a Transfer order but the gaining SP does not receive the notification of cancellation (or any other notification) thereby leaving the terminal status of the order and the end user unknown. There are no precise records of the volumes of these events, but the indications are that they affected some high volume SPs in significant numbers. The cause of the problem has been identified in a manual process error, but at the time of the consultation document there was insufficient data to confirm that rectification of the error had provided the expected significant improvement.
- 4.127 Ofcom welcomed BT's plans to address this problem in its Action Plan by December.
- 4.128 Ofcom invited views on its conclusion that the problem area 'Orders with Unknown Terminal Status' needs to be improved.

### Responses to the consultation

- 4.129 BT said it was committed to resolving this and any other operational issues as part of the Business As Usual process.
- 4.130 Eight respondents all agreed with Ofcom's conclusion, many strongly. Some emphasized that the problem has a major impact on providers who have been affected and on the experience of their end users. One further respondent with no WLR experience endorsed the views of one of these eight. One other respondent could not comment but agreed with the views expressed by most of Industry.
- 4.131 One respondent noted that this problem area is not just the 'Missing S Status' issue but also other missing EDR problems and all should be included in BT's Action Plan.
- 4.132 Three respondents referred to unconvincing attempts to improve or fix the problem since May 2005 and doubted that re-training and re-design of the manual process



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would properly address the problem. The only viable solution is automation, and until then the quality assurance on the manual process must be increased.

- 4.133 One respondent said it was too early to say the problem has been eliminated or reduced. Another said that it must be resolved as soon as possible. Two said that WLR cannot be found to be FFP until this problem is shown to be fully resolved after implementation of all the measures. One said this problem shows how inadequate WLR is and that it cannot be FFP.

### Ofcom's response

- 4.134 Ofcom agrees that the problem area of 'Orders with Unknown Terminal Status' includes several other issues over and above the 'Missing (or Delayed) S Status' issue. However, the latter was shown to be the main problem. Ofcom agrees that it has previously had a significant impact and also agrees that it has taken a long time since May 2005 for the different issues to be properly identified, understood and quantified.
- 4.135 However, Ofcom believes that the 'Missing S Status' issue has now been reduced to levels that can be dealt with as part of the Business As Usual process, i.e. that this issue is now a minor issue. BT has put in place the required quality assurance on the manual processes involved. BT also has in place the necessary diagnostic tools to identify quickly when the problem is occurring in order to prevent the negative impact on providers. These aspects are included in BT's Action Plan commitment.
- 4.136 Ofcom notes also that fixes to other missing EDR problems have either already been implemented or will be in December 2005 (Release 14.1). These are also included in BT's Action Plan commitment.
- 4.137 Overall, Ofcom concludes that this problem area is no longer a FFP matter for WLR.

## Section 5

# Market Impact

### The market impact tests

- 5.1 The final of the three tests for assessing WLR set out in the 2003 Statement was whether the market impact was such as to suggest that the goal of greater retail competition was likely to be achieved.
- 5.2 The 2003 Statement set out three ways in which the market impact of WLR would be assessed. These were:
- the volume of WLR orders meeting certain targets;
  - the active use and promotion of WLR by competitors to BT; and
  - the awareness of WLR by consumers.
- 5.3 This section considers those three elements.

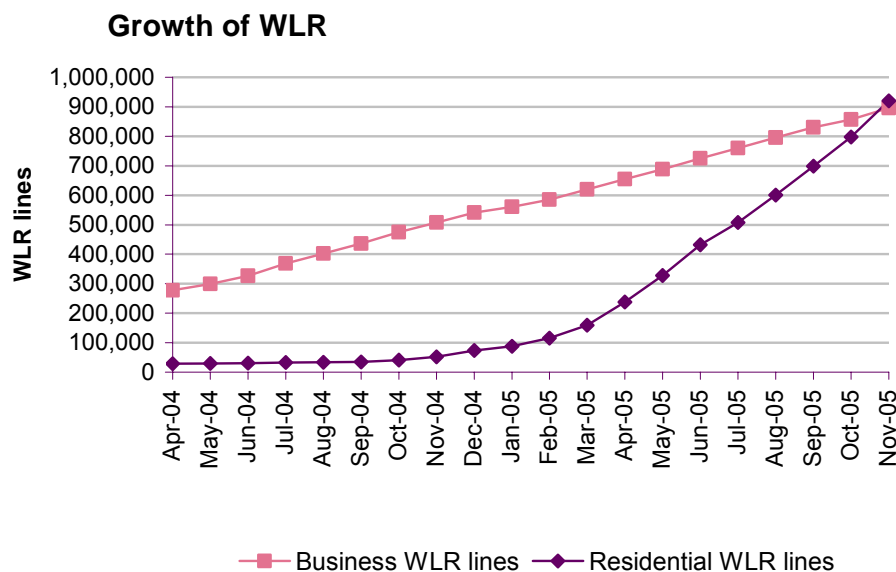
### Volume of WLR orders

- 5.4 In the 2003 Statement Ofcom considered that the volume of WLR orders should reach certain thresholds before any assessment would be possible. These thresholds were:
- 25,000 orders per month for new end-users of WLR plus CPS;
  - 25,000 transfers per month from CPS only to WLR plus CPS;
  - a significant level of orders associated with both the residential and business markets.
- 5.5 The consultation document reported that WLR has grown steadily since launch, from 277,473 in April 2004 to 795,472 by August 2005. Residential WLR took longer to get going, remaining relatively static at about 30,000 lines from April to September 2004, before beginning to grow at a far sharper rate to reach 600,322 by the end of August 2005.
- 5.6 At the time of the consultation document, approximately 3.1% of BT's residential PSTN lines and 9.8% of BT's business PSTN lines had transferred to WLR.
- 5.7 Ofcom explained that it had not been possible to identify precisely the number of new end-users of WLR, i.e. those not previously using CPS. This is for a number of reasons, e.g. the end-user may have been using CPS with a provider other than the WLR provider; and even where an end-user is upgrading from CPS to WLR with the same provider, the provider may be using multiple CPSOs. However, by analysing the proportion of WLR CPS retain orders (i.e. a WLR transfer order that ensures that the same CPS set-up is kept) Ofcom has been able to satisfy itself that the thresholds for orders have been met, i.e. over the past four months at least 25,000 orders per month have been for new end-users of WLR plus CPS and at least 25,000 transfers per month have been from CPS only to WLR plus CPS.
- 5.8 Since the consultation document, growth has accelerated. As can be seen from the chart below, by the end of November 2005 business WLR had reached 896,258 lines and residential WLR had reached 920,113 lines. In the past 12 months WLR

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residential has grown by 846,853 lines. This means that approximately 4.7% of BT's residential PSTN lines and 11% of BT's business PSTN lines have now transferred to WLR.

- 5.9 The average growth rate for WLR over the past six months has been 133,295 lines per month, with business WLR lines growing 34,649 by per month on average and residential WLR2 lines growing by 98,645 per month. Ofcom also notes that November 2005 has seen the fastest ever growth in WLR, with residential WLR increasing by over 120,000 lines and business WLR increasing by nearly 39,000 lines, for a total increase of over 160,000 lines for the month.



- 5.10 Ofcom concluded that it is clear that the volume of WLR orders has significantly exceeded the thresholds set out in the 2003 Statement.

### Active use and promotion of WLR by competitors to BT

- 5.11 In the 2003 Statement, Ofcom said that it would assess whether WLR was being actively used and marketed by competitors to BT in a way that is likely to bring material competitive pressures.
- 5.12 At the time of assessment Ofcom observed that in residential WLR there had been entry by a number of companies pursuing the mass-market residential customer base. For example the following launched WLR services:
- Caudwell Communications in September 2004 under the brand Homecall;
  - Post Office in early 2005;
  - Centrica on 1 April 2005 under its OneTel brand; and
  - Carphone Warehouse in August 2005 under its Talk Talk brand.
- 5.13 As noted and shown in the chart above, the growth of residential WLR customers has increased significantly during the past year. Ofcom has also observed that there has been significant sales and marketing activity by these companies, e.g. advertising in print and on television and radio, telesales, internet promotions, etc.

- 5.14 Ofcom noted that three of the four companies listed above have significant CPS customer bases. Ofcom expects that the majority of these customers may be transferred to WLR. Ofcom is also aware of other CPS providers that plan to retail WLR as well.
- 5.15 At the current rate of growth Ofcom estimates that there will be over one million residential WLR lines by the end of 2005.

### Awareness of WLR by consumers

- 5.16 In the 2003 Statement, Oftel stated that it would commission market research on a monthly basis during the period immediately before and after the product launch, in order to investigate whether there was a significant change in consumer awareness of WLR SPs and products.
- 5.17 Ofcom commissioned research but, in practice, found that researching customer awareness of WLR SPs and products was not practical. This was because the significant entrants to the residential market were either already offering telephony services (e.g. OneTel and Homecall) or had highly recognisable brands that consumers were already aware of, e.g. the Post Office.
- 5.18 Additionally, Ofcom found that differentiating WLR from other telephony products (such as indirect access, CPS, cable telephony, etc) for the purposes of consumer research was difficult.
- 5.19 As a result, Ofcom concluded that formal consumer research was not a helpful indicator in assessing the market impact of WLR.

### Responses to the consultation

- 5.20 All responses agreed that take-up exceeded the targets set in 2003. BT argued that this was important evidence that WLR was fit for purpose. Other providers pointed out that levels of take-up are lower than those for CPS at a similar stage and those forecast in a study by Schema for Oftel.
- 5.21 One response stated that further research is required to understand the impact that WLR has on the UK telecommunications market in general and the non-central Belt market of Scotland in particular before BT is granted additional pricing flexibility.

### Ofcom's response

- 5.22 In the 18 months since the WLR2 product was launched (i.e. from April 2004 to October 2005), the number of WLR lines increased by 1,349,682. In the 18 months following the launch of CPS in December 2001, the number of CPS lines increased by 1,365,619. Therefore, Ofcom considers that there has been little material difference between the take-up of CPS and WLR.
- 5.23 Ofcom notes that one of the assumptions of the Schema forecasting study was that all the service providers that launch WLR services follow their stated intention and migrate their CPS customers over a 1-year period beginning April 2004. In its report to Oftel called *The Market for WLR: Revised forecasts for WLR2* (published 5 August 2003), Schema stated "If some [service providers] were to decide to delay the start of migration or to decide not to proactively migrate their CPS customers then peak order volumes could be much lower." Neither of these assumptions have been met, and the Schema forecasts are consequently not a valid comparator of WLR take-up.

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- 5.24 Ofcom considers that any regional issues with WLR would not be as a result of the functionality of the WLR product, which is not restricted by line length or other technical aspects. That is, WLR can be offered over any BT PSTN line regardless of geographic location. Furthermore, it is not within the scope of this document to consider the possibility of BT deaveraging prices.

## Section 6

# Conclusions

## The tests

- 6.1 As explained in Section 2, the 2003 Statement set out three main tests of whether WLR as implemented is fit for purpose:
- Is the functionality of WLR consistent with the Product Specification?
  - Has this functionality been implemented in such a manner as to minimise barriers to effective retail competition?
  - Is the market impact such as to suggest that the goal of effective retail competition is likely to be achieved?
- 6.2 The 2003 Statement identified four possible outcomes to the assessment:
- The WLR product as implemented is fully satisfactory, with no further work required. The RCC can immediately be relaxed to RPI+0%.
  - The WLR product meets most of the core requirements, but there are some areas where further work is required. The work is sufficiently minor that it is reasonable to relax the RCC immediately, on the basis that BT guarantees to carry out the outstanding work.
  - The WLR product meets most of the core requirements, but there are some areas where further work is required. The work is major enough that the RCC should not be relaxed until it has been completed. On completion of this work, there would be a further assessment of whether this has been done to a satisfactory standard, but Ofcom will not carry out a full reassessment of the WLR product.
  - The WLR product does not meet the core requirements. A large amount of additional work is required, and a full reassessment of the WLR product will be required once this has been carried out.

## The consultation

- 6.3 As explained in Section 3, Ofcom identified in the consultation document one area where WLR did not meet the Product Specification: the change of address ('home mover') functionality, it does not provide "SPs with the same opportunity to retain customers who are moving home as is available to BT Retail". Furthermore there are areas of the fault management process where Ofcom believes that WLR only just meets the requirements of the Specification.
- 6.4 As explained in Section 4, Ofcom identified the availability of the fault repair systems and service provider gateway as the primary area where WLR has not met the implementation requirements set out in the Statement. In addition, Ofcom had concerns over the performance on fault repair, new provisions, the level of rejected orders and the levels of automation.
- 6.5 In all the areas where Ofcom either stated WLR does not currently meet the requirements of the Statement or had concerns about the product or implementation leading to a conclusion that the requirements are only just met or met in part, BT has

set out an Action Plan to address the shortcomings identified to be implemented in two main stages: by December 2005 and in April 2006.

- 6.6 As explained in Section 5, Ofcom considered whether the market impact of WLR was such as to suggest that the goal of greater retail competition was likely to be achieved. This analysis showed that since the launch of WLR in March 2004 there has been entry by a number of companies pursuing the mass-market residential base and that the average monthly growth rate for WLR over the last six months has been more than double the levels set in 2003 for a FFP assessment of 50,000 WLR orders a month.

### **Responses to the consultation**

- 6.7 In the responses there was broad agreement with Ofcom's assessment that:
- most of the core requirements of the Product Specification had been met;
  - Ofcom had correctly identified the key areas where the requirements had not been met or only partially met;
  - the BT Action Plan was the right way to address these shortcomings; and
  - the market impact was double the target set in 2003.
- 6.8 However, nine of the respondents argued that WLR could only be considered FFP once BT had delivered its commitments in the Action Plan. They argued that the shortcomings with the current product were significant and not minor. Furthermore, they believed that BT would not have an incentive to deliver the Action Plan once the RCC had been relaxed. Some argued that many aspects of the WLR product should be assessed against a standard of equivalence of input to the parallel BT Retail product and that it would fail this test.
- 6.9 BT and another provider argued that the requirements set in 2003 had been met and that WLR is FFP. Another agreed with Ofcom's overall approach – that a FFP finding should be linked to an Action Plan – but argued that more items should be added to the Action Plan and additional incentives created on BT to deliver the Plan fully and on schedule.

### **Assessment conclusions**

- 6.10 Ofcom has carefully considered all the responses to the consultation document. In particular, Ofcom has considered the views expressed in nine of the thirteen responses that the shortcomings correctly identified by Ofcom were in fact significant and hence that the charge control should not be relaxed until the commitments in the Action Plan have been delivered by BT.
- 6.11 Ofcom has taken account of the fact that the great majority of the core requirements have already been satisfactorily met. Furthermore, Ofcom has taken into account that BT has publicly committed in the Action Plan to delivering the outstanding improvements relatively quickly, with a third of all remaining improvements on track for delivery on 19 December. Moreover, BT has added to the Action Plan details of how it will address other concerns raised in the responses.
- 6.12 Ofcom has also carefully considered the market impact of WLR to date. The very positive take-up figures reported in the consultation document have improved further since October. As explained in Section 5, the average growth rate for WLR over the past six months is now 127,274 lines per month. Business WLR is growing by 33,865

per month on average and has reached 888,130 lines by 25 November 2005. Residential WLR is growing at an even sharper rate of 93,409 per month to reach 894,633 lines by 25 November. These figures far exceed the targets set in 2003.

- 6.13 Ofcom's requirement is to assess WLR against the criteria set out in the March 2003 statement and not against a standard of equivalence of input with BTR products. Equivalence of inputs will be delivered through the Enterprise Act undertakings given by BT as part of the Telecoms Strategic Review. Similarly, take-up can only be judged against the predictions set in 2003 and not thresholds set subsequently.
- 6.14 Taking all of this into account, Ofcom's judgment remains that the remaining shortcomings are minor in nature. Consequently Ofcom considers that the correct conclusion to be drawn is that WLR is FFP under the criteria set in 2003 when considered in conjunction with the Action Plan. Ofcom is therefore concluding that the RCC should be relaxed to RPI+0% from the date of this Statement in accordance with Outcome 2 identified in the 2003 statement and Ofcom has written to BT to notify it of this decision (see Annex 9).
- 6.15 Nevertheless, Ofcom recognises that it is essential that BT delivers the Action Plan fully and on schedule. In light of this, Ofcom has sought further assurances from BT that it will deliver the Action Plan within the timeframe required and has obtained from BT Openreach the written commitment set out in Annex 8. In addition, BT has agreed to report regularly to industry on the progress of the Action Plan and to publish its performance against the KPIs until the Plan has been fully delivered. Moreover, if they are not delivered in full in that timescale, Ofcom intends to use powers under SMP condition AA10 ("Requirement to provide wholesale line rental etc") to direct BT to implement any commitments that are not materially met.

### Equivalence of Inputs

- 6.16 On 22 September 2005, Ofcom announced that the Ofcom Board had formally accepted legally-binding undertakings under the Enterprise Act from the Board of BT Group plc. These undertakings included commitments regarding both the WLR product and the structure of the part of BT that sells WLR (and other services) to other communications providers.
- 6.17 In the undertakings, BT committed to the delivery of Equivalence of Inputs (EOI) systems for analogue WLR by 30 June 2007, with 30% of BT's relevant installed end-user base using this product by 30 June 2008, 70% by 30 June 2009 and 100% by 30 June 2010. BT also announced that if they did not deliver the EOI WLR product ready for service for WLR providers by the end of 2006, BT would make goodwill payments to WLR providers of 25p / line for each month by which it missed the deadline.
- 6.18 EOI is defined in detail in the undertakings. However, in summary it means that BT will provide a WLR product on the same timescales, terms and conditions (including price and service levels) and using the same systems and processes as it delivers to itself. The EOI WLR product will be designed, developed, sold and managed by BT's new line of business Openreach. Openreach has already begun discussions with other communications providers regarding the design and development of this product, currently being referred to as WLR3.
- 6.19 Ofcom also notes that WLR3 will be measured against the criteria for EOI and not in relation to the FFP assessment for WLR2. A finding of FFP for WLR2 does not set a



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baseline for the development of the WLR3 product, its functionality or quality of service.

- 6.20 Ofcom considers that following the already planned releases in December 2005 (Release 14.1) and April 2006 (Release 15), the priority will be the development of WLR3.

## Impact Assessment

- 6.21 Section 7 of the Communications Act 2003 says that Ofcom must carry out and publish an Impact Assessment where we are proposing to do anything related to the carrying out of our function and it appears to us that the proposal is important, unless it appears to Ofcom that the urgency of the matter makes it impracticable or inappropriate for us to comply. Ofcom published guidance on our approach to Impact Assessments ( [http://www.ofcom.org.uk/consult/policy\\_making/guidelines.pdf](http://www.ofcom.org.uk/consult/policy_making/guidelines.pdf) ) on 21 July 2005.
- 6.22 In the consultation document Ofcom explained that it does not propose to carry out an Impact Assessment in this case because the analysis set out does not involve the consideration of policy options but is an assessment of the extent to which requirements set in an earlier policy Statement have been met. In this regard it is similar to an investigation, where Impact Assessments are not carried out. When the policy was originally put in place, an analysis of the costs and benefits of options was however carried out:  
(<http://www.ofcom.org.uk/static/archive/oftel/publications/pricing/2002/pcr0602.htm#AnnexF> )
- 6.23 One respondent argued that Ofcom should carry out an Impact Assessment because of the significance of the change. Ofcom remains of the view that it is not necessary or appropriate to carry out an Assessment because the analysis set out here does not propose policy options but it implements policy set in 2003.

## Retail Charge Control (RCC) from July 2006

- 6.24 As concluded above, the RCC will be relaxed from RPI-RPI to RPI+0% from the date of this Statement.
- 6.25 The specific condition on BT that sets the RCC is time-limited and expires on 31 July 2006. Ofcom intends to review the RCC provisions in the first half of 2006 and will consult on future options for the RCC in spring 2006.
- 6.26 A RCC, in various forms, has been in place since 1984 to protect consumers from excessive prices. Until 2002 the controls were used to require BT to lower its prices in the absence of sufficient competition in the retail market to exert downward pressure on prices. The current RCC was introduced in 2002 as a safeguard control. Recognising the increasing competition to BT from cable operators, indirect access, and carrier pre-selection service providers, this control did not seek to drive down prices but to ensure that there would be no nominal rise in prices.
- 6.27 The 2002 control was focussed on the lowest spending 80 per cent of BT's residential customers. This was because the remaining 20 per cent are BT's most profitable customers, traditionally the main target of competitors. It also recognised that price competition had largely been based around calls and that for the 80 per cent lowest spenders the rental charge makes up a large proportion of their bills, where there had been less competitive pressure. The control has operated alongside

the Light User Scheme (LUS), provided under BT's Universal Service Obligation (USO), which effectively gives a discount off the line rental for BT customers who make few calls. LUS has therefore provided additional protection for the lowest spending customers.

- 6.28 The RCC review in 2006 will therefore need to take account of a number of factors including:
- The level and nature of competitive pressure on BT and prices, including the impact of the introduction of all-calls carrier pre-selection and of WLR since the current RCC was introduced;
  - The range of customers now being effectively targeted by competitors;
  - The extent to which price competition has delivered benefits to vulnerable customers in lower spending deciles; and
  - The interaction with social telephony services such as LUS and the new targeted scheme proposed as part of the current review of the USO.
- 6.29 In the WLR consultation document Ofcom invited views on these factors and any other issues of concern to stakeholders. These factors were broadly accepted. Respondents stressed the importance of assessing the take-up of WLR and CPS in any assessment. Some providers argued that the RCC should not be removed until equivalence is delivered. BT argued that Ofcom's proposals under its Universal Service review adequately address the needs of vulnerable customers.
- 6.30 Ofcom will take these comments into account. In accordance with Ofcom's regulatory principles, the review will operate with a bias against intervention, but with a willingness to intervene effectively where required, seeking the least intrusive regulatory mechanisms to achieve policy objectives.

## Annex 1

# Responses to the consultation

A1.1 Responses to the consultation were received from:

- BT
- Cable & Wireless
- Carphone Warehouse
- Centrica
- Dr John Hunter and Dr Jason Whalley
- Kingston Communications
- Fixed Service Providers Association
- MCI
- Scottish and Southern Energy
- UKCTA
- 2 anonymous responses (published in part)
- 1 anonymous response (not published)

A1.2 Non-confidential responses are published on Ofcom's website:  
[http://www.ofcom.org.uk/consult/condocs/line\\_rental/#content](http://www.ofcom.org.uk/consult/condocs/line_rental/#content).

## Annex 2

# WLR Product Specification – March 2003

A2.1 Set out below is Annex A of the statement *Wholesale Line Rental: Oftel's conclusions* published on 11 March 2003.

## Purpose of this document

A.1 Wholesale Line Rental (WLR) is a facility offered to Service Providers (SPs) that allows them to rent an exchange line from BT on wholesale terms, and resell it to an end-user. The SP can also rent those Supplementary Services normally made available by BT over an exchange line. BT shall make available the specific exchange line types and Supplementary Services set out in this Product Specification.

A.2 BT shall enable the SP to take over all aspects of the retail relationship with the end-user. BT shall provide the SP with the opportunity to offer an equivalent level of customer service to that offered by BT, in relation to business processes such as provisioning and fault management. In order for this to be possible, BT must make certain support services available. Some of the specific Supplementary Services required for this purpose are set out in this Product Specification.

A.3 In order for WLR to be effective in promoting competition, the operational and financial overheads associated with the use of WLR must be minimised. BT shall implement key operational processes (e.g. ordering, provisioning, fault management, billing) in an efficient manner, and shall also manage the interactions with other wholesale services (e.g. Carrier Pre-Selection) in an efficient manner. BT shall provide a high degree of process automation, in order to reduce the transaction costs associated with the provision and in-life management of WLR. Some specific requirements are set out in this Product Specification.

A.4 The WLR Product Specification as at March 2003 shall be used as the basis of the fit-for-purpose assessment carried out by Oftel, in order to determine whether it is appropriate to relax the controls on BT's retail prices. Oftel may determine that changes are made to this Product Specification, after consultation, but these changes will not form part of the fit-for-purpose assessment.

## Definitions

A.5 The following words or expressions in this Wholesale Line Rental Product Specification shall have the meaning ascribed hereunder:

### Call Data Records

A set of data that provides for each call all the information that is necessary to produce a bill for that call.

### Gaining Provider

The Service Provider to whom an exchange line is to be transferred following the successful completion of an order for WLR.

### Losing Provider

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The Service Provider from whom an exchange line is to be transferred following the successful completion of an order for WLR.

### **Select Services**

A specific group of Supplementary Services, that allow an end-user to manage its calls. Select Services allow an end-user to identify who is making a call, prevent unwanted calls, and ensure that calls that are wanted get through.

### **Supplementary Services**

Those services that are supplied over an exchange line in addition to access and call conveyance, either to provide an enhanced retail service to the end-user, or to help the Service Provider manage its end-users.

### **Transfer Letter**

A letter sent by the Gaining Provider or the Losing Provider to an end-user, following submission of a WLR order, to inform the end-user that their exchange line is being transferred.

### **Line types and supplementary services**

A.6 BT shall make the following types of analogue exchange line available within WLR:

- Residential single analogue exchange line.
- Business single analogue exchange line.
- Business multiple single analogue exchange lines. These are multiple individual lines with different directory numbers installed on the same site.
- Business multiple auxiliary analogue exchange lines. These are multiple individual lines serving the same site, and configured so that they share the same directory number as the main line.

A.7 BT shall provide a standard directory listing for each exchange line, and this shall be either a residential or business listing as appropriate.

A.8 BT shall provide full support for number portability (both import and export), sufficient to allow an SP to discharge its legal obligations in relation to number portability.

A.9 BT shall provide the same capability to allocate 'golden numbers' for an exchange line being rented by an SP as it would for a BT Retail exchange line.

A.10 BT shall make available within WLR the complete set of Select Services that are available to BT Retail, except where otherwise agreed by Ofel. The Select Services that BT shall make available on an analogue exchange line include:

- call-sign (single line only)

- call-sign (single line only)
- withhold number per line
- bar use of withhold number
- anonymous call rejection
- 'Choose to refuse'
- call barring
- call barring + bypass number
- call waiting (single line only)
- call diversion
- call diversion + bypass number
- 'Smart divert' (single line only)
- 'Smart divert' PIN number change (single line only)
- 'Smart divert' + bypass number (single line only)
- caller redirect / CNI (single line only)
- wholesale messaging
- 'BT Call Minder' (single line only)
- 'BT Call Minder' extensions (single line only)
- remote call forwarding (subject to confirmation by OfTel)
- ring back (single line only)
- ring back inhibit (single line only)
- call return (1471) (single line only)
- call return extra (single line only)
- call return erasure (1475) (single line only)
- bar use of call return (single line only)
- three way calling (single line only)
- reminder call (single line only)
- reminder call pay per use (single line only)

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A.11 BT shall make Direct Dialling In (DDI), a service which allows individual extensions on a PBX to be directly contacted via their own number, available on business exchange lines.

A.12 BT shall make the following network services available within WLR, in order to allow SPs to manage their customers:

- Indirect access call barring, that is to say a service that will allow SPs to prevent end-users making indirect access calls.
- Route 15x to Service Provider, that is to say a service that diverts customer service calls to the relevant department of the SP.
- Route to credit control, that is to say a service that allows SPs to manage end-users who have not paid their bills.
- Outgoing call barring, that is to say a service that prevents outgoing calls being made from a specified line.
- Call mapping, that is to say a service that allows SPs to offer a voice messaging service to their customers.

A.13 BT shall make the following special categories of analogue exchange line available within WLR:

- Private payphone exchange lines, with use where appropriate of the meter pulse facility.
- Out-of-area exchange lines.

A.14 There are a number of services which will not be included within WLR, but which are provided over the same exchange line or using the same directory number. BT shall not reject an order due to the presence of such services on a line unless there is no practicable alternative. BT shall continue to offer these services, and if necessary, transfer them to a new account. Examples of such services include:

- BT rented customer premises equipment.
- Services provided over the same copper loop used by analogue telephony, but in a different frequency band. These include 'BT Broadband' and the 'Redcare' alarm monitoring service.
- Services that allow customers to make calls from other telephones, and charge them to the customer's own directory number. These include 'BT Chargecard' and 'BT Ring Me Free'.

A.15 There may be some services provided by BT over an exchange line that are incompatible with WLR. Ofcom shall decide for each such service whether WLR or the other service takes precedence. BT shall then respond as follows to a WLR order to transfer an exchange line over which that other service is being provided:

- If WLR takes precedence, then BT shall cease the other service and transfer the exchange line.



- If the other service takes precedence, then BT shall reject the WLR transfer order.
- If neither WLR nor the other service takes precedence, then BT shall reject the WLR transfer order.

### **Ordering lines**

A.16 BT shall ensure that the processes established for ordering, provisioning and transferring lines provide an SP with the opportunity to offer an equal level of customer service to that offered by BT Retail.

A.17 BT shall ensure that there is no material difference between the timescales for ordering, provisioning and transferring lines for SPs and the corresponding timescales for BT Retail.

A.18 BT shall provide an electronic gateway via which SPs will be able to submit WLR orders. BT shall provide two types of interface to this gateway, a manual web-based interface for low order volumes, and an automated XML-based machine-machine interface for high order volumes. BT shall ensure that both interfaces support the full range of order types, line types and supplementary services. BT shall ensure that it is possible to create a complex transaction in an efficient manner using a sequence of basic transactions.

A.19 BT shall design its ordering process so as to ensure that all correctly-formatted valid orders that are submitted to the electronic gateway flow through the ordering process with no need for manual intervention by the SP or by BT. The only exceptions to this shall be where Ofcom has agreed that a particular order type or a particular task should be handled manually.

A.20 BT shall support order types that allow an SP to provision a new line, transfer an existing line, cancel an order, change the status of an existing line, or cease a line.

A.21 When BT rejects an order for WLR, BT shall provide sufficient information to enable the SP to establish the precise cause of the rejection. When BT rejects an order for WLR due to the presence of an incompatible service on the exchange line, BT shall ensure that the SP is able to determine the specific service that is the cause of the rejection.

A.22 When BT ceases an existing service on an exchange line due to a WLR order to transfer that exchange line, BT shall inform the end-user of this using the mandatory Transfer Letter. BT shall also inform the SP, and shall do so before notifying the end-user.

A.23 BT shall ensure that an SP is able to submit orders for WLR and for CPS on the same exchange line. BT shall manage these orders in such a manner as to ensure that any process differences between WLR and CPS have no impact on the quality of service received by the end-user. BT shall ensure that there is a gap of no more than one day between WLR and CPS service activation: this requirement is commonly referred to as 'WLR+1'.

A.24 Where a WLR transfer involves retaining the same CPS configuration on the line(s) after the transfer as existed before, BT shall ensure that there is no

interruption to or change of the existing CPS service: this requirement is commonly referred to as 'seamless CPS transfer'.

A.25 BT shall develop a process that provides SPs with the same opportunity to retain customers who are moving home as is available to BT Retail: this is commonly referred to as a 'home-movers process'.

### **Design and operational management of the ordering system**

A.26 Oftel intends to produce on a regular basis a forecast of WLR order volumes. The forecast will provide an estimate for each month, and for each line type, of the number of new provides, line transfers, change orders and cease orders. The forecast will cover a period of two years. Oftel intends to review its forecast quarterly, or on request by BT. In advance of each review, BT shall provide Oftel with a breakdown of the actual orders submitted to date at the same level of detail as is required for the forecast.

A.27 BT shall use the forecast of WLR order volumes prepared by Oftel to determine whether it has sufficient system capacity to handle these orders. BT shall initially dimension its ordering gateways and associated back-office systems so as to be able to support a transaction volume of 500,000 transactions per month with no degradation of performance. If at any point in the future the two-year forecast provided by Oftel predicts that the transaction volume will exceed this level for three consecutive months, then BT shall agree with Oftel measures to increase system capacity.

A.28 Insofar as BT has a requirement for an externally provided forecast in order to plan its operational staffing, BT shall use the forecast provided by Oftel for this purpose.

### **Service provider forecasts and rationing**

A.29 BT shall require SPs to submit each month a rolling forecast of order volumes. Each forecast shall cover a period of three months, and provide a breakdown of total projected order volumes by order type and line type.

A.30 BT shall each month review the forecasts provided by the SPs, in order to establish whether the total volume of orders is expected to exceed BT's system capacity during the forecast period. If the total volume of orders is expected to exceed system capacity, then BT shall ration the available capacity by requiring SPs to scale back their forecasts using the following formula:

$$C_i = A_i \times F_i \times C / \sum_i A_i \times F_i$$

Where:

F = The total volume of orders forecast by all SPs in a given month

F<sub>i</sub> = The volume of orders forecast by SP i in a given month

C = The total ordering-handling capacity of BT

C<sub>i</sub> = The capacity assigned to each operator after the rationing process

A<sub>i</sub> = A figure of merit for operator i.

A.31 BT shall calculate the figure of merit (A) for each SP from the forecasting error (E) of that SP for the previous 3-month period. E is equal to the number of orders forecast divided by the number of orders actually submitted. E is therefore less than 1 for an SP that under-forecasts, and E is greater than 1 for an SP that over-forecasts. Unless otherwise agreed by Oftel, BT shall use the following equations to calculate the value of A:

For  $E < 1.1$ ,  $A = 1$

For  $E > 1.1$ ,  $A = e^{-(E-1)}$

A.32 On a daily basis, BT shall allocate orders to one of three queues, depending on the priority of the order:

Priority 1: Order types that require urgent action (e.g. Cease, OCB).  
BT shall process these orders ahead of any other orders.

Priority 2: Orders submitted by an SP that are within the capacity allocated to that SP by the rationing process described above. BT shall process these orders on the day that they are submitted.

Priority 3: Orders submitted by an SP that are additional to the capacity allocated to that SP by the rationing process. BT shall process these orders on a best efforts basis, with any outstanding orders carried forward to the next day.

### **Consumer protection**

A.33 When an exchange line is being transferred from a Losing Provider to a Gaining Provider, both providers shall send the end-user a Transfer Letter. BT shall ensure that its Transfer Letters are restricted to factual information only, and contain no marketing or save content. BT shall ensure that the content of its Transfer Letters complies with any guidelines issued by Oftel, and shall provide Oftel with copies of all letters on request.

A.34 BT shall ensure that there is a standard switchover period for WLR, irrespective of the method of sale. The switchover period shall be set at 10 working days (excluding Saturdays), in order to ensure that the end-user receives the Transfer Letters, and has sufficient time to consider and act upon them.

A.35 Several retail services exist that are targeted at particularly vulnerable groups of society (e.g. Light-Users Scheme). If an SP submits a WLR transfer order for a line over which such services are being provided, then BT shall reject the order. It will then be necessary for the SP to ask the end-user to cease those services if it wishes to transfer its line to that SP. Oftel reserves the right to relax this consumer protection policy if it deems this to be appropriate in the future.

A.36 BT shall provide the same support to an SP for the handling of malicious calls as it provides to BT Retail. BT shall take responsibility for tracing the origination of calls, monitoring incoming calls, and using specialist equipment to identify the responsible party. BT shall also be responsible for any contact with the police that is necessary. BT shall enable SPs to change an affected end-user's telephone number by submitting the relevant change order to the electronic ordering gateway, and BT shall execute this change order as quickly as is practicable.

### **Maintenance and fault management**

A.37 BT shall provide the same quality of service for an exchange line leased to a SP as for an exchange line with the same SLA operated by BT Retail. BT shall enable SPs to contract for the same range of SLAs that are available to BT Retail (currently Standard Care, Total Care, Prompt Care, Priority Service).

A.38 BT shall provide SPs with the same capability to submit a fault report for an exchange line, and track the status of that report, as is available to BT Retail. BT shall provide an appropriate electronic interface for both the initial submission and the subsequent tracking of fault reports.

A.39 BT shall provide to SPs the same line diagnostic tests that are available to BT Retail. BT shall provide these via an appropriate electronic interface, and with a response time similar to that available to BT Retail. BT shall ensure that an SP is able to carry out a line test as part of the initial fault report, and provide immediate feedback to the end-user.

### **End-user visits by BT engineers**

A.40 Where a BT engineer visits an end-user of an SP, either to install a new line or investigate a fault, BT shall ensure that the engineer complies with guidelines provided by Ofel for the management of such visits.

A.41 BT shall provide SPs with the same ability to book appointments for visits by engineers as that available to BT Retail. BT shall ensure that SPs are able to submit a request for a specific appointment time via an electronic gateway, and immediately receive a response listing the available appointments closest in time to that requested, from which the SP can select the preferred appointment.

### **Billing, debt management, fraud and security**

A.42 BT shall provide SPs with billable quality Call Data Records (CDRs) on a daily basis, but separated by a small time gap from the date of the actual calls. BT shall provide CDRs in an appropriate electronic format. BT shall bill on a monthly basis for line rental, additional services and transaction charges.

A.43 BT shall ensure that SPs have the ability to manage end-user bad debt by applying a series of escalating service restrictions to an exchange line, using a series of 'change' orders on the electronic ordering gateway.

A.44 For calls that are carried over the BT network, BT shall provide SPs with raw CDRs every 4 hours, in order to allow the identification of fraud. These CDRs need not be of billable quality, but BT shall ensure that they are completely up to date (including calls in progress).

A.45 BT shall take the same responsibility for the physical security of its network in relation to an exchange line being rented by an SP as it would for a BT Retail exchange line.

### **Key Performance Indicators**

A.46 BT shall provide transparency of its operational performance in relation to key business processes by publishing such Key Performance Indicators as are defined by Ofel. BT shall publish data on its performance in relation to BT Retail as well as in

relation to SPs, in sufficient detail to show whether SPs are receiving an equivalent quality of service to that provided to BT Retail.

**Annex 3**

# WLR Assessment Criteria and Process – March 2003

A3.1 Set out below is Annex B of the Statement *Wholesale Line Rental: Oftel's conclusions* published on 11 March 2003.

## **General principles**

B.1 Oftel's initial assessment of WLR2 will combine a broad assessment of whether WLR2 as implemented is fit for purpose, with a preliminary assessment of the market impact. This amounts to the application of three tests:

- Is the functionality of WLR2 consistent with the Product Specification?
- Has this functionality been implemented in such a manner as to minimise barriers to effective retail competition ?
- Is the market impact such as to suggest that the goal of effective retail competition is likely to be achieved ?

## **Product Specification**

B.2 The first fit-for-purpose test is to consider whether the WLR2 Product Specification allows an independent SP to offer a similar range and quality of services to that offered by BT Retail in the relevant markets.

B.3 The Product Specification for WLR2, which appears at Annex A of this Statement, specifies the line types and supplementary services to be included in the WLR2 product. The fit-for-purpose assessment of the WLR2 product shall consider the following questions:

- Have all the line types and supplementary services set out in the Product Specification been delivered?
- If any of these have not been delivered, is this shortfall likely to have a material impact on the success of WLR2 ?
- Where BT Retail has introduced new services after the publication of the Product Specification, have these been included in the WLR2 product and, if not, could this materially affect the achievement of effective competition?

B.4 Oftel may also propose changes to the Product Specification of WLR2 at any time following market reviews, resolution of a dispute or complaint, or other exercise of its powers. Changes to the Product Specification made for any of these reasons after the Version 1.0 of

the Product Specification, published in this Statement, shall not however form part of the fit-for-purpose assessment of WLR.

### **Product implementation**

B.5 The second fit-for-purpose test is to consider whether BT's implementation of the WLR2 product is fully effective, so that implementation issues do not constrain the take-up of WLR.

B.6 This test shall be based on a set of Key Performance Indicators (KPIs), which shall be

### **Product implementation**

B.5 The second fit-for-purpose test is to consider whether BT's implementation of the WLR2 product is fully effective, so that implementation issues do not constrain the take-up of WLR.

B.6 This test shall be based on a set of Key Performance Indicators (KPIs), which shall be used to measure the effectiveness of key business processes. It will not be possible to define the complete set of KPIs to be monitored until the business processes for WLR2 have been specified in more detail. Of tel expects the detailed specification of KPIs to form part of the WLR implementation programme.

B.7 Of tel's current expectation is that the KPIs to be monitored shall include:

- The volume of orders submitted
- The percentage of orders that are rejected
- The percentage of orders that flow through BT's systems without manual intervention
- The average time between submission of an order and acceptance by BT
- The average time between acceptance of an order and service activation
- The percentage of lines which are subject to faults within a specified period
- The average time between submission of a fault report and the fault being cleared
- The average time taken to complete a line diagnostic test
- The average time taken to arrange a visit by an engineer
- The percentage of times that an appointment for an engineering visit is missed
- The percentage of lines which are subject to repeat faults



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- The percentage of billable CDRs which are produced on-time
- The percentage of billable CDRs which have to be repeated due to errors
- The number of billing queries

B.8 The basic fit-for-purpose test applied to each KPI shall be to determine whether the performance of BT in relation to independent SPs is similar to its performance in relation to BT Retail. For example, Of tel shall determine whether the response time to faults reported by BT Retail is the same as the response time to faults reported by an independent SP.

B.9 Although Of tel's intention is to avoid setting absolute targets for KPIs, there will be some cases where it is necessary to do so, since BT Retail does not use the same process as SPs. For example, it shall be necessary to set absolute targets for the percentage of orders rejected by the electronic gateway, and the percentage of orders that flow through the ordering process without manual intervention. These targets shall be set as part of the WLR2 implementation programme.

B.10 Of tel is expected to make its initial assessment of WLR2 three months after product launch. Of tel has however noted some concerns that might exist over the quality of KPI data gathered during this period: The effectiveness of most processes will depend on the performance of the SP as well as that of BT. For example, a high level of order rejections could be due to errors in the orders submitted by SPs. This is likely to be a particularly severe problem during the initial phase of operation.

Those processes that relate to in-life customer service (fault management, billing) are unlikely to be severely tested during the first few months, due to the small customer base.

B.11 The most effective means of addressing these concerns is by using an independent third party to validate the performance of BT's systems, perhaps including some form of soak test. There are however legitimate concerns about the consequences of carrying out such tests on BT's live systems. Of tel expects to determine the tests that can reasonably be performed following further discussions with BT. The performance of BT's systems under these tests will then form part of the fit-for-purpose assessment. Performance should meet or exceed reasonable industry standards.

### **Market impact**

B.12 The third fit-for-purpose test will be an assessment of the impact of WLR2 on the relevant retail markets.

B.13 As already noted, Of tel expects to make its initial assessment of WLR2 no earlier than three months after product launch. The one objective measure of market impact that will be available to Of tel at this point in time is the volume of WLR2 orders. Of tel expects to see

25,000 orders per month for new end-users of WLR2 plus CPS, plus a further 25,000 transfers per month from CPS only to WLR2 plus CPS. Oftel also expects to see within these overall totals a significant level of orders associated with both the residential and business markets. If the actual level of activity is below these levels, Oftel will take this as evidence that WLR2 as implemented is not fit for purpose.

B.14 Oftel does not, however, consider that order volumes at this level are an adequate indicator that the product will have a competitive impact sufficient to justify relaxation of the price control. These order volumes should therefore be regarded as thresholds that need to be passed before any assessment is possible. To take a view on the likely market impact of the product, Oftel will have regard to a range of evidence at the point of assessment, including:

- Is the product being actively used and marketed by competitors to BT in a way that is likely to bring material competitive pressures?
- Is consumer awareness of WLR SPs and their products on a rising trend?

B.15 Oftel shall commission market research on a monthly basis during the period immediately before and after the product launch, in order to investigate whether there is a significant change in consumer awareness of SPs and products. This will provide useful supplementary evidence as to the likely market impact of WLR.

#### **Assessment process**

B.16 BT shall formally trigger the initial assessment, by informing Oftel when it believes it has met all the core requirements for the WLR product. Oftel shall start its assessment three months after this date.

B.17 The assessment will require Oftel to carry out a significant level of data analysis. Oftel expects to carry out this analysis and publish its conclusions within two months of starting its assessment. A further one-month consultation period is likely to be required before these can be implemented.

B.18 The assessment shall result in one of four possible outcomes:

- The WLR2 product as implemented is fully satisfactory, with no further work required. The retail price control can immediately be relaxed.
- The WLR2 product meets most of the core requirements, but there are some areas where further work is required. The work is sufficiently minor that it is reasonable to relax the retail price control immediately, on the basis that BT guarantees to carry out the outstanding work.

## **Wholesale Line Rental: Fit for Purpose Assessment**

- The WLR2 product meets most of the core requirements, but there are some areas where further work is required. The work is major enough that the retail price control should not be relaxed until it has been completed. On completion of this work, Oftel will assess whether this has been done to a satisfactory standard, but will not carry out a full reassessment of the WLR2 product.

- The WLR2 product does not meet the core requirements. A large amount of additional work is required, and a full reassessment of the WLR2 product will be required once this has been carried out.

B.19 BT shall not be able to trigger a full reassessment of WLR2 within three months of a previous assessment failing

B.20 Oftel reserves the right at any time to carry out a more formal project review, in order to determine whether the incentive regulation being applied by Oftel still seems likely to be successful, or whether alternative remedies to BT's dominance of the relevant retail markets should be considered.

## Annex 4

# WLR Product Assessment

A4.1 This Annex provides additional data to the assessment in Section 3 of WLR against the Product Specification.

## Line types and supplementary services

A4.2 This section relates to Paragraphs A.6 to A.15 in the 2003 Statement.

A4.3 In the consultation document the majority of the functionality items specified in these paragraphs have either been:

- delivered in WLR as specified;
- delivered in WLR in a different form as agreed by Ofcom or Industry;
- agreed by Industry to be excluded from WLR; or
- delivered but later withdrawn because no longer offered by BT Retail.

A4.4 There were some areas of reservation:

- occasional problems with quality and accuracy of directory listings (Business) and with number porting when linked to other processes such as Change of Address;
- the WLR number selection (“golden number”) functionality is good but not as comprehensive as the equivalent BT Retail functionality;
- there remains low volume demand for some products which have been agreed to be excluded (e.g. Bypass Number);
- Remote Call Forwarding (RCF) and Called Number Intercept (CNI) are available in WLR for New Provide but not for Transfer, BT has accepted Ofcom’s request to provide RCF and CNI for Transfer in future but there is no delivery date;
- Call Mapping cannot be added during a transfer.

A4.5 While some of these issues may be important to one or more SPs, Ofcom concluded that they are of low materiality to the overall WLR product and that the functionality meets the requirements of the Statement.

## Ordering lines

A4.6 This section relates to Paragraphs A.16 to A.25 in the 2003 Statement.

A4.7 With the exception of the Change of Address (“home mover” process), Ofcom proposed that the functionality for ordering lines has been delivered as specified. Ofcom observed:

- Industry agreed to not have complex orders based on a sequence of basic orders;
- there have been some errors and inconsistencies in manual rejections which have not always allowed the SP to establish the precise cause of the rejection;
- Industry agreed to not inform gaining SPs about removed and ceased products;

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- for dual WLR and CPS orders there is a time gap of typically less than 2 hours between the WLR and CPS activations;
- CPS Retain is not 100% seamless, there is a small gap of typically a few minutes where CPS is ceased and immediately re-enabled.

A4.8 Ofcom proposed that these issues were of low materiality to the overall WLR product and to the end user's quality of service and concluded that this part of the functionality meets the requirements of the Statement.

## SPG capacity, queue management, forecasting and rationing

A4.9 This section relates to Paragraphs A.26 to A.32 in the 2003 Statement.

A4.10 Ofcom has not followed up on Oftel's intention to produce regular top-down forecasts for overall Industry WLR volumes. This has been for a mixture of reasons including doubts about the value and accuracy of such a process. Instead, an equivalent process has evolved with BT extrapolating SP forecasts and actuals into the future taking into account anticipated market entry and other relevant Industry events and sharing this data with Ofcom. BT has then used this data to plan its operational staffing.

A4.11 Ofcom believes that this process works sufficiently robustly for the key purpose of ensuring that there is enough SPG processing capacity in the medium term.

A4.12 The definitive current position on SPG processing capacity is as follows:

- the SPG is able to process up to a maximum of 25,000 orders per day;
- the SPG will process up to 25,000 Priority 1 orders per day five days a week (Monday to Friday), i.e. 20-21 working days per month, so the SPG Priority 1 processing capacity is 500-525,000 orders per month;
- if there are less than 25,000 Priority 1 orders on any given day the SPG will in addition process on that day Priority 2 (and lower) orders up to the maximum total of 25,000. It will do this seven days a week (while Priority 2 and lower orders remain on the queue), i.e. 30 working days per month, so the SPG total processing capacity is 750,000 orders per month.

A4.13 While understanding SPs' greater interest in the Priority 1 capacity, Ofcom believes the key figure is the total capacity of 750,000 orders per month. While total SP forecasts have on occasions approached the Priority 1 processing capacity of 525,000 orders per month, the total SP actuals have typically been around 50% of forecast and so there is significant headroom between the total actuals and the total capacity.

A4.14 Compared to those formulated in the Statement, the equations and principles governing SP forecasting, SPG queue management and capacity planning and rationing have been modified or extended with Industry agreement, and have been implemented as agreed.

A4.15 The definitive current position on processing of Priority 2 (and lower) orders is as follows:

- on any weekday (Monday to Friday), if fewer than 25,000 Priority 1 orders have been processed then Priority 2 (and lower) orders still on the queue will be processed at the end of that day until either the queue is empty or a total of 25,000 orders have been processed.

- on any Saturday or Sunday, Priority 2 (and lower) orders still on the queue will be processed at the end of that day until either the queue is empty or a total of 25,000 orders have been processed.
- A4.16 This functionality is equivalent to what Ofcom had originally intended. Note that “processed” in this context does not mean that the order has completed, it means that the order has been taken off the queue and delivered to the first stage of actual processing.
- A4.17 Ofcom believed that the current implementation of the Daily Order Placement Limit (DOPL) mechanism is not optimal but still operates adequately, and welcomes BT’s recent introduction of flexibility in managing the DOPL particularly as it affects large SPs.
- A4.18 Ofcom notes that, with total SP forecast orders regularly exceeding total SP actual orders by about a factor of 2, the forecasting regime has not achieved the level of accuracy that might originally have been expected. Ofcom believes that the current incentivisation and control mechanisms are as originally intended and still the appropriate ones, and that they should operate for longer before any action is considered to improve them or change them.
- A4.19 Ofcom concludes that some SP operational concerns, e.g. about long durations for orders to complete, which those SPs may believe are related to the SPG queue management and order prioritisation, are not in fact primarily related to that.
- A4.20 Overall, while taking into account the reservations above, Ofcom concluded that these are not material to the overall WLR product and that the functionality related to SPG capacity, queue management, forecasting and rationing meets the requirements of the Statement.

### **Consumer protection**

- A4.21 This section relates to Paragraphs A.33 to A.36 in the 2003 Statement.
- A4.22 This functionality has either been delivered as specified or as agreed with Industry. Examples of services targeted at vulnerable end users include:
- Priority Fault Repair (Priority Service), which Industry has agreed to transfer on a like-for-like basis to Care Level 3;
  - LUS, which causes a transfer to reject (as specified).
- A4.23 Ofcom concluded that this functionality meets the requirements of the Statement.

### **Billing, debt management, fraud and security**

- A4.24 This section relates to Paragraphs A.42 to A.45 in the 2003 Statement.
- A4.25 This functionality has either been delivered as specified or as agreed with Industry. There are some reservations as follows:
- SPs are currently unable to submit a debt management order (e.g. Outgoing Call Barring) out of hours (8 pm to 8 am, Sunday);
  - Industry accepts that some types of call, e.g. International Reverse Charge, cannot be prevented when debt management is applied, and other types of call, e.g.

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Operator assisted, cannot be included in the 4-hourly raw CDR feed for fraud detection.

- A4.26 Ofcom believes that the inability to submit a debt management order out of hours needs to be remedied and has asked BT to investigate possible options. However, Ofcom concluded that this and the other issues are not material to the overall WLR product and that the functionality meets the requirements of the Statement.



## Annex 5

# WLR Implementation

## Accuracy of KPI data

- A5.1 This text below refers to SPs' concerns about the accuracy of KPI data referred to in Paragraph 4.12 in Section 4.
- A5.2 The SPs' concern has probably been greatest with KPI 5 (average time between acceptance of a WA order and service activation), KPI 7 (average time between submission of a WA fault report and the fault being cleared) and KPI 15 (eCo Repair availability).
- A5.3 One example of a KPI not being a true reflection of the intended definition has been KPI 8 (percentage of time that an appointment for an engineering visit is missed by BT). In November 2004 BT corrected its method of calculation of the KPI to reflect the true intended definition: the KPI value changed from around 40% to around 10% and the KPI was re-labelled KPI 8a.
- A5.4 Examples of concerns about true comparisons with BT Retail KPIs include:
- are the definitions of a "fault" exactly the same for WA as for BT Retail, and is the concept of when the fault is formally "reported" also exactly the same?
  - given that the systems and processes are not exactly the same for WA and BT Retail (notably between the SPG and CSS), is the time measurement between order acceptance and service activation for the different order types truly comparable, or are any differences in the measurement methodology significant?
- A5.5 One example where SPs have been unconvinced that the reported KPI value is consistent with their own experience has been the time for New Provision activation (part of KPI 5). Some SPs believe completion of New Provisions is on average materially faster with BT Retail than with WA. Prior to July 2005 the KPI 5 comparison with BT Retail has been a percentage completed by the Customer Agreed Date, so it has been difficult to verify those beliefs. Since July 2005, a new KPI 5a is produced showing the order completion time for New Provisions involving an Engineering visit, so it is now possible to carry out an explicit comparison.

## Rejections

- A5.6 This text below explains why Ofcom considers the KPI data overstates the level of rejections for the purpose of this assessment, referred to in Paragraph 4.56 in Section 4.
- A5.7 Looking at the breakdown of rejection reasons for residential orders between June and August 2005, the top fifteen reasons account for nearly 99% of rejections and:
- the top reason, accounting for about 37% of all rejections, is in respect of "open order exists against this line": more than half of those are due to the CPS order being submitted before the WLR order (with most of the remainder due to an open broadband order);
  - about 11% of rejections are due to the Light User Scheme service: it is an industry agreed requirement that this service to the vulnerable be rejected;

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- rejection reasons such as “Change order not applicable”, “ceased line”, “line already in SP name”, “incorrect CRF for product requested”, “incorrect order type”, etc, account for about 39% of rejections.
- A5.8 This adds up to about 70% of residential order rejections attributable to reasons that Ofcom believes should not count towards assessing that the WLR product is not fit for purpose.
- A5.9 Similarly, looking at the breakdown of rejection reasons for business orders between June and August 2005, Ofcom observes that the top fifteen reasons account for nearly 95% of rejections and that:
- a) the reason “open order exists against this line” accounts for about 12% of all rejections, and more than half of those are due to the CPS order being submitted before the WLR order;
  - b) rejection reasons such as “Change order not applicable”, “ceased line”, “line already in SP name”, “incorrect CRF for product requested”, “incorrect order type”, etc, account for about 36% of rejections.
- A5.10 This adds up to about 40% of business order rejections attributable to reasons that Ofcom believes should not count towards assessing that the WLR product is not fit for purpose.

## Automation

- A5.11 This text summarises Ofcom’s analysis on automation referred to in Paragraph 4.79 in Section 4.
- A5.12 Ofcom has not set an absolute target for the percentage of orders that flow through BT systems without manual intervention. The primary reason for this is that the detailed analysis of automation issues over the last 12 months has shown that this is a complex area which makes setting an appropriate target difficult.
- A5.13 However, Ofcom continues to strongly believe that manual processing needs to be kept to a minimum in a high volume mass market product, because once implemented, an automated process is more efficient and has significantly lower running costs than a manual process, for both BT and SPs. There are potentially high costs in implementing the automated process, and hence a cost benefit analysis has to be made before going ahead with the automation. Moreover, even the best training of human operators cannot prevent automated processing having a superior performance in terms of accuracy, speed and consistency. But if manual processes can be shown to perform to a high standard then the decision about what overall level of automation is optimum becomes complex and subjective.
- A5.14 Ofcom believes that the overall picture on automation needs to take three factors into account:
- the percentage of total orders which are processed from start to completion without any manual intervention – the so-called “zero touch” orders;
  - the percentage of orders which should be zero touch which are actually zero touch; and
  - the performance of manual processing (accuracy, speed, consistency).
- A5.15 The data on Factor 2 is given by the KPI 3. Even with occasional below-trend figures, the metric for Residential and Business orders has averaged consistently above 95%

since the end of 2004, including during the assessment period. It is to be expected that a small percentage of exceptions (around 2.5% for Residential and near 5% for Business) will cause a zero-touch order to go to the manual queue.

A5.16 The data on Factor 1 is not recorded in a formal KPI but has been presented monthly to Industry as part of the WLR operational performance ("Percentage Automation"). The metric stood at around 50% in March 2004, 60% in September 2004, 70% in February 2005, and above 80% in June, July and August 2005.

A5.17 This growth in the Percentage Automation has come about from the regular increase in the amount of process automation which BT has provided for various order types at each new SPG release (including most recently Cancel Own in Release 13.1 and Cancel Other in Release 14). In parallel, the increase in the relative proportion of Residential orders (which are more automated than the corresponding Business orders) has also contributed to the growth in total automation.

A5.18 Ofcom expects predominantly automated order types to achieve close to 90% zero-touch levels in due course (already achieved in some cases). Each order type consists of a number of scenarios and for the following reasons achieving greater than 90% zero-touch is likely to be difficult:

- with continuously evolving requirements, a new scenario is implemented manually at first and then automated in a later release;
- automation and robot failures occur, e.g. CSS timeout, SPG or robot software, etc;
- unexpected CSS data values cause the automated process to abort;
- error or problem with the many SPG or CSS business rules.

A5.19 Ofcom expects predominantly manual order types to remain so for the foreseeable future although some may acquire incremental automation. Some tasks (e.g. survey, line plant query) are inherently manual or the results have to be interpreted manually. Others by their nature require human intervention (e.g. contact with end user for Change of Address). And due to complexity or low volume some tasks do not pass the cost benefit test for being automated.

A5.20 With respect to Factor 3, and regarding the speed of manual processing, BT has provided Ofcom with some data for the average duration of a manual transaction for various order types (compared to the near instantaneous completion of that order type when automated). This is the same data BT uses for its own resource planning for manual processing. The data shows that the duration of manual tasks is not material in terms of their contribution to higher order metrics such as KPI 4 or KPI 5.

A5.21 It is difficult to quantify the accuracy and consistency of manual processing. BT has informed Ofcom of its quality control and continuous improvement process for manual processing. Quality checks on around 3% of all manual orders has led to observed error rates just over 1% during the assessment period.

A5.22 In the area of manual transactions, Ofcom is concerned by the costs it has seen being incurred on a regular basis by both BT and SPs when standards in BT's manual processes drop below a certain level. There are a number of examples (e.g. doing a New Provision where re-starting a stopped line was possible, or Missing S Status problem) where the consequence of repeated or volume errors in manual processing has been significant operational cost and disruption. And while some errors are duly rectified, others can recur after being previously corrected. Ofcom is concerned that such situations could prove problematic in a context of rapidly growing WLR volumes.

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A5.23 Overall, Ofcom assesses the levels of automation as follows:

- with respect to Factor 1, on the basis of the improving trend in total Percentage Automation, Ofcom concludes that the current performance just meets the requirements of the Statement; continued improvements are necessary if the requirement is to be clearly met.
- with respect to Factor 2, the KPI 3 data shows that the current performance meets the requirements of the Statement;
- with respect to Factor 3, Ofcom believes that the ultimate test is the number and nature of Business As Usual issues reported by SPs which are caused by manual process problems. Ofcom concludes that these are currently greater than desirable.

## Annex 6

# Summary of WLR Product Assessment

A6.1 Set out in the table below is a summary, based on the individual paragraphs in Annex A of the 2003 Statement, of the extent to which Ofcom considers the Product Specification to have been delivered in accordance with the requirements of the 2003 Statement. It should be read alongside Section 3 and Annex 7.

Statement Ref	Requirement	Assessment
<b>A.6</b>	BT shall make the following types of analogue exchange line available within WLR:	
	- Residential single analogue exchange line	Delivered Release 11 (3/2004)
	- Business single analogue exchange line	Delivered Release 11 (3/2004)
	- Business multiple single analogue exchange lines	Delivered Release 11 (3/2004)
	- Business multiple auxiliary analogue exchange lines	Delivered Release 11 (3/2004)
<b>A.7</b>	BT shall provide a standard directory listing for each exchange line	Delivered Release 11 (3/2004)
<b>A.8</b>	BT shall provide full support for number portability (both import and export)	Delivered Release 11 (3/2004) new order form Release 12 (08/2004)
<b>A.9</b>	BT shall provide the same capability to allocate 'golden numbers' for an exchange line being rented by an SP as it would for a BT Retail exchange line	Delivered in part Release 11 (3/2004)
<b>A.10</b>	BT shall make available within WLR the complete set of Select Services that are available to BT Retail, except where otherwise agreed by Oftel. The Select Services that BT shall make available on an analogue exchange line include:	
	- call-sign (single line only)	Delivered Release 11 (3/2004)
	- withhold number per line	Delivered Release 11 (3/2004)
	- bar use of withhold number	Delivered Release 11 (3/2004)
	- anonymous call rejection	Delivered Release 11 (3/2004)
	- 'Choose to refuse'	Delivered Release 11 (3/2004)
	- call barring	Delivered Release 11 (3/2004)
	- call barring + bypass number	Industry agreed to exclude bypass number (August 2003)

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Statement Ref	Requirement	Assessment
A.10	- call waiting (single line only)	Delivered Release 11 (3/2004)
	- call diversion	Delivered Release 11 (3/2004)
	- call diversion + bypass number	Industry agreed to exclude bypass number (August 2003)
	- 'Smart divert' (single line only)	Delivered Release 11 (3/2004)
	- 'Smart divert' PIN number change (single line only)	Delivered Release 11 (3/2004)
	- 'Smart divert' + bypass number (single line only)	Delivered Release 11 (3/2004)
	- caller redirect / CNI (single line only)	Delivered in part Release 11 (March 2004) (only available for New Provision but not Transfer, BT due to add Transfer in WLR3)
	- wholesale messaging	Delivered Release 11 (3/2004)
	- 'ring back (single line only)	Delivered Release 11 (3/2004)
	- 'ring back inhibit' (single line only)	Delivered Release 11 (3/2004)
	- call return (1471) (single line only)	Delivered Release 11 (3/2004)
	- call return extra (single line only)	Delivered Release 11 (3/2004)
	- call return erasure (1475) (single line only)	Delivered Release 11 (3/2004)
	- bar use of call return (single line only)	Delivered Release 11 (3/2004)
	- three way calling (single line only)	Delivered Release 11 (3/2004)
	- reminder call (single line only)	Delivered Release 11 (3/2004)
A.11	BT shall make Direct Dialling In (DDI) available on business exchange lines	Industry agreed to exclude DDI (August 2003)
A.12	BT shall make the following network services available within WLR:	
	- Indirect access call barring	Delivered Release 11 (3/2004)

Statement Ref	Requirement	Assessment
A.12	- Route 15x to Service Provider	Delivered Release 11 (3/2004)
	- Route to credit control	Delivered Release 11 (3/2004)
	- Outgoing call barring	Delivered Release 11 (3/2004)
	- Call mapping	Delivered Release 11 (3/2004)
A.13	BT shall make the following categories of analogue exchange line available	Delivered Release 11 (3/2004)
	- Private payphone exchange lines, with use where appropriate of the meter pulse facility	Delivered Release 11 (3/2004)
	- Out-of-area exchange lines	Delivered Release 11 (3/2004) Withdrawn 05/04 because also withdrawn by BT Retail
A.14	BT shall not reject an order due to the presence of services on a line unless there is no practicable alternative	Delivered Release 11 (3/2004)
A.15	There may be some services provided by BT over an exchange line that are incompatible with WLR. BT shall then respond to a WLR order to transfer an exchange line over which that other service is being provided.	Delivered (mechanism agreed with Ofcom in June 2004: BT requests advance Ofcom approval of BT intention to reject WLR transfer order with a particular service on line)
A.16	BT shall ensure that the processes established for ordering, provisioning and transferring lines provide an SP with the opportunity to offer an equal level of customer service to that offered by BT Retail.	Delivered (see discussion on operational issues in Section 4)
A.17	BT shall ensure that there is no material difference between the timescales for ordering, provisioning and transferring lines for SPs and the corresponding timescales for BT Retail.	Delivered (see discussion on comparative KPIs in Section 4)
A.18	BT shall provide an electronic gateway via which SPs will be able to submit WLR orders. BT shall provide two types of interface to this gateway, a manual web-based interface for low order volumes, and an automated XML-based machine-machine interface for high order volumes. BT shall ensure that both interfaces support the full range of order types, line types and supplementary services. BT shall ensure that it is possible to create a complex transaction in an efficient manner using a sequence of basic transactions.	Delivered Release 11 (March 2004) (Industry agreed in June 2003 to exclude ability to create complex transaction with sequence of basic transactions)
A.19	BT shall design its ordering process so as to ensure that all correctly-formatted valid orders that are submitted to the electronic gateway flow through the ordering process with no need for manual intervention by the SP or by BT.	Delivered in part (see discussion on automation in Section 4)
A.20	BT shall support order types that allow an SP to provision a new line, transfer an existing line, cancel an order, change the status of an existing line, or cease a line.	Delivered Release 11 (March 2004)



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Statement Ref	Requirement	Assessment
A.21	When BT rejects an order for WLR, BT shall provide sufficient information to enable the SP to establish the precise cause of the rejection. When BT rejects an order for WLR due to the presence of an incompatible service on the exchange line, BT shall ensure that the SP is able to determine the specific service that is the cause of the rejection.	Delivered Release 11 (March 2004), improved rejection codes Release 12 (August 2004) and Release 13 (January 2005), (see also discussion on rejection levels in Section 4)
A.22	When BT ceases an existing service on an exchange line due to a WLR order to transfer that exchange line, BT shall inform the end-user of this using the mandatory Transfer Letter. BT shall also inform the SP, and shall do so before notifying the end-user.	Delivered Release 11 (March 2004) (Industry agreed March 2004 to not inform gaining SPs about removed and ceased products)
A.23	BT shall ensure that an SP is able to submit orders for WLR and for CPS on the same exchange line.	Delivered Release 11 (March 2004)
A.24	Where a WLR transfer involves retaining the same CPS configuration on the line(s) after the transfer as existed before, BT shall ensure that there is no interruption to or change of the existing CPS service: this requirement is commonly referred to as 'seamless CPS transfer'	Delivered Release 11 (March 2004) (not 100% seamless but small time gap of few minutes not material)
A.25	BT shall develop a process that provides SPs with the same opportunity to retain customers who are moving home as is available to BT Retail: this is commonly referred to as a 'home-movers process'	Delivered manual process in Release 11 (March 2004), new order form in Release 12 (August 2004), BT Action Plan commits to Release 15 (April 2006)
A.26	Of tel intends to produce on a regular basis a forecast of WLR order volumes.. Of tel intends to review its forecast quarterly, or on request by BT. In advance of each review, BT shall provide Of tel with a breakdown of the actual orders submitted to date at the same level of detail as is required for the forecast.	Of com did not produce regular forecasts, agreed BT use own forecasting and share actual and forecast information with Of com
A.27	BT shall use the forecast of WLR order volumes prepared by Of tel to determine whether it has sufficient system capacity to handle these orders. BT shall initially dimension its ordering gateways and associated back-office systems so as to be able to support a transaction volume of 500,000 transactions per month with no degradation of performance.	Gateway capacity delivered (see discussion on capacity in ConDoc Paras A7.16 – A7.201) (given A.26, BT uses own forecasts to manage capacity)
A.28	Insofar as BT has a requirement for an externally provided forecast in order to plan its operational staffing, BT shall use the forecast provided by Of tel for this purpose.	Delivered (given A.26, BT uses own forecasts to plan operational staffing)
A.29	BT shall require SPs to submit each month a rolling forecast of order volumes. Each forecast shall cover a period of 3 months, and provide a breakdown of total projected order volumes by order type and line type.	Delivered Release 11 (March 2004)

Statement Ref	Requirement	Assessment
<b>A.30</b> <b>A.31</b>	BT shall each month review the forecasts provided by the SPs, in order to establish whether the total volume of orders is expected to exceed BT's system capacity during the forecast period. If the total volume of orders is expected to exceed system capacity, then BT shall ration the available capacity by requiring SPs to scale back their forecasts using the formulae set out in the Statement.	Delivered both A.30 and A.31 (Industry agreed in June 2003 to refine some of the equations further)
<b>A.32</b>	On a daily basis, BT shall allocate orders to one of three queues, depending on the priority of the order:	Delivered (Industry agreed in June 2003 a different set of order priorities)
<b>A.33</b>	When an exchange line is being transferred from a Losing Provider to a Gaining Provider, both providers shall send the end-user a Transfer Letter. BT shall ensure that its Transfer Letters are restricted to factual information only, and contain no marketing or save content. BT shall ensure that the content of its Transfer Letters complies with any guidelines issued by Of tel, and shall provide Of tel with copies of all letters on request.	Delivered Release 11 (March 2004)
<b>A.34</b>	BT shall ensure that there is a standard switchover period for WLR, irrespective of the method of sale. The switchover period shall be set at 10 working days (excluding Saturdays).	Delivered Release 11 (March 2004)
<b>A.35</b>	If an SP submits a WLR transfer order for a line over which services for vulnerable groups are being provided, then BT shall reject the order	Delivered Release 11 (March 2004) (Industry agreed in August 2004 to process Priority Fault Repair differently)
<b>A.36</b>	BT shall provide the same support to an SP for the handling of malicious calls as it provides to BT Retail. BT shall take responsibility for tracing the origination of calls, monitoring incoming calls, and using specialist equipment to identify the responsible party. BT shall also be responsible for any contact with the police that is necessary. Etc	Delivered Release 11 (March 2004) (Industry agreed in March 2004 on slightly different overall Nuisance Calls process)
<b>A.37</b>	BT shall provide the same quality of service for an exchange line leased to a SP as for an exchange line with the same SLA operated by BT Retail. BT shall enable SPs to contract for the same range of SLAs that are available to BT Retail	Delivered Release 11 (March 2004) (Priority Fault Repair treated as Care Level 3 from August 2004)
<b>A.38</b>	BT shall provide SPs with the same capability to submit a fault report for an exchange line, and track the status of that report, as is available to BT Retail. BT shall provide an appropriate electronic interface for both the initial submission and the subsequent tracking of fault reports.	Delivered in part Release 11 (March 2004)

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Statement Ref	Requirement	Assessment
A.39	BT shall provide to SPs the same line diagnostic tests that are available to BT Retail. BT shall provide these via an appropriate electronic interface, and with a response time similar to that available to BT Retail. Etc	Delivered in part Release 11 (March 2004)
A.40	Where a BT engineer visits an end-user of an SP, either to install a new line or investigate a fault, BT shall ensure that the engineer complies with guidelines provided by Of tel for the management of such visits.	Delivered Release 11 (March 2004) (Industry agreed code of conduct in November 2003)
A.41	BT shall provide SPs with the same ability to book appointments for visits by engineers as that available to BT Retail. Etc	Delivered in part (basic in Release 11 March 2004, improved in Release 12 August 2004)
A.42	BT shall provide SPs with billable quality Call Data Records (CDRs) on a daily basis, but separated by a small time gap from the date of the actual calls. Etc	Delivered Release 11 (March 2004) (Industry agreed on slightly different overall process)
A.43	BT shall ensure that SPs have the ability to manage end-user bad debt by applying a series of escalating service restrictions to an exchange line, using a series of 'change' orders on the electronic ordering gateway.	Delivered Release 11 (March 2004), TOS in Release 13 (January 2005) (Industry agreed in June 2003 to have individual measures and not escalating set)
A.44	For calls that are carried over the BT network, BT shall provide SPs with raw CDRs every 4 hours, in order to allow the identification of fraud. Etc	Delivered Release 11 (March 2004)
A.45	BT shall take the same responsibility for the physical security of its network in relation to an exchange line being rented by an SP as it would for a BT Retail exchange line.	Delivered Release 11 (March 2004) (Industry agreed on security framework and process)
A.46	BT shall provide transparency of its operational performance in relation to key business processes by publishing such Key Performance Indicators as are defined by Of tel. BT shall publish data on its performance in relation to BT Retail as well as in relation to SPs, in sufficient detail to show whether SPs are receiving an equivalent quality of service to that provided to BT Retail.	Delivered Absolute KPIs Release 11 (March 2004), Retail Comparator KPIs in June 2004 (see discussion on list of KPIs in ConDoc Paras 4.8 to 4.9)

## Annex 7

# Summary of WLR Implementation Assessment

KPI no	Key Performance Indicator (KPI)	Requirements met?
1	Volume of orders submitted	Met
2	Percentage of orders rejected	Met in part
3	Percentage of orders without manual intervention	Met in part
4	Average time between order submission and acceptance	Met
5	Average time between order acceptance and activation	Met in part (for New Provision, not met in absolute terms but met in comparative terms)
6	Customer fault reports per 100 lines per quarter	Met
7	Average time between reporting fault and clearance	Met in part (not met in absolute terms but met in comparative terms)
8	Percentage of time that engineer appointments missed	Met
9	Percentage of lines that are subject to repeat faults	Met
10	Percentage of billable CDRs produced on time	Met
11	Average time to resolve WA billing queries	Met
12	Percentage of monthly CDRs despatched on time	Met
13	SPG availability	Not met
14	DEDS availability	Met
15	eCo Repair availability	Not met

## Annex 8

# Openreach letter

Sean Williams  
Ofcom  
Riverside House  
2a Southwark Bridge Road  
London  
SE1 9HA

9 December 2005

Dear Sean,

### **Commitment to action in relation to Wholesale Line Rental**

Further to BT's response to Ofcom's consultation 'Wholesale Line Rental Fit-For Purpose Assessment' which was published on 8th November 2005, this letter provides our formal commitment to implementing the Action Plan as discussed in Ofcom's and BT's documents.

We have reviewed the responses to the consultation and it is clear that some Communications Providers consider that a finding of FFP is premature. It is however recognised that the proposed Action Plan does cover the pertinent areas for resolution. On behalf of Openreach, I commit to delivering the outputs of the Action Plan on time by the deadline set out in the attached annex. We understand that if these commitments are not met by the dates shown, Ofcom will have the option of issuing a direction.

The activities in the Action Plan are specified in Annex A attached to this letter. In summary they relate to the following areas:

- scheduled systems developments for the SPG (Service Provider Gateway) and eCo Repair;
- platform improvements programmes for provision and repair (hardware, platform redesign and testing); and
- an investment programme addressing new provision and fault clearance lead times (engineering and network maintenance).

There will inevitably be areas which may be subject to operational change. We will endeavour to ensure that these are minimal and that any such changes are communicated swiftly to our customers. Such changes will not adversely affect the overall plan. Similarly, when systems hardware, software platforms and support structures are transferred (or recreated) from BT Wholesale or BT Retail to Openreach, we will provide and support at least the same level of resiliency, reliability and availability as is currently available, or due to be delivered, as part of the Action Plan.

I will add that as part of the move to Openreach we are proposing to bring the WLR systems estate into the overall change programme board which will monitor all changes happening in the Openreach systems estate – this should improve the level of surety that any release will be successful. In addition we will apply additional resources to monitoring the systems estate for WLR to ensure we minimise any outages.

The current KPIs will be maintained until April 06 and during that time we will be consulting with Ofcom and the industry on what the new measures should be. In addition, new end-to-end measures, as discussed with Ofcom and the industry, have been put in place and the first outturn figures for October have been published.

I do hope that this letter provides the reassurance to Ofcom and industry that we are serious about our commitment to the WLR portfolio. We will continue to work in partnership with all our customers so that they have the confidence to continue to invest in WLR products.

Yours sincerely,

**Anne Heal**

Managing Director Sales, Products & Marketing

## Wholesale Line Rental: Fit for Purpose Assessment

Outstanding Item of FFP Activity	Description of Resolution Activity	Con doc Ref.	Target Completion Date
Improvement of manual Change of Address (CoA) performance in Service Management Centres (SMC).	BT will increase CoA training within the WLR service management centre, and review CoA processes and resource management – making appropriate improvements, e.g. potentially establishing ring-fenced team.	3.30	Ongoing activity
Enhancements to Service Provider Gateway (SPG) in order to improve CoA functionality.	SPG developments by R15 (some in R14.1) will address this requirement. Front end of the CoA process will then provide the functionality for the SP to establish if current services and telephone number can be retained at the new address and the status of the existing line and number at the new address.	3.31a	24/04/06
Improve appointing process as part of CoA Provide – improved order status management capability.	SPG developments by R15 (some in R14.1) will address this requirement. Real Time Appointing process will be incorporated into CoA.	3.31b	24/04/06
Provide improved order status management capability.	SPG developments by R15 (some in R14.1) will address this requirement, providing regular and better updates on progress of the CoA order including automatic notification of date changes.	3.31c	24/04/06
Improve manual process CoA in SMC with respect to current services at new address.	Delivered as part of 'business as usual' process improvements in the Service Management Centre. This process includes a check for stopped or working lines.	3.33	Completed
Introduction of automated interface to enable automated transactions between SP and WLR systems for repair.	<p>The development of an automated transactional XML interface for eCo Repair will satisfy this requirement (commonly referred to as the 'XML Repair' or 'eCo XML').</p> <p>Following Industry and Ofcom consultation it has been agreed that the introduction of a transactional XML/automated interface will await the development of a strategic solution to be delivered in October 2006.</p>	3.34a	October 2006
Introduction of eCo Repair developments to improve fault updating and major outage information.	<p>BT will improve from the end of 2005 some of the aspects of eCo Repair pertaining to better fault updates and knowledge of major area problems.</p> <p>BT is committed as part of the eCo development programme in 'Day 4.2' and 'Day 4.3' to provide a greater depth of actions taken on a 'fault Report'. 'Day 4.2' will provide:</p> <ul style="list-style-type: none"> <li>• ISDN30 'Real time' updates</li> <li>• Time Related Charges symbol against a 'fault report'</li> <li>• Re-Appointment symbol on Fault Tracker'</li> <li>• Automated Estimated Response Time on fault</li> </ul> <p>'Day4.3' will provide:</p> <ul style="list-style-type: none"> <li>• Automation of Temporary Call Diversion for ISDN2/Highway</li> <li>• Automated Closure of Open Faults</li> </ul>	3.34b	<p>Day 4.2 in Dec '05</p> <p>Day 4.3 in Apr '06</p>

## Wholesale Line Rental: Fit for Purpose Assessment

Introduction of Address Matching Tool Improve rejections due to incorrect address match	Delivery of stand-alone address matching tool that will reduce address matching failures by providing access to the same address data as on CSS/NAD will satisfy this requirement.	3.35a 4.81	31/12/05
Enhancement of order status management.	SPG developments in R15 will address this requirement by providing Order Status Management enhancements that will help with missed appointment and re-appointment. BT will deliver further enhancement to (Real-time Appointing) RTA in Release 15 of the SPG. Real-time appointing will be extended to both residential and business multi-line orders, with full integration into the new provision process and incorporation into the Change of Address process.	3.35b 3.17	SPG R15, 24/04/06
Continue to improve overall rejections performance by reducing the number of scenarios in which an order rejects.	SPG developments in R15 will address this requirement. Top Level Order Form Management will help avoid, but not necessarily eliminate, rejections of the type "Change order not applicable", "incorrect CRF for product requested", "incorrect order type" by giving the SP structured options to bring them to the correct CRF. A new process for certain types of complex transfers (e.g. converting FeatureLine to WLR) will reduce these rejections (but will not eliminate them).	4.80a + b	SPG R15, 24/04/06
Improve rejections by helping SPs know what services are on the line.	SPG developments in R15 will address this requirement. Introduction of Pre-Validation will allow SPs to establish prior to submitting transfer orders what services are on a line which the end user and the SP may not be aware of.	4.82	SPG R15, 24/04/06
Continue to improve rejections performance on a one-to-one basis.	BT will continue to work with individual SPs on Root Cause Analysis (RCA) and offer advice. Additionally BT will develop the rejection codes structure further in order to provide greater transparency of the root cause for open order rejections.	4.83	Ongoing activity
Continue to increase Automation for certain order types.	<p>This is delivered through various improvements delivering increased levels of Automation in R14.1 and R15 of the SPG.</p> <p>BT will continue to add incremental automation to individual order types in these releases. Release 14.1 (December 2005) will provide a first phase of automation to New Provision and Release 15 (April 2006) will increase that in a second phase. Release 15 will also add further automation to a number of Change orders, to multiple Business single line orders and to conversion orders from ISDN2 to PSTN. These developments will deliver varying levels of automation.</p> <p>BT will reinstate the detailed Automation by Order Type reporting as requested in the monthly Industry update sessions.</p>	4.85	Dec '05 and 24 <sup>th</sup> April 2006



## Wholesale Line Rental: Fit for Purpose Assessment

Improve New Provision Activation and Fault Clearance lead times	<p>Openreach Network Maintenance and Management Investment Programme.</p> <p>In response to general concerns about New Provision Activation and Fault Clearance lead times BT has put in place an investment and improvement programme covering reactive provision and repair activity but also the process of re-invigorating the access network infrastructure.</p> <p>Specific activities include:</p> <ul style="list-style-type: none"> <li>• Openreach has a tactical service plan for this year.</li> <li>• Improve the network reliability - openreach has committed to doubling investment in fault volume reduction over two years.</li> <li>• Openreach has committed to the recruitment of 1,300 additional engineers and the upskilling of over 3,000</li> <li>• Openreach's plan takes action to ensure patch ownership will be the catalyst for change ensuring that personal accountability is clear and explicit.</li> </ul>	4.89	End 2007
Improve DEDS resilience and reliability.	<p>BT is putting into place strategic systems redundancy enhancements which will address this requirement.</p> <p>Regarding Para 4.93 on the BT Action Plan pertaining to changes to the DEDS platform, it should be noted that the cluster software and disk mirroring had already been in place before February 2005. Following the operational issues in February, it was additional data backup of DEDS that was put into place as part of tactical changes to further enhance the disaster recovery solution. The further strategic changes to the disaster recovery provision (referenced to complete in October) will actually continue into November and complete by December 2005.</p>	4.91, 4.96	Dec '05
Improve BTWholesale.com resilience and reliability	This requirement has been addressed through strategic systems redundancy enhancements and platform redesign. The upgrades have involved the deployment of two new web servers and four new application and database servers. Together, these provide additional capacity, enhanced resilience and live failover capability.	4.92, 4.96	Complete
Improve eCo Repair resilience and reliability	This is being addressed through the introduction of redundant hardware and platform redesign where necessary to remove single-points-of-failure. The platform improvement programme referred to in Para 4.95 pertained to BTWholesale.com (which provides the 'front door' into eCo Repair) and has already delivered new fallback hardware in September 2005. This programme of work continues and will have introduced additional redundant hardware to eCo Repair which will deliver further improvements by the end of December 2005 as described in the condoc (noting the reservation regarding operational changes taking place where necessary).	4.95, 4.96	31/12/05

<p>Improve SPG resilience and reliability</p>	<p>This is being addressed through the introduction of redundant hardware and platform redesign where necessary to remove single-points-of-failure.</p> <p>Regarding Para 4.93 on the BT Action Plan pertaining to the SPG platform improvement programme, the new web server has already been delivered and fallback database server will be in place by the end of December 2005.</p> <p>Furthermore a comprehensive CPU upgrade of the SPG database server was successfully completed on November 12<sup>th</sup>/13<sup>th</sup> 2005 improving performance (increasing utilisation headroom, increasing simultaneous XML sessions allowed and significantly improving XML processing times).</p> <p>In order to make the required changes without impacting SPs ability to enter orders and allow sufficient time for testing, the final redesign of the platform through the introduction of load-balancing will be complete by the end of January 2006.</p>	<p>4.93a , 4.96</p>	<p>Some change and enhancement complete</p> <p>End-Jan 2006</p>
<p>Manual improvements to reduce number of orders with unknown terminal status.</p>	<p>Commonly referred to as 'Missing S-Status', this has now been better identified as a multi-cause issue usually resulting in the <i>delay</i> rather than non-generation of status data. Investigation and root cause analysis is ongoing to identify further opportunities for improvement. BT has a comprehensive action plan in place to bring performance of letter facilitation in line with FFP requirements.</p> <p>BT is committed to resolving outstanding issues causing orders with unknown terminal status to occur. Development, process changes and re-training have already improved the performance and the current instances of occurrence are low. Further improvement activity and fixes are being carried out.</p> <p>The orders with unknown terminal status caused by orphaned orders are being addressed through:</p> <ul style="list-style-type: none"> <li>• agent re-briefing and targeted retraining within the impacted service management centres to address the root cause</li> <li>• regular exception reporting to identify and 'trap' orphaned orders at the earliest opportunity if they do occur and carry out the requisite resolution action</li> <li>• regular reporting to senior management on named performance</li> </ul> <p>The above actions will be in place by the end of December 2005.</p> <p>The other root causes, pertaining to Letter Facilitation Reports for some 'imported number' transfers and some systemic anomalies, will be mitigated through agent re-briefing and targeted retraining within the impacted service management centres and development fixes to specific order provisioning subsystems within the CSS estate.</p> <p>The briefing and retraining will take place in November and December 2005. The development fixes are currently being programmed and will be aim to complete by as soon as they can be scheduled into systems development workstacks. Further details will be made available as soon as they are known.</p>	<p>4.73, 4.97</p>	<p>Ongoing activity</p>

# Wholesale Line Rental: Fit for Purpose Assessment

Systems improvements to reduce number of orders with unknown terminal status	<p>SPG developments in R14.1 will address this requirement.</p> <p>R14 introduced enhancements/automation that helped improve performance or fixed problem areas.</p> <p>Rental liability date in Cease order: to be fixed in December 2005 (Release 14.1)</p> <p>No notification with Conversion orders: to be fixed in December 2005 (Release 14.1).</p>	4.98	Dec 2005
Provide updates on progress of all orders	<p>SPG developments in R15 will address this requirement. In April 2006 (Release 15) BT will also introduce order status management enhancements which will provide updates on progress of all orders. This will help avoid these problem areas by giving information (currently not provided at all) in advance of the completion of the order.</p>	4.99	24/04/06
Resolve the disparity between WLR and BTR for FFP5/5a (New Provide) performance	<p>The KPI 5 comparison with BT Retail is not based on absolute time values; it compares the percentage of time the New Provision has been completed by the Customer Agreed Date. During the assessment period, for WLR SPs this has been just below 85% for both residential and business orders, whereas for BT Retail it has been just above 85% for Residential and around 82% for Business.</p> <p>The recently introduced KPI 5a allows a comparison between absolute times for New Provision orders involving an Eng. Visit. There are four months of data available and while this does not allow statistical inferences the data so far shows that the performance is better for BT Retail than for WLR SPs for both Residential and Business orders and that the performance gap increased in Aug, especially for Residential.</p> <p>BT is committed to ensuring that there is comparable new provision performance for all SPs for the common delivery elements. Following the creation of the FFP KPI 5a measure and subsequent root cause analysis, areas for improvement have been identified in some WLR processes and policies relating to New Provides for WLR. As a result BT has an action plan in place to deliver the following improvements as part of business as usual resolution work for the product:</p> <ul style="list-style-type: none"> <li>• Improve appointing performance where WLR service management centre is required through the creation of a ring-fenced team and improvement of agent order handling skills relating to appointing</li> <li>• Deal with more appointments in real-time and reduce the time orders requiring appointment wait in service management queues</li> <li>• Reduce the proportion of orders going into survey through process and policy changes</li> </ul> <p>The actions to deliver these improvements have started and will be completed by the end of December 2005.</p> <p>Additionally a number of the systems developments detailed elsewhere in these commitments (such as the Address Matching Tool and Order Status Management for the SPG) will further enhance the SPs capabilities to manage appointing. BT will work with SPs in order to help them make best use of these new capabilities.</p>	4.53, 4.54	Ongoing activity

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Improve out-of-hours facilities pertaining to debt management.	<p>This relates to the reservation that “SPs are currently unable to submit a debt management order (e.g. Outgoing Call Barring) out of hours (8 pm to 8 am, Sunday)”.</p> <p>Feasibility and design work is underway to develop and implement out-of-hours facilities into the WLR offering as part of changes to service precipitated by the move to Openreach. A ‘technical helpdesk’ will provide out-of-hours SP support for debt management capability, repair tasks and escalations for Openreach products. This will replicate SMC capability to apply debt management orders, progress repair tasks and escalations for Openreach products between 18:00 and 08:00 and during weekends and public holidays. This facility will be in place by the end of April 2006.</p>	A7.3 3	April 2006
Enable network features including 1571 to be made available on UXD5 exchanges	The planned switch upgrade programme will enable network features, including 1571 to be made available on UXD5 exchanges.		April 2006

**Annex 9**

# Ofcom letter to BT under condition D1.6(a)

Ms. Teresa Wright  
Head of Operational Regulation  
BT Group  
BT Centre  
81 Newgate Street  
London EC1A 7AJ

15 December 2005

Dear Teresa,

I write further to your letter of 8 July 2005, requesting that Ofcom carry out its fit for purpose assessment of the WLR2 product launched in accordance with SMP Condition AA10.1.

Having concluded our assessment, I am writing to inform you that:

- Ofcom has found analogue WLR to be Fit-for-purpose in accordance with the criteria set out in the March 2003 Statement ('Wholesale Line Rental: Oftel's Conclusions'); and
- the Retail Charge Control has therefore been relaxed in accordance with SMP Condition D1.6(a) from the date of this letter.

Yours sincerely,

**Sean Williams**

Partner, Competition

## Annex 10

# Glossary

## List of acronyms

BAU	Business as Usual
CAD	Customer Agreed Date
CCD	Customer Committed Date
CRD	Customer Required Date
CDR	Call Data Records
CPS	Carrier Pre Selection
CSS	Customer Services System
CoA	Change of Address
DEDS	Data Exchange Distribution System
eCo Repair	System which provides SPs with fault reporting and management capability, including line testing
FFP	Fit for Purpose
KPI	Key Performance Indicator
NAD	Numbering and Address Database
SP	Service Provider
SPG	Service Provider Gateway
WA	Wholesale Access (BT's commercial name for WLR)
WLR	Wholesale Line Rental

## Annex 11

# KPI Data

## KPI Data

A11.1 This section gives the detailed KPI data for the 15 absolute performance KPIs and the 5 comparative performance KPIs. The data is given for the period March 2005 to October 2005.

A11.2 Where applicable, additional data is provided over and above the formal KPI data, e.g. for Rejections (KPI2), Automation (KPI3) and Average Time between Submission of a WA Order and Acceptance by BT (KPI4).

## Absolute KPI Data

### KPI 1: Volume of WA Orders Submitted

Measure based on WA orders submitted during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
Volume of WA New Provide Orders Submitted	RES	177	118	124	182	191	281	344	467
	BUS	4632	5247	5030	5413	5742	6128	6620	5985
Volume of WA Transfer Orders Submitted	RES	68199	142794	130503	132308	132500	160279	168495	179511
	BUS	55586	57441	47196	57157	51415	55029	56776	60571
Volume of WA Change Request Orders Submitted	RES	7461	8418	20248	27254	22724	42173	36817	31772
	BUS	8203	7495	6725	6844	6383	7064	7409	8184
Volume of Common Requests Submitted		27403	29424	30252	41120	40769	45494	50840	53174
Total Orders Submitted		171661	250937	240078	270278	259724	316448	327301	339664

**KPI 2a: Volume of WA Orders Rejected**

Measure based on WA orders processed during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
Volume of WA New Provide Orders Rejected	RES	17	8	12	18	22	19	16	35
	BUS	291	564	447	557	503	500	452	372
Volume of WA Transfer Orders Rejected	RES	6647	10886	9432	8862	8640	10773	11536	12376
	BUS	11288	11574	8308	9855	9880	11168	10112	10669
Volume of WA Change Request Orders Rejected	RES	497	787	2615	4083	2177	6079	3146	3070
	BUS	1305	820	854	1017	1254	1233	1201	1320
Total WA Orders Rejected		20045	24639	21668	24392	22476	29772	26463	27842



## KPI 2b: Percentage of WA Orders Rejected

Measure based on WA orders processed during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
Percentage of WA New Provide Orders Rejected	RES	9.60%	8.25%	9.68%	9.89%	10.95%	7.09%	4.79%	7.53%
	BUS	6.56%	11.38%	8.81%	10.51%	8.47%	8.21%	7.05%	6.32%
Percentage of WA Transfer Orders Rejected	RES	9.41%	7.70%	7.30%	6.59%	6.51%	6.77%	6.94%	6.77%
	BUS	20.47%	20.30%	17.76%	17.08%	19.18%	20.36%	17.87%	17.58%
Percentage of WA Change Request Orders Rejected	RES	6.68%	10.22%	12.60%	15.00%	9.51%	14.27%	8.52%	9.68%
	BUS	16.11%	11.17%	12.63%	14.75%	19.52%	17.51%	16.17%	16.14%
Percentage of total WA Orders Rejected		13.73%	11.28%	10.38%	10.53%	10.23%	11.02%	9.66%	9.61%

**KPI 3: Percentage of Orders that Flow through BT Systems without Manual Intervention**

Measure based on WA orders processed during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
Percentage of WA orders that are expected to be processed automatically and that are actually processed automatically	RES	96.86%	96.99%	97.47%	97.95%	98.08%	96.75%	94.61%	95.51%
	BUS	96.06%	96.13%	95.66%	95.48%	96.12%	93.89%	88.98%	93.08%

#### KPI 4: Average Time between Submission of a WA Order and Acceptance by BT

Measure based on all orders processed during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
WA New Provide Orders - average time (in calendar days)	RES	1.37	1.24	1.24	2.22	0.98	0.73	0.57	0.07
	BUS	1.47	1.08	1.16	1.4	1.13	0.83	0.63	0.13
Volume of WA New Provide Orders used to derive the measure	RES	177	97	124	182	201	268	334	465
	BUS	4433	4957	5073	5299	5940	6093	6414	5888
WA Transfer Orders - average time (in calendar days)	RES	0.22	0.12	0.19	0.18	0.09	0.1	0.1	0.27
	BUS	0.27	0.2	0.22	0.22	0.09	0.1	0.13	0.11
Volume of WA Transfer Orders used to derive the measure	RES	70659	141344	129255	134456	132654	159196	166157	182935
	BUS	55148	57016	46782	57685	51510	54866	56599	60689
WA Change Request Orders - average time (in calendar days)	RES	0.16	0.13	0.31	0.08	0.05	0.04	0.02	0.03
	BUS	0.37	0.5	0.49	0.47	0.19	0.07	0.07	0.04
Volume of WA Change Request Orders used to derive the measure	RES	7441	7701	20755	27218	22900	42598	36935	31709
	BUS	8102	7342	6763	6896	6425	7040	7427	8178
Total WA Orders - average time (in calendar days)		0.28	0.18	0.24	0.21	0.12	0.1	0.11	0.2
Total WA Orders used to derive the measure		145960	218457	208752	231736	219630	270061	273866	289864

**KPI 5: Average Time between Acceptance of a WA Order and Service Activation**

Measure based on CSS orders processed during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
CSS Provide Activities - average time (in calendar days)	RES	26.02	21.59	24.12	21.91	22.56	27.88	22.68	29.20
	BUS	20.67	20.03	20.07	18.97	18.69	20.92	23.91	23.94
Volume of CSS Provide Activities used to derive the measure	RES	175	306	382	625	667	747	1972	756
	BUS	4444	5282	5199	5948	5391	6238	6564	7163
CSS Provide (Engineering visit only) Activities - average time (in calendar days)	RES	-	-	-	-	18.14	23.73	28.38	25.36
	BUS	-	-	-	-	19.36	21.65	24.47	24.56
Volume of CSS Provide Activities (Engineering visit only) used to derive the measure	RES	-	-	-	-	559	625	641	651
	BUS	-	-	-	-	4563	5356	5717	6208
CSS Start Activities - average time (in calendar days)	RES	14.98	15.44	15.63	15.47	14.83	14.83	15.44	14.74
	BUS	15.02	15.49	15.77	15.47	14.74	14.91	15.62	15.28
Volume of CSS Start Activities used to derive the measure	RES	41314	86570	104191	105900	97807	108080	132463	137002
	BUS	36155	38273	38629	39494	40828	37688	43502	37656
CSS Change Activities - average time (in calendar days)	RES	2.29	1.35	1.54	1.7	1.85	1.58	1.62	2.02
	BUS	1.48	2.13	1.92	2.03	1.92	1.97	1.69	1.97
Volume of CSS Change Activities used to derive the measure	RES	30025	64065	81254	91285	90007	107310	135889	124485
	BUS	67094	48591	59628	54745	58499	61731	72628	65460
CSS Cease Activities - average time (in calendar days)	RES	2.03	3.81	1.92	1.53	1.16	1.77	1.5	1.28
	BUS	6.76	6.62	6.87	6.43	4.55	5.43	5.98	5.78
Volume of CSS Cease Activities used to derive the measure	RES	103	145	184	245	298	380	545	581
	BUS	1509	1822	1735	1936	1956	2128	2498	2696

**KPI 6: Percentage of WA Lines that are Subject to Faults within a Specified Period of Time**

Measure based on WA fault reports in 3-months ending		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
Customer fault reports per 100 WA lines per quarter	RES	2.1	1.76	1.62	1.75	1.91	1.93	1.89	1.88
	BUS	2.29	2.19	2.16	2.22	2.27	2.23	2.32	2.32

**KPI 7: Average Time between Submission of a WA Fault Report and the Fault being Cleared**

Measure based on WA faults cleared during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
WA Appointed Faults - average time (in working hours)	RES	24h59m	26h 9m	25h20m	27h36m	27h11m	26h49m	27h35m	24h54m
	BUS	19h18m	19h 1m	19h19m	21h33m	20h19m	19h20m	20h21m	18h22m
Volume of WA Appointed Faults used to derive the measure	RES	490	629	906	1434	1706	1717	2137	2252
	BUS	2681	2716	2560	3096	3345	3189	3448	3354
WA Non-Appointed Faults - average time (in working hours)	RES	9h 38m	9h 39m	9h 53m	11h22m	10h40m	8h 53m	9h 48m	10h33m
	BUS	10h31m	11h24m	11h 9m	12h22m	11h45m	10h15m	10h28m	10h28m
Volume of WA Non-Appointed Faults used to derive the measure	RES	1543	1953	2551	3619	4503	5000	5638	6134
	BUS	5023	4869	4704	5567	5886	5946	6736	6986

### KPI 8a: Percentage of Time that an Appointment for an Engineering Visit is Missed

Measure based on WA faults processed during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
Percentage of WA appointed faults where the appointment has been missed due to no access	RES	5.31%	5.20%	3.36%	3.13%	3.78%	2.55%	3.40%	2.80%
	BUS	2.52%	2.00%	1.84%	2.03%	2.27%	2.02%	2.02%	2.00%
Percentage of WA appointed faults where the appointment has been missed by BT	RES	5.50%	7.63%	7.81%	8.18%	9.95%	9.68%	8.45%	9.20%
	BUS	7.46%	9.12%	8.05%	8.17%	9.29%	8.52%	9.08%	9.60%

**KPI 9: Percentage of WA Lines that are Subject to Repeat Faults**

Measure based on WA faults that recurred during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
Percentage of customer fault reports which recurred within 30 days of the resolution of an earlier fault on the same line	RES	7.47%	4.83%	4.31%	5.15%	6.02%	6.38%	5.21%	6.40%
	BUS	7.76%	8.05%	7.05%	7.44%	7.80%	8.80%	7.65%	7.77%

**KPI 10: Percentage of Billable CDRs which are produced on Time**

Measure based on billable CDRs produced during	Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
Percentage of billable CDR files (daily feed) placed onto DEDS by a pre-determined time every day	100.0%	97.0%	94.0%	100.0%	100.0%	97.0%	97.00%	93.00%

**KPI 11: Average Time to Resolve WA Billing Queries**

Measure based on WA billing queries resolved during	Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
WA billing queries - average time to resolve (calendar days)	11	10	14	13	12	11	12	10
Volume of WA billing queries used to derive the measure	281	279	233	256	230	278	273	352

**KPI 12: Percentage of Monthly GenIUS CDROMs Despatched on Time**

Measure based on GenIUS CDROMs despatched during	Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
Percentage of monthly GenIUS CDROMs despatched to SPs within 2 working days of the bill production date	100%	100%	100%	100%	98%	100%	100%	96%



### KPI 13: SPG Availability

Measure based on published availability of Mon – Sat 08.00 to 20.00 excluding public and bank holidays	Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
SPG availability excluding scheduled outages - expressed as a percentage of the published availability	99.31%	99.73%	100.00%	100.00%	100.00%	99.38%	100.00%	100.00%
SPG availability including scheduled outages - expressed as a percentage of the published availability	99.31%	99.73%	100.00%	100.00%	100.00%	99.38%	100.00%	100.00%

### KPI 14: DEDS Availability

Measure based on published availability of 24/7	Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
DEDS availability excluding scheduled outages - expressed as a percentage of the published availability	100%	100%	100%	100%	100%	100%	100%	100%
DEDS availability including scheduled outages - expressed as a percentage of the published availability	100%	100%	100%	99%	100%	100%	100%	100%

**KPI 15: eCo Repair Availability**

Measure based on published availability of 24/7	Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
Measure based on published availability of 24/7	Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
eCo Repair availability excluding scheduled outages -	100.00%	100.00%	99.24%	99.15%	99.50%	97.94%	99.18%	99.93%
Measure based on published availability of 24/7	Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
eCo Repair availability excluding scheduled outages - expressed as a percentage of the published availability	100.00%	100.00%	99.24%	99.15%	99.50%	97.94%	99.18%	99.93%

**KPI 2 Additional Information**

The two tables below give, for Residential and Business orders respectively, the top fifteen rejection reasons for the 3 month period between August 2005 and October 2005.

## KPI 2: Residential Order Rejection Reason Breakdown

#	Rejection Reason	Aug 05	Sep 05	Oct 05	6.31 3 mth	6.32 Cumulative
1	Open orders exist against this line	40.15%	46.64%	45.60%	44.13%	44.13%
2	Change order not applicable	25.55%	11.23%	8.57%	15.12%	59.24%
3	Light User Scheme exists on line	10.25%	11.01%	13.64%	11.63%	70.88%
4	Ceased line	8.36%	9.46%	11.06%	9.63%	80.50%
5	Line already in SP name	4.02%	7.87%	5.62%	5.84%	86.34%
6	Unsuitable products	3.31%	3.25%	3.68%	3.41%	89.75%
7	Incorrect directory entry format	2.06%	2.18%	3.64%	2.63%	92.38%
8	Open Cease Order Exists	0.71%	2.28%	2.11%	1.70%	94.08%
9	Incorrect CRF for Product requested	1.45%	1.31%	1.81%	1.52%	95.60%
10	Incorrect Order Types	1.35%	1.66%	0.23%	1.08%	96.68%
11	Featureline	0.58%	0.72%	1.10%	0.80%	97.48%
12	Outstanding order on file - unable to progress	0.67%	0.55%	0.34%	0.52%	98.00%
13	No data on order	0.07%	0.13%	1.30%	0.50%	98.50%
14	Duplicate	0.39%	0.61%	0.29%	0.43%	98.94%
15	Wrong telephone number	0.39%	0.37%	0.16%	0.30%	99.24%

**KPI 2: Business Order Rejection Reason Breakdown**

	Rejection Reason	Aug 05	Sep 05	Oct 05	6.33 3 mth	6.34 Cumulative
1	Featureline	17.83%	18.33%	21.72%	19.29%	19.29%
2	Unsuitable products	19.54%	14.47%	14.92%	16.31%	35.60%
3	Open orders exist against this line	13.74%	12.89%	14.80%	13.81%	49.41%
4	Incorrect CRF for Product requested	8.50%	9.61%	12.39%	10.17%	59.58%
5	Ceased line	7.84%	11.03%	7.57%	8.82%	68.40%
6	Change order not applicable	6.59%	6.36%	6.75%	6.56%	74.96%
7	Open Cease Order Exists	1.79%	4.92%	4.43%	3.72%	78.68%
8	Payphone Line	3.60%	4.01%	3.51%	3.71%	82.38%
9	Line already in SP name	4.16%	4.01%	2.69%	3.62%	86.01%
10	L4L transfer not applicable due to existing select services	3.60%	3.37%	3.10%	3.36%	89.37%
11	Incorrect no. of AUX lines/Channels on CRF	1.96%	2.07%	1.64%	1.89%	91.26%
12	Wrong address	1.95%	1.47%	0.72%	1.38%	92.64%
13	Remote Call Forwarding - not suitable for transfer	1.19%	1.34%	1.15%	1.23%	93.87%
14	Duplicate	1.68%	0.88%	0.64%	1.07%	94.93%
15	Incorrect Order Types	1.44%	1.05%	0.58%	1.03%	95.96%

### KPI 3 Additional Information

The table below gives the percentage of total WA orders which are completely processed without any manual intervention (zero touch).

Measure based on WA orders processed during	Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
Percentage of orders which are completely processed without any manual intervention (zero touch)	72.5%	76.5%	78.5%	80.5%	81.5%	81.5%	79.5%	79.5%

### KPI 4 Additional Information

This is the same KPI data as provided for KPI4 above but instead of being based on all orders the measure is divided into five by order priority, i.e. the first sub-measure is based on all Priority 1 orders (KPI4a), the second is based on all Priority 2 orders (KPI4b), etc.

**KPI 4a: Average Time between Submission of a WA Priority 1 Order and Acceptance by BT**

Measure based on all Priority 1 orders processed during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
WA New Provide Orders - average time (in calendar days)	RES	1.45	1.22	0.85	0.77	0.7	0.63	0.49	0.05
	BUS	1.36	1.06	0.62	0.92	0.85	0.71	0.53	0.02
Volume of WA New Provide Orders used to derive the measure	RES	120	67	112	141	186	246	329	424
	BUS	3071	4118	4500	4846	5529	5679	6169	4781
WA Transfer Orders - average time (in calendar days)	RES	0.15	0.09	0.14	0.17	0.08	0.09	0.12	0.36
	BUS	0.21	0.15	0.16	0.23	0.1	0.08	0.06	0.13
Volume of WA Transfer Orders used to derive the measure	RES	29640	92546	68838	78809	105584	107827	82192	126601
	BUS	29199	30842	26104	31601	36157	37264	32017	35735
WA Change Request Orders - average time (in calendar days)	RES	0.08	0.15	0.57	0.14	0.05	0.04	0.02	0.02
	BUS	0.4	0.48	0.37	0.27	0.17	0.04	0.03	0.03
Volume of WA Change Request Orders used to derive the measure	RES	2473	3710	5709	6266	15155	32401	23382	17009
	BUS	4931	5636	4350	4790	5154	4937	5662	5954
Total WA Orders - average time (in calendar days)		0.25	0.15	0.2	0.22	0.11	0.1	0.11	0.27
Total WA Orders used to derive the measure		69434	136919	109613	126453	167765	188354	149751	190504

#### KPI 4b: Average Time between Submission of a WA Priority 2 Order and Acceptance by BT

Measure based on all Priority 2 orders processed during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
WA New Provide Orders - average time (in calendar days)	RES	1.91	0.94	1.89	1.27	2.82	0.91	3.75	0.18
	BUS	1.96	1.02	3.7	3.29	2	1.41	2.99	0.42
Volume of WA New Provide Orders used to derive the measure	RES	5	11	2	8	9	11	2	32
	BUS	329	370	239	195	162	247	185	755
WA Transfer Orders - average time (in calendar days)	RES	0.31	0.14	0.26	0.15	0.04	0.05	0.05	0.04
	BUS	0.4	0.17	0.18	0.14	0.06	0.1	0.08	0.07
Volume of WA Transfer Orders used to derive the measure	RES	11357	18753	38838	45117	25599	44060	72351	55656
	BUS	13805	9809	14391	21329	12589	11474	15130	21318
WA Change Request Orders - average time (in calendar days)	RES	0.12	0.09	0.31	0.06	0.04	0.02	0.02	0.01
	BUS	0.18	0.58	0.21	0.2	0.15	0.1	0.09	0.05
Volume of WA Change Request Orders used to derive the measure	RES	1954	1473	7919	17839	7672	8224	11780	14469
	BUS	1543	767	1575	1518	1147	1266	1481	2019
Total WA Orders - average time (in calendar days)		0.35	0.17	0.26	0.14	0.05	0.06	0.06	0.05
Total WA Orders used to derive the measure		28993	31183	62964	86006	47178	65282	100929	94249

**KPI 4c: Average Time between Submission of a WA Priority 3 Order and Acceptance by BT**

Measure based on all Priority 3 orders processed during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
WA New Provide Orders - average time (in calendar days)	RES	0.79	0.66	8.59	7.43	0.65	2.27	0.38	0.45
	BUS	1.62	1.53	9.43	6.23	4.02	2.24	0.84	0.92
Volume of WA New Provide Orders used to derive the measure	RES	9	1	1	13	2	6	2	9
	BUS	425	79	219	159	60	56	33	295
WA Transfer Orders - average time (in calendar days)	RES	0.26	0.24	0.22	0.26	1.87	0.4	0.26	0.13
	BUS	0.24	0.34	0.44	0.33	0.17	0.24	0.44	0.26
Volume of WA Transfer Orders used to derive the measure	RES	29477	29657	20025	10241	1258	7055	11385	649
	BUS	7069	10263	4591	4211	1759	4557	9026	2319
WA Change Request Orders - average time (in calendar days)	RES	0.25	0.1	0.1	0.07	0.41	0.14	0.07	1.48
	BUS	0.35	0.49	0.67	2.31	1.44	0.77	0.55	0.26
Volume of WA Change Request Orders used to derive the measure	RES	2981	2330	7088	3081	46	1883	1752	231
	BUS	265	247	553	518	81	154	264	170
Total WA Orders - average time (in calendar days)		0.27	0.26	0.29	0.36	0.94	0.32	0.32	0.37
Total WA Orders used to derive the measure		40226	42577	32477	18223	3206	13711	22462	3673



#### KPI 4d: Average Time between Submission of a WA Priority 4 Order and Acceptance by BT

Measure based on all Priority 4 orders processed during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
WA New Provide Orders - average time (in calendar days)	RES	1.24	1.6	0	2.01	0	2.58	0	0
	BUS	1.32	1.14	6.31	9.82	10.63	0	4.48	1.18
Volume of WA New Provide Orders used to derive the measure	RES	38	5	0	9	0	1	0	0
	BUS	127	59	28	29	1	0	8	17
WA Transfer Orders - average time (in calendar days)	RES	0.55	0.33	0.31	4.14	0	0	0.41	0.01
	BUS	0.32	0.23	0.49	0.41	0.72	0.21	0.44	0.06
Volume of WA Transfer Orders used to derive the measure	RES	119	276	13	8	3	0	212	1
	BUS	2044	3448	134	245	26	44	141	81
WA Change Request Orders - average time (in calendar days)	RES	1.03	0.36	0	0	0.19	0	0.18	0
	BUS	0.16	0.66	2.95	4.83	6.88	1.22	0	0.1
Volume of WA Change Request Orders used to derive the measure	RES	25	181	0	1	5	0	20	0
	BUS	940	146	17	28	3	4	2	16
Total WA Orders - average time (in calendar days)		0.33	0.28	1.54	1.79	1.34	0.34	0.01	0.01
Total WA Orders used to derive the measure		3293	4115	192	320	38	49	383	115

**KPI 4e: Average Time between Submission of a WA Priority 5 Order and Acceptance by BT**

Measure based on all Priority 5 orders processed during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
WA New Provide Orders - average time (in calendar days)	RES	1.02	1.4	5.09	15.52	9.6	3.56	20.35	0
	BUS	1.77	1.26	9.52	14.63	7.59	4.55	6.18	6.12
Volume of WA New Provide Orders used to derive the measure	RES	5	13	9	11	4	4	1	0
	BUS	481	331	87	70	186	111	19	40
WA Transfer Orders - average time (in calendar days)	RES	0.57	0.37	0.42	1.33	0.63	0.29	0.94	0.76
	BUS	0.35	0.31	0.81	3.15	0.14	0.24	0.37	0.15
Volume of WA Transfer Orders used to derive the measure	RES	66	112	1541	281	210	254	17	28
	BUS	3031	2654	1562	299	979	1527	285	1236
WA Change Request Orders - average time (in calendar days)	RES	0.27	0.51	0.9	1.11	0.84	0.15	0	0
	BUS	1.14	0.6	3.47	7.89	1.27	0.06	3.29	0.4
Volume of WA Change Request Orders used to derive the measure	RES	8	7	39	31	22	90	1	0
	BUS	423	546	268	42	40	679	18	19
Total WA Orders - average time (in calendar days)		0.61	0.44	1.07	7.89	1.24	0.38	0.93	0.01
Total WA Orders used to derive the measure		4014	3663	3506	734	1441	2665	341	1323

## Comparative KPI Data

### KPI 5 (adapted for comparison): Percentage of New Provision Orders Completed by Customer Agreed Date

Retail Measure based on orders processed during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
CSS Provide Activities - percentage provisioned on time	RES	85.08%	85.52%	85.75%	84.83%	84.79%	85.21%	83.55%	84.20%
	BUS	82.43%	82.54%	83.27%	82.58%	80.36%	80.50%	79.35%	78.73%
WA Measure based on orders processed during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
CSS Provide Activities - percentage provisioned on time	RES	86.24%	89.97%	88.52%	86.93%	82.46%	81.74%	76.23%	73.82%
	BUS	84.95%	85.32%	84.25%	84.81%	85.47%	84.70%	86.44%	84.75%

### KPI 5a: Average Time between Acceptance of a WA Order and Service Activation (New Provision with Engineering Visit)

Retail Measure based on orders processed during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
CSS Provide Activities requiring an engineering visit	RES	-	-	-	-	17	20.1	21	19.5
	BUS	-	-	-	-	19.3	20.1	21	18.5
WA Measure based on orders processed during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
CSS Provide Activities requiring an engineering visit	RES	-	-	-	-	18.14	23.73	28.38	25.36
	BUS	-	-	-	-	19.36	21.65	24.47	24.56

**KPI 6: Percentage of WA Lines that are Subject to Faults within a Specified Period of Time**

Retail Measure based on fault reports in 3 mths ending		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
Customer fault reports per 100 PSTN lines per quarter	RES	3.02	2.95	3.04	3.12	3.15	3.19	3.21	3.23
	BUS	3.36	3.3	3.41	3.51	3.62	3.74	3.78	3.81
WA Measure based on fault reports in 3 mths ending		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
Customer fault reports per 100 WA lines per quarter	RES	2.1	1.76	1.62	1.75	1.91	1.93	1.89	1.88
	BUS	2.29	2.19	2.16	2.22	2.27	2.23	2.32	2.32

### KPI 7: Average Time between Submission of a WA Fault Report and the Fault being Cleared

Retail Measure based on faults cleared during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
Appointed PSTN Faults - average time (in working hours)	RES	26h00m	26h23m	25h37m	29h39m	31h 0m	28h28m	29h47m	28h01m
	BUS	28h11m	29h 4m	27h28m	30h 7m	31h26m	29h29m	29h58m	27h46m
Non-Appointed PSTN Faults - average time (in working hours)	RES	14h13m	15h17m	13h31m	16h 1m	16h45m	15h 8m	16h 5m	15h 0m
	BUS	18h25m	19h 1m	19h58m	19h14m	21h 0m	18h17m	18h41m	19h01m
WA Measure based on faults cleared during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
WA Appointed Faults - average time (in working hours)	RES	24h59m	26h 9m	25h20m	27h36m	27h11m	26h49m	27h35m	24h54m
	BUS	19h18m	19h 1m	19h19m	21h33m	20h19m	19h20m	20h21m	18h22m
WA Non-Appointed Faults - average time (in working hours)	RES	9h 38m	9h 39m	9h 53m	11h22m	10h40m	8h 53m	9h 48m	10h33m
	BUS	10h31m	11h24m	11h 9m	12h22m	11h45m	10h15m	10h28m	10h28m

**KPI 8a: Percentage of Time that an Appointment for an Engineering Visit is Missed**

Retail Measure based on faults processed during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
Percentage of appointed PSTN faults where the appointment has been missed due to no access	RES	2.19%	1.40%	2.10%	1.94%	2.07%	1.80%	1.80%	1.90%
	BUS	1.49%	2.10%	1.50%	1.31%	1.27%	1.54%	1.45%	1.40%
Percentage of appointed PSTN faults where the appointment has been missed by BT	RES	7.76%	7.60%	8.27%	8.46%	9.27%	9.31%	9.44%	9.40%
	BUS	10.60%	10.58%	11.23%	11.23%	11.68%	12.25%	13.10%	12.30%
WA Measure based on faults processed during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
Percentage of WA appointed faults where the appointment has been missed due to no access	RES	5.31%	5.20%	3.36%	3.13%	3.78%	2.55%	3.40%	2.80%
	BUS	2.52%	2.00%	1.84%	2.03%	2.27%	2.02%	2.02%	2.00%
Percentage of WA appointed faults where the appointment has been missed by BT	RES	5.50%	7.63%	7.81%	8.18%	9.95%	9.68%	8.45%	9.20%
	BUS	7.46%	9.12%	8.05%	8.17%	9.29%	8.52%	9.08%	9.60%

### KPI 9: Percentage of WA Lines that are Subject to Repeat Faults

Retail Measure based on faults that recurred during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
Percentage of customer PSTN fault reports which recurred within 30 days of the resolution of an earlier fault on the same line	RES	11.60%	8.60%	8.39%	8.30%	8.68%	8.78%	8.32%	8.77%
	BUS	9.20%	11.40%	11.02%	10.79%	11.15%	11.62%	10.42%	10.93%
WA Measure based on faults that recurred during		Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05
Percentage of customer fault reports which recurred within 30 days of the resolution of an earlier fault on the same line	RES	7.47%	4.83%	4.31%	5.15%	6.02%	6.38%	5.21%	6.40%
	BUS	7.76%	8.05%	7.05%	7.44%	7.80%	8.80%	7.65%	7.77%