

KCOM's response to Ofcom's consultation on its proposals to reform landline, broadband and pay TV switching between different platforms.

- 1.1. KCOM considers it important that consumers can switch providers quickly and easily in order for competitive markets to work effectively and efficiently. We therefore welcome the opportunity to respond to Ofcom's consultation on its proposed measures to make cross platform switching easier and more reliable for consumers (the 'Consultation').¹
- 1.2. The proposals detailed in the Consultation are important to us as any regulatory decision that results from them will not only affect those residential customers wishing to join/leave our network but will also impact the way that our business operates not only in the Hull and East Yorkshire areas but more widely across the UK.
- 1.3. In April 2015, Ofcom modified General Condition 22 of the General Conditions of Entitlement to in order to harmonise the processes used for switching between providers offering voice and broadband services over our copper network in the Hull Area² to a single Gaining Provider Led ('GPL') approach, utilising the enhanced Notification of Transfer process ('GPL NoT+').³ In doing so, the processes operating in Hull were made consistent with those applying to BT Openreach ('Openreach').
- 1.4. We supported Ofcom's approach in 2015, taking the view that the GPL NoT+ approach was the best way to achieve a proportionate and efficient switching process in the Hull Area that would reduce switching costs for end-users. In particular, we recognised that the relatively low transfer volumes and the existence of manual switching processes meant the unified adoption of GPL NoT+ would require limited systems development, while at the same time be less onerous for operators to work with than if multiple switching processes continued to co-exist. Furthermore, the existence of the different processes might ultimately deter consumers from changing providers.
- 1.5. The on-net GPL NoT+ process therefore applying to switching those dual play services that we provide (either to our own retail customers, or through our reseller arrangements) on our copper network in the Hull Area is therefore consistent with the approach in the rest of the UK.

¹ Ofcom (2016), *Making switching easier and more reliable for consumers: Proposals to reform landline, broadband and pay TV switching between different platforms*, Consultation, 4 August 2016.

² We are subject to ex ante regulated in the provision of certain communications services in the Hull Area. The geographic boundary of the Hull Area is defined in our original 1987 license as: follows: "The "Hull Area" means the area defined as the "Licensed Area" in the license granted on the 30 November 1987 by the Secretary of State under section 7 of the Telecommunications Act 1984 to Kingston upon Hull City Council and Kingston Communications (Hull) plc".

³ Ofcom (2015), *Consumer Switching: A statement on modifications to General Conditions to effect changes to switching processes for fixed voice and broadband on the KCOM Access Network*, Statement, 27 April 2015.



- 1.6. As the Consultation recognises, the fact that alternative switching processes operate for within-platform switching and between-platform switching and that there differences have potentially deleterious implications for consumers that are seeking to exercising choice could provide a source of inertia, which may serve to dampen competition. Therefore, we agree that where there is clear evidence that significant consumer harm is arising from one or more aspects of these differences in switching arrangements then it is right for Ofcom to act in an appropriate and proportionate manner to address the identified failure(s).
- 1.7. We recognise that the current cross-platform switching arrangements could lead to consumer issues where they experience loss of service when switching between alternative infrastructures either as a consequence of issues with the timing of installation or the co-ordination of cease and re-provide activity, and that consumers may seek to mitigate that loss of service by overlapping service provision. We also note the issues that Ofcom has identified in terms of cancelling pre-existing services.
- 1.8. While Ofcom presents certain qualitative and quantitative evidence of the national switching picture both for inter and intra (Openreach) platform switching we consider it helpful to highlight the following points:
- In the Hull Area, the issues of loss or service and double paying are not particularly evident to us the number of consumers do not currently switch their double play services (we currently only provide Free-To-Air (FTA) TV⁴ that is delivered using a YouView set top box⁵) are likely to be in their low 1000's;
 - In the Hull Area, we have not had any feedback from our customers that it is either difficult to contact us to cancel their contracts or that once they have done so that they have experience unwelcome or aggressive 'save' activity in an attempt to persuade them to stay with us rather than switch infrastructure provider;
 - We make clear in our sales and marketing literature the implications of switching. We set out our termination policy as part of the sales process and these details are set out clearly as part of our Welcome process and in our contractual T&Cs; and
 - Our residential customers are not required to telephone us to cancel their services. We offer them a number of cancelation routes including email and live chat. All that is required is verification that the person is the

⁴ [We stopped providing FTA TV in October 2013 and currently only have 2,259 customers using the service.]

⁵ <http://www.youview.com/>



authorised account holder and that is sufficient to confirm the termination request.

- 1.9. Ofcom's current proposals to revise the approach to cross-platform switching, whether this is an Enhanced Cease and Re-provide ('EC&R') or a GPL process, will require the old and new provider to share information with each other via some form of communications channel.
- 1.10. While Ofcom have made clear that it does not intend to specify the form of communications channel in order to provide industry with flexibility in its potential implementation, it is our view that:
- (i) in principle, the implementation of a GPL process is likely to be most consistent with the consumer experience of the current GPL NoT+ process operating and would serve to unify the approach to switching that operates across communications markets the UK;
 - (ii) a GPL process operating at national scale will require some form of automated clearing system in order to facilitate and effective co-ordinate the switching of residential consumer services between alternative infrastructures;
 - (iii) in the Hull Area, the volume of current cross-platform switching activity is unlikely to warrant the systems investment that would be required for an automated clearing facility needed to support a GPL process. This is true, whether such investment is made on a stand-alone basis by KCOM s or whether it is jointly funded by Communications Providers operating in the Hull Area; and
 - (iv) the systems investments required to deliver a GPL, whether nationally or in the Hull Area will need to be recovered. Wherever possible these costs should be kept to a minimum and as such the duplication of systems should be avoided.
- 1.11. To the extent that there is a prospect of future increases in the level of inter-platform consumer switching of fixed line services (landline, broadband, and pay TV services) it is likely to be as a consequence of the development of competing end-to-end next generation (FTTP) fixed networks that are currently out of scope of (copper network) switching regulations and the development of pay TV services in the Hull Area.
- 1.12. The Hull Area already has competing fibre infrastructures deployed within its geographic boundary. However these networks focus predominantly on services supplied to business (private and public sector) customers, including the provision of business connectivity and business broadband services. Importantly, while certain providers (MS3 and CityFibre Holdings) have recently announced their



intentions to support the delivery of FTTP services in the residential market the provision of relevant retail fixed line services are still highly limited, with Purebroadband being one example of Service Providers trialling dual play services.

1.13. [X

X]

1.14. For the reasons given above it is currently unclear whether given the relatively low levels of cross-platform switching any intervention in the Hull Area is warranted at this time. However, recognising that this situation may change in the future we consider the most appropriate approach for the present in the Hull Area is an EC&R approach (Option 1). It may be the case that in the future, cross-platform switching volumes may increase, at which point it may be appropriate to revisit a GPL approach. Regardless, we do not envisage that the volumes will increase sufficiently to be warrant the use of automated system that would require us to invest (either on a stand-alone or jointly) in a common management platform. Rather, it will better deployed as a manual system and we will be happy to work with providers in the Hull Area to do so.

1.15. Importantly, given this is not a KCOM-only issue for the Hull Area we consider it important that views of other suppliers are carefully considered.

