

# **Premtext response to Ofcom Consultation on “Personal Numbering – Review of the 070 Number Range”**

## **Introduction**

As background, Premtext have been running a legitimate business providing 070 FollowMe numbers for over fifteen years.

Premtext is Vodafone’s route to market for their 07000 Vodafone CallMe, 07002 CallMe Business and 07074 CallMeMobile services.

Prior to setting up Premtext, its founders were at Vodafone, and responsible for the initial Ofcom allocation of Vodafone’s iconic 07000 Personal Number range back in 1996.

## **Response**

Premtext welcomes the opportunity to respond to Ofcom’s consultation on its “Personal Numbering – Review of the 070 number range”.

Premtext also fully supports Ofcom’s focus on reducing consumer harm and minimising the opportunities for fraud.

***Question 3.1: Do you agree with our provisional conclusion regarding market definition? Please provide reasons and evidence in support of your views.***

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***Question 3.2: Do you agree with our provisional conclusion regarding SMP? Please provide reasons and evidence in support of your views.***

Although a lot of good thought has gone into the pricing and market economics of TCPs’ number ranges, Premtext believe that not enough focus has been put on the likely retail costs of Ofcom’s proposed solutions.

Ofcom’s introduction and price cap on 03 numbers has been broadly supported by both the telecoms industry and by consumer interest groups, and quite rightly is deemed to be a significant success. This is mainly because Ofcom have mandated the service from the consumer’s point of view - ie that the consumer retail price should be the same as dialling 01 & 02 numbers and be included in similar bundles.

I understand that if a numbering business was discussing the use of an 03 number by a customer organisation, then the fact that there is this Ofcom mandate (that all UK telcos have to treat 03 numbers the same as 01 & 02 fixed line numbers) is a real

positive. There is none of the doubt that just one MVNO may have decided to charge calls to 03 numbers at 83ppm, or that particular cable company charges 52ppm etc.

However the re-pricing of 084 and 087 numbers into service and access charges could be viewed as less of a success, in that the cost to consumers of calling 0845 local rate numbers has often increased.

Given these two contrasting approaches, it may be that Ofcom has not had the opportunity to reflect enough (when considering the all-important issue of consumer harm), on the market power of the Originating Networks in terms of Ofcom's proposal for 070 numbers.

If Ofcom's overriding aim is to minimise consumer harm (and confusion) then Ofcom need to demonstrate this by ensuring that the retail price to consumers is also mandated, rather than just considering the transfer pricing arrangements between the providers.

***Question 4.1: Do you consider that the cost of the proposed control is proportionate to the identified harm to consumers arising from this range? If not please give your reasons.***

Ofcom have put a lot of good thought and effort into this review, and highlighted two very important concerns in terms of harm to consumers calling such 070 numbers, and the potential for fraud.

Ofcom also raise the good point that since 1996 when these FollowMe services were first launched, most wholesale rates have reduced.

**a) Consumer Complaints at 0.02%**

However it could be viewed that this particular Review has overplayed the consumer harm issue.

For example, in 2016 just 20 relevant complaints were raised with Ofcom (A8.15), compared to the entirety of the 90,000 calls received by Ofcom in 2016 / 2017. (P35 2016 Annual Report)

As a percentage this is approximately 0.02% of Ofcom's incoming calls.

Likewise the PSA (in A8.55) say that they receive 1 or 2 calls a week in connection with 070 services. This is compared to the 471,000 contacts that they receive each year from consumers (PSA Annual Report 2016/17 P7). (again about 0.02% of issues raised)

**b) Some Personal Number Rates (ie ‘d’ rate) are already less than max call rates to Mobiles**

In terms of calling costs, the Vodafone CallMe 07000 range is on ‘d’ rate. This was the original / most popular 070 rate in the early days.

As a BT subscriber the calling costs are now 16.21ppm daytimes and 9.55ppm evenings and weekends; with a 5.5p call set up fee (inc VAT) (latter as per Ofcom’s footnote #152).

This compares very favourably to BT’s maximum retail cost for calls to mobiles of 19.2ppm with a 21p call setup. (Table A8.2 & A8.3).

**BT’s retail costs (ppm – inc VAT) (\*)**

Charge Band	Daytime	Evening	Weekend	Setup fee
<b>‘d’ rate – ie existing charge to call 07000 numbers</b>	16.211ppm	9.554ppm	9.554ppm	5.5p
<b>Calls to “all other” UK mobile numbers</b>	17.0ppm	17.0ppm	17.0ppm	22.0p

\* [http://www.productsandservices.bt.com/assets/pdf/BT\\_PhoneTariff\\_Residential.pdf](http://www.productsandservices.bt.com/assets/pdf/BT_PhoneTariff_Residential.pdf)

Hence it could be said that at some rates, calls to 070 Personal Numbers are good (if not better) value compared to calls to mobiles (when made from the UK’s incumbent network operator).

**c) Fraud**

Likewise fraud (and limiting it) is equally important. However the view from SOCA is based on an email over seven years ago dated November 2010, and since then issues with other number ranges such as use of 03 and VoIP numbers for fraudulent purposes (such as purporting to be banks, and routing overseas etc) have become more prominent (but no proposals yet from regulators to drastically change the use of these numbers).

**d) Benefits to both end-customer and callers (of 070 Personal Numbers)**

It could be said that Ofcom’s review does not take into account enough of the benefits of 070 Numbers to both the end-user and the caller.

In terms of caller benefits, there is one mention (in 3.66) that does state that callers to 070 FollowMe numbers have the benefit of the “find-me” functionality.

This is in terms of the caller actually getting through to the tradesman / person / function without having to do multiple calls to track down the correct number for that time of day etc.

This is an important benefit to both the caller and the legitimate business, as recognised by Ofcom when they first introduced the 070 number range.

**e) Likely Outcomes of Ofcom’s proposed regulation on the termination rate only.**

For reasons stated above, Premtext’s view is that only requiring a termination rate on the 070 value chain (and not a regulated consumer rate) is just going to lead to:-

Personal number providers requiring:-

- that 070 end-users pay some monies to receive calls on their mobiles / landlines (say x ppm\* for incoming calls to mobiles) (similar to the prevailing market rate for say VoIP switchboard customers to call mobiles).

(\* Note that other retail businesses charge up to say 19ppm to call mobiles)

Note that if Ofcom ever proposed a similar model of UK mobile owners having to pay to receive their calls (the original United States model), then concern would be raised that Ofcom are not necessarily acting in consumers’ interests.

- and/or requiring the 070 number owner to pay some additional monthly subscription or bundle
- or else their number (for-life) will be cut off in three months, given that the Personal Number reseller’s network only receive the 0.5ppm – and hence the Reseller is likely to be charged a fee for each incoming minute / onward charge to a mobile.

At the same time the range of Originating Networks will be under no compulsion to reduce / change their calling rates and margins (see 0845 case alluded to above, along with calls to Channel Island / Isle of Man 07 mobiles).

Ofcom’s proposal to so drastically regulate the terminating rate is disproportionate to the number of complaints received – a far better solution would be to determine a maximum retail charge band such as the original Personal Number ‘d’ rate.

***Question 4.2: Do you agree with our proposal for a three-month implementation period? If not, please explain why.***

No – however it depends on which solution (or possibly sequence of solutions) that Ofcom goes with.

If the requirement (as suggested above) is to cap Personal Numbers at the original Personal Numbering ‘d’ rate, then this can be done relatively quickly (say 6 to 9 months).

However if there is going to be such a complete change in the commercials of an 070 number (ie by setting the termination rate to the MTR one), then there needs to be at least **24 months’ notice**.

Many end-users have had such ‘Numbers for Life’ 070 services since 1996 (ie 21 plus years) and Ofcom need to allow time for:-

- relevant networks to work out their commercials to Personal Number Resellers
- Such resellers to amend their systems and to get in touch with their end-users (and credit-vet them etc)
- the end-users to work out what they want to do (ie pay more or else change numbers)
- and let the end-users communicate any changes with their all-important customers or ‘consumers’

as expanded on below.

It could be said that there is a risk in this review that Ofcom have not completed sufficient impact analysis in terms of Ofcom’s proposed 0.5ppm Termination Rate on the end-users, nor their callers.

Ofcom allude to the fact that such a proposed 0.5ppm MTR regulation would mean that end-users may well decide to change their 070 FollowMe number to a different range (or that the numbers may well be cut-off by their Personal Number supplier as the relevant incoming calls had suddenly gone negative in money terms from their point of view).

This involves both time and money to the FollowMe number end-customer, as well as issues for the calling consumer in terms of finding out the new contact details (of their plumber etc). The owner of the FollowMe number will have to communicate the new numbers on web sites, advertising, vans, business cards etc, and there is the very real prospect that they will lose business from the existing customers who have not realised that numbers have changed.

There is one slightly tongue-in-cheek mention in 4.87 that end-customers might be affected in the sentence:-

“Establishing contact with their customers to ‘modify’ the arrangements\* will, of course, require TCPs some time, **but they should at least have telephony contacts for their customers .....**”

This appears to be the only impact analysis on the end-users in Ofcom’s otherwise extensive review.

\* Such communication from some less-legitimate resellers might be along the lines:-

“You know that Ofcom ‘Number for Life’ that you set up x years ago – you now have y weeks to work out

- whether you want to keep it (and pay considerably more each month for it),
- or else arrange for new stationery, mailers, re-painting of vans etc to let your callers know of your new number,
- as we will have to disconnect these numbers by 30<sup>th</sup> May 2018 as Ofcom have disproportionately changed the commercial ground rules on these number ranges

***Question 4.3: Do you agree that our proposal to implement a charge control on 070 TCPs in the form of a benchmark rate is appropriate? If not, please explain why.***

As per answer to 4.1 and 4.2, Ofcom’s proposal is disproportionate and does not consider enough the views of the (‘legitimate’) 070 number owners nor their callers (nor the likely pricing behaviour of the originating networks).

Either Ofcom should

- a) mandate that the maximum rate for any 070 Personal Number is the existing Personal Numbering ‘d’ rate (and with the same termination rates as per now.)

This would dramatically reduce

- the level of consumer harm (see pricing above where BT ‘d’ rate calls cost less than calls to mobiles)
- significantly reduce the incentive for any fraudulent activity

whilst allowing enough money in the value chain for such legitimate 070 Personal Numbers (as originally championed by Ofcom) to ‘survive’

- b) If a 0.5ppm MTR is Ofcom’s decision, then Ofcom must mandate consumer costs too

If Ofcom really want to go down the 0.5ppm MTR termination route, and if they really are the “Consumer Champion” that we hope they are, then Ofcom need to be ‘brave’ enough to mandate that the calls to 070 numbers are priced the same as calls to UK mainland mobiles in terms of pricing, bundles and discounts etc (as per Ofcom’s very successful introduction of 03 numbers).

Otherwise this proposal will see a combination of both

- ‘harm’ to legitimate 070 end-users (in terms of additional monthly costs and fees to themselves)
- and likely ‘harm to their 070 callers (ie the end consumer) given the current cost range of calling 0845 and non-UK British mobiles (ie IOM & CI) from some MVNOs etc.

What Pretext (and I am sure Ofcom as well) do not want to see, is the legitimate 070 users being penalised, when in good faith they have ‘bought’ into and have used the service as created by Ofcom originally, when Ofcom set-up these 070 number ranges in the first place.

***Question 4.4: Do you have any further comment on our proposals for regulating 070 termination rates? Please provide reasons and evidence in support of your views.***

Recognising the concerns of Ofcom, an alternative proposal as outlined above is that 070 rates are treated tariff and termination rate the same as 070 ‘d’ rate numbers.

This would allow enough monies in the value chain to cater for diverts to varying destinations, without the penal calling costs (and potential high consumer costs) that the existing 070 ranges can be set at.

Going for just a termination rate of c 0.5ppm and no regulated calling cost is the worst of all solutions for both the number owners and the calling public.

If Ofcom are going to mandate that the termination rate is the same as the UK mobile termination rate, then they need to mandate that the calling costs to such 070 numbers are also the same as calls to UK mobiles (and included in any similar bundles). This would be in a similar fashion that Ofcom has been so successful with their 03 numbers where these are treated as being the same to call as 01 and 02 landline numbers, and mandated to be included in any similar bundles / discount schemes as (01 or 02) landline calls.

Otherwise the calling public may well be treated to higher cost calls such as calls to 0845 2ppm service numbers (which were originally at local rate) now costing 57ppm to the consumer from some networks.

***Question A9.1: Do you agree with our approach to estimating the cost of providing a 070 service? Please provide reasons and evidence in support of your views.***

Many 070 numbers are sold and serviced by resellers, given the telecoms environment that was around in the late 1990s when these numbers were first launched.

It is noted that Ofcom's review of costs is based on just a selective three out of the fourteen TCPs approached by Ofcom (21%).

In A9.25(b) Ofcom do actually note that 070 numbers are often sold via resellers – and hence acknowledge that any TCP costs that Ofcom assume, will underestimate the true cost of providing such a service.

For example in a different area of the telecoms marketplace, a fixed line (or VoIP) operator may be charged 0.5ppm to deliver one of their customer's calls to a mobile. In terms of retail prices that fixed line operator may then charge their customer anything between 7ppm and 17ppm plus a similar setup fee for the same call (to cover all their costs and make a 'fair' margin).

Hence the Review's 'cost' of less than 2ppm for calls to UK fixed and mobile destinations, is definitely understated from the point of view of a Personal Number reseller – it should be much nearer the 7ppm as mentioned above.