



# **Consultation on the future of telephone numbers**

**Virgin Media's response**

**12<sup>th</sup> July 2019**

**Non-Confidential response**

## Future of Telephone Numbers

### Consultation Response

Virgin Media welcomes the opportunity to respond to Ofcom's "Consultation on the future of telephone numbers" ("**the Consultation**").

As with Ofcom's related consultations, Virgin Media believes that it is right to review how consumers use and interact with telephone numbers. Although there may not be a perceptible change for consumers, the migration to IP technology is a significant change in how providers operate and presents an opportunity to assess how fixed telephone services will evolve over time.

Although new services and technologies have emerged that have seen some consumers move to a variety of 'Over The Top' (OTT) applications for their voice and messaging needs, the use of traditional, fixed line telephone services remains fundamental to the day to day lives of both residential consumers and businesses. This ongoing reliance means that it is vital that both Ofcom and providers ensure that consumers and businesses continue to have confidence and trust in the services they use and areas such as call charges and Caller Line Identification are as transparent as possible.

Within the Consultation, Ofcom highlights the fact that its last strategic review of numbering took place more than 10 years ago. Since that review, there have been significant developments within numbering and telephony, alongside the ongoing changes that are currently taking place with the migration to IP. Ofcom lays out the key developments that it sees as shaping a review of the future use of telephone numbers. The first of these is the evolution of the UK's telephone networks. Virgin Media sees this as possibly the most significant development when considering the future of telephone services. The migration to IP technology will result in improved customer experience and also the removal of technological and capacity based restrictions, allowing improvements in how numbers are managed and allocated. We are also aware of how this migration potentially removes the reliance on geographic area codes and so it is right that such a significant change is considered.

Alongside the development of OTT voice and messaging services, there has been a significant increase in the number of remote payment mechanisms available to consumers. Where consumers may previously have made micro payments via their phone bill (e.g. via PRS calls or premium rate SMS), they now have a wide choice of alternative, internet based payment mechanisms. Ofcom also highlights that consumers often mistrust, or at the very least have a poor perception of, non-geographic numbers such as those beginning with 084 and 087. Again, Virgin Media understand Ofcom's desire to review this element of numbering, but note that this was an area that has been reviewed by Ofcom relatively recently, resulting in fundamental changes in 2015 under the Simplifying Non-Geographic Numbers project.

In general, Virgin Media largely agrees with the key considerations that Ofcom has laid out. However, we also wish to highlight that whilst the networks are migrating to a more flexible technology (IP), the underlying systems used by CPs to support numbering activities may take time to evolve to reflect this. Therefore, we would encourage Ofcom to ensure this is taken into consideration when it is looking to shape its review of numbering.

Within the consultation, Ofcom focuses on two key areas of consideration; the future of Geographic and non-Geographic numbers. The main part of this response focuses on Virgin Media's thoughts on these two areas and then concludes by providing answers to the specific questions proposed by Ofcom.

### **Section One: Geographic Numbers**

Geographic numbers, specifically the local area codes that are required when dialling a fixed telephone number from outside of the allotted area, are a historical legacy denoting the physical location of the number holder. Although these local area codes remain both in place and in active use, the increasing deployment of technology such as IP has meant that not all numbers attached to specific area codes necessarily exist in the relevant area. This 'out of area' use has increased the flexibility available to providers and consumers regarding area codes and is one element that may lead to questions regarding the continued use of local area codes.

Currently, in all but six areas, the use of a local area code is not required when dialling a number within the same area. Consumers living in these six areas must also dial the area code, even when calling a number that is within the same area. This has increased the pool of numbers for allocation within these areas. Ofcom suggests that the closure of local dialling within these six areas has occurred with minimal disruption, achieved through an appropriate and cooperative communications campaign. Ofcom also points to consumer research carried out in one such area that found consumers did not express serious concerns about the change and some were not even aware that the change had taken place. The reasoning behind this is a belief that many people naturally always dial the area code, even when not required, and that any inconvenience was minor in the extreme. Based upon these research findings, Ofcom proposes the potential removal of local dialling across the whole of the UK. Ofcom points to increased number scarcity as one of the main reasons for this proposed change. If all fixed telephone numbers are required to be dialled with an area code, the range of available numbers would increase as new opening digits (zero and one) could be introduced, potentially solving the issue of scarcity. Ofcom suggests that this benefit would outweigh the apparent minor disruption caused, having regard to its experience in the six areas where national dialling is required.

Although Virgin Media recognises that local dialling does retain some value, we agree that this is mostly a generational concept that will continue to reduce in value over time. We are not aware of the removal of local dialling in some areas leading to any significant issues. The now almost universal use of mobile phones has also meant that most consumers are now used to using the geographical dialling code for all calls, regardless of the location. These factors suggest that local area dialling has a diminishing value and that, in principle at least, there is scope for the removal of local area dialling.

Ofcom's current policy on the removal of local dialling is to do so on a case by case basis with a phased targeted approach to areas where number scarcity is an increasing problem. Although this approach has the benefit of impacting fewer customers at any one time, research suggests that it could in fact increase confusion amongst customers who may not be clear on which areas still maintain local area dialling and which do not. In light of these conflicting perspectives, Virgin Media believe that a consistent blanket approach would potentially be the most suitable in relation to the removal of local dialling. We believe that this consistency would make sense and reduce potential

issues relating to customer experience. However, in order to properly assess how such a blanket approach would impact both resourcing and timescales, a detailed assessment would need to be carried out in advance to adequately impact assess which approach would work for both providers and consumers. Whichever approach is taken on local dialling, the key consideration must be consistency. Therefore, Virgin Media does not believe that allowing telecoms providers to make individual decisions regarding local number dialling is appropriate and would lead to significant consumer confusion. We strongly believe that such numbering policy should be owned and enforced by Ofcom and not left to individual providers.

Regarding implementation, Ofcom has requested views on providers' ability to implement the closing of local dialling simultaneously. In order to answer this question fully, we believe that Ofcom would need to provide a detailed plan on how it sees such an implementation working in practice and what is meant by simultaneous. While we remain on a TDM network, any such implementation would involve a large amount of resource and so exactly how such an approach would be phased would require further analysis.

Consideration of the potential scope to remove local dialling in the context of addressing scarcity of numbers is a different matter to the relevance of the location significance of local area codes. Once the migration to IP technology is completed, the need for area codes becomes redundant from a technical point of view. However, this does not necessarily mean that there will be a desire from consumers or providers to remove them as they will retain significance. Virgin Media is of the belief that for a number of consumers, businesses and key services, retaining a local presence and identity by having a "local" contact number breeds both familiarity and trust. This is evident amongst large proportions of our business customer base as they see the promotion of familiarity and the maintenance of a "local" presence as key to how their business operates. We believe that there is both a short and long term view that requires further consideration. In the short to medium term, given consumer demand and the fact that local area codes provide some value, Virgin Media believes that they should be retained.

In the long term, Virgin Media does acknowledge that there is some scope for the significance of area codes to diminish to such a point that removal could become an option. However, if removal is to happen there are a number of areas that require consideration (such as consumers' awareness of non-Geographic equivalents of geographic numbers (e.g. the 03 range)) – and a full impact assessment will need to be undertaken.

## **Section Two: Non-Geographic Numbers**

As attitudes towards, and technology supporting fixed line telephony evolve over time, it is essential that trust and confidence is maintained. As with the use of geographic numbers, where local presence encourages both familiarity and trust, it is clear that consumers desire transparency when it comes to the use and implementation of non-geographic numbers.

Within the consultation, Ofcom rightly highlights the changes that have occurred to the way in which non-geographic numbers are used, as we see the growth of online platforms and an increase in diverse payment methods allowing customers to interact with, and make payments for, services that they would have previously done solely via non-geographic numbers. Ofcom also points to the evolution of non-geographic numbers themselves as some prefixes have been removed and replaced

with new ones that are charged in a different way. As with any evolving service it is important to periodically review how they are both used and viewed by consumers.

The consultation highlights consumer research that Ofcom has carried out in relation to non-geographic numbers. The main take away from this research appears to be that there are significant levels of mistrust, confusion and uncertainty from consumers about non-geographic numbers. This appears to be particularly prevalent amongst the older generation of consumers. Despite this, there do appear to be some differences within how consumers see individual non-geographic numbers. Specifically, it is suggested that there is an increased level of familiarity amongst consumers towards both 03 and 080 number prefixes but, even in this case, there remains confusion and uncertainty regarding the costs of calling these numbers. However, this is distinctly removed from how 084 and 087 number ranges are viewed. Ofcom suggests that these two ranges are viewed as 'premium' and are therefore considered potentially to be more expensive to call than they actually are. They also appear to have further negative connotations, including a belief that these number ranges are used solely to 'make money', amongst consumers that reduce the likelihood that a consumer would use such numbers. Conversely, although there is also some uncertainty around costs, Ofcom suggests that 09 numbers are more accepted by consumers as they associate these with services such as TV voting and so are more comfortable with accepting the costs involved.

Despite the outcome of the research, Virgin Media urges Ofcom to avoid a knee-jerk reaction and to consider the implications carefully before any intervention.

In particular, Virgin Media considers that Ofcom is in danger of implementing unnecessary regulatory change in this area. The 084 and 087 ranges were reviewed very recently by Ofcom in the run up to substantial regulatory change imposed on the industry in 2015. The cost of implementing this change (X), and required customers to take a completely different approach to understanding the call costs associated with the use of an unbundled tariff. The restrictions applied to the 084 and 087 ranges have significant value in capping call charges compare to calls made to 09 ranges. This potentially has significant consumer benefits, by allowing consumers access to services that commercially can only afford to operate on a revenue share basis, but ensuring that the risk of bill shock is minimised by setting maximum Service Charges at levels that are far below those that can be charged on the 09 range.

Although this consumer benefit may not have been realised, and this may be down to a lack of understanding of the cap, it does not mean that its potential no longer remains, and therefore Ofcom's objective should be how this can be unlocked, rather than removing the benefit from consumers entirely, by implementing a further regulatory change costing the industry (and ultimately consumers) more money.

The decline in use of 084 and 087 ranges is attributable, at least in part, to Consumer Law requirements<sup>1</sup> of businesses to offer basic rate lines for post contract helplines and the availability of a migration path from 0845 and 0870 numbers to equivalent 0345 and 0370 ranges. As the decline in use can be attributed to such factors, it is not appropriate to draw a conclusion that these ranges have no utility. We consider that hosted business customers using 084/087 number still value the

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<sup>1</sup> Reg 41 - Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013

concept of a revenue share range (that enables them to fund the service) on a capped range that is not associated with the levels of Service Charges available to 09 ranges.

Therefore, Virgin Media considers that there is a real need to look at how best consumer information can be provided to ensure that the basic concept of 084/087 being capped ranges is better understood. We accept there is a need to reduce the complexity of call charging to these ranges, but do not consider that this cannot be done, and that the rational answer is to remove these ranges entirely.

If Ofcom wanted to consider simplifying the ranges, one possibility would be to have a single cap associated with both ranges. If, for example, the cap for 084 ranges was aligned to the 13ppm /call maximum for 087 ranges, this may be more easily communicated to customers, yet it would still retain the benefit that the ranges would be less likely to cause bill shock. This would allow Ofcom to deliver a new and targeted campaign that would help make 084/087 ranges more clearly understood as capped ranges. It would also have the benefit of having virtually no impact on hosted Service Providers. Those on 084 ranges would all still have valid Service Charges for their numbers; they would have the opportunity to increase the Service Charge if they chose, but only to the level of the 087 cap. A single cap for all 8x numbers (excluding 080), would be much easier to communicate and also to understand. A basic principle would mean that all calls fell into four buckets: free to caller (080); geographic and in bundle calls (01,02,03); capped chargeable calls (084;087) and premium chargeable calls (09).

It is also of note that Ofcom already accepts the value and need to cap Premium rate unbundled calls to ensure that bill shock does not occur. Ofcom recently imposed a Service Charge cap on calls to 118 numbers, reducing DQ Service Providers ability to set excessive Service Charges. Ofcom in imposing this regulation are implicitly stating that there is a need and value in having a “lower rate” unbundled service for consumers, yet this seems to be the exact opposite of the proposal for 084 and 087 ranges.

Virgin Media strongly supports the proper use of 084 and 087 ranges to enable the consumer benefit that they can deliver. This has to be undertaken by the promotion of the ranges to consumers so that their fundamental benefit of being a capped range is understood.

### **Consultation Question Responses**

Please see below for our response to the specific questions in the Consultation.

**Question 2.1: We have set out developments in voice telephone services that are important in shaping our review of the future use of numbers to promote consumer confidence. Do you agree that these are the key considerations? Do you have any comments on our analysis of these developments? Are there any other developments or considerations that should be part of shaping this review, and if so, in what way?**

Virgin Media largely agrees with the considerations set out by Ofcom within the consultation. As mentioned within the main body of this response, we believe that whilst the networks are migrating to a more flexible technology (IP), the management systems used by providers may take time to evolve to reflect this, i.e. whilst the network may no longer need to be managed by geography/area codes etc, the inventory management system may still be based on this architecture for some time.

**Question 3.1: What are your thoughts on the ability to dial local numbers from a landline without the area code? Do you think the local dialling facility has value?**

Virgin Media believe that the perceived need for or benefit of local dialling is a generational concept and it has a low and diminishing value. We have seen that local dialling being withdrawn in some areas has not caused significant issues.

**Question 3.2: Do you think local dialling should be closed on an area by area basis as required to increase number supply or across the whole of the UK at the same time? Why do you think this?**

We believe that a consistent approach to this change should be taken if it is to be implemented. Although we understand the basis of an area by area approach, we agree with the assertion that this could lead to an increase in customer confusion. However, the stated issues around timescales and resource would have to be considered further before a definitive answer could be given.

**Question 3.3: Do you have any views on allowing telecoms providers to make individual decisions on whether to provide customers with the ability to dial local numbers from a landline without the area code?**

Virgin Media believes that any decisions on local dialling should be owned by Ofcom and not left to providers to make individual decisions. It is our belief that this would lead to significant consumer confusion.

**Question 3.4: For telecoms providers, what are your thoughts on the ability to implement the closing of local dialling in all UK area codes simultaneously?**

In order to fully assess the impact of such an implementation, Virgin Media requires further clarity from Ofcom on what is meant by simultaneous implementation. Whilst the TDM network remains, such an activity would be incredibly resource intensive and so a full impact assessment would be required in order to completely answer this question.

**Question 3.5: For telecoms providers, what are your views on the technical feasibility of providing local dialling to customers when offering an IP-based voice service?**

(X)

**Question 3.6: What do you consider are the important factors about geographic numbers? For example, is it the information they provide about the caller/called party? Is it familiarity, trust or confidence in call cost?**

We believe that the important factor to both consumers and businesses regarding geographic numbers is that of, for the caller, being able to determine where a called party is located (i.e. location significance) and, for the called party, maintaining a local presence/identity. We see that such a presence is valued and helps to support both familiarity and trust.

**Question 3.7: What are your thoughts on retaining area codes in geographic numbers? Do you think location significance in geographic numbers has value and should be preserved? If so, why? How might your view change over time?**

In the long term, we can see that other methods of numbering may provide alternative approach to fixed line number allocations. A “number for life” which was not associated with a geographic area may be favoured by some consumers (especially those who anticipate moving frequently). Such changes and opportunities would diminish the importance of area codes being strictly applied, and may lead to scope for future removal. However, if this were to happen, there are issues that need to be addressed. One issue would be that the established use of area codes would be ingrained in both customer expectation of what a geographic number looked like, and also their use within automated systems such as devices that dial numbers that are connected to the telephone network (eg telemetry, alarms, EPoS terminals etc). Therefore, any mandated move away from the current Area Code based geographic numbering scheme would need to be carefully considered and potential impacts assessed.

In the short to medium term, Virgin Media believes that it remains necessary to retain area codes in geographic numbers. The reasons for this are that although the technical requirement for area codes would no longer exist once the migration to IP technology has been completed, legacy processes and technologies would remain in place for some time and so this would require the maintenance of area codes.

**Question 4.1: What are your thoughts about 084 and 087 numbers? What are the benefits and/or disadvantages of contacting an organisation by calling an 084 or 087 number? Can you tell us of any experience you’ve had calling these numbers? Have you expressly chosen not to call a service that uses these numbers? If so, what led to that decision and how did you choose to make contact instead (if you did)?**

We have answered Question 4.3 in relation to 084 and 087 ranges as an OCP and hosting provider.

**Question 4.2: We are interested in hearing from people who use 084 or 087 numbers as a contact telephone number. If you use one of these types of numbers as a means of contacting your service, why did you choose to do so? What do you think about using these numbers in the future?**

We have answered Question 4.3 in relation to 084 and 087 ranges as an OCP and hosting provider.

**Question 4.3: For telecoms providers, we are interested in hearing from providers that offer services on 084 and 087 numbers to their customers. If you do, can you provide some examples of use cases? What benefits do you offer to organisations in using 084 and 087 numbers rather than other numbering options? For originating providers, do you have any customer experience of attitudes towards and views on calling 084 and 087 numbers that you can share?**

Currently, Virgin Media does not use either 084 or 087 numbers for our customers to contact us directly.

Virgin Media Business has a number of customers who have chosen to maintain their 084 or 087 number ranges. The popularity and use of the 03 range has certainly increased over recent years, especially in light of changes to legislation (such as the Consumer Contract (Information, Cancellation and Additional Charges) Regulations) which mandate access on non-premium telephone lines, and the preservation of “mirror ranges” to allow service providers to migrate their services from an 0845 or 0870 number to the equivalent number on the 0345 / 0370 range.



Therefore, although the 084 and 087 ranges have become arguably less important, they still fulfil an important role within the numbering plan.

The key difference for these ranges is that the Service Charge associated with the range is capped on a pence per minute / pence per call basis, and therefore the maximum exposure of a customer calling the range is also capped. This is in contrast to the 09 ranges where Service Charges are significantly less regulated and consequently charges can be considerably higher.

The importance of retaining “low value” revenue share ranges is that, properly understood, they will provide an important service to allow customers to call with reasonable confidence that they will not suffer bill shock, and to allow service providers to offer a telephone based service that is economically viable for the service that they are providing.

The alternative to maintaining the 084 / 087 ranges is for service providers to migrate to either 03, which would not provide them with revenue share and will not be economically viable for certain customer’s businesses, or to 09, which even though they may be able to keep the same Service Charge associated with the range would result in less understanding by consumers over the potential charge associated with that number.

Whilst we understand Ofcom’s view that the research suggests that customers are not clear as to the cost ceilings associated with 084 and 087, we consider this to be a failure in transparency, rather than evidence that the underlying purpose of the ranges is flawed. As stated above, this cost ceiling needs to be better communicated to customers so that the ranges can appropriately form their specific function as distinct from the less regulated 09 ranges. To mandate that all revenue share number had to migrate to 09 would potentially increase customer confusion and reduce the willingness of customers to call certain ranges that are currently hosted on 084 / 087.

(3<)

This illustrates two important issues with the approach to 084/087 ranges:

Firstly, it shows that in the right circumstances, inclusive calling minutes to ranges that have a Service Charge cap can be offered to customers, providing extra value and differentiation within the market. To remove these ranges would eliminate providers’ ability to do this.

Secondly, it is important that appropriate use of the ranges must be maintained, and activities such as this which bring no benefit to society should be outlawed.

**Question 4.4: Are there changes to 084 and 087 number ranges that you think Ofcom should consider proposing to address the concerns highlighted in the research summarised in paragraphs 4.17 to 4.26?**

The main output of the research highlighted by Ofcom concerns a significant level of mistrust and misunderstanding concerning these number ranges. In order to combat this, as stated within the main body of the response, Virgin Media would advocate the increased availability of tariff information supplied by Ofcom to consumers. We recognise that Ofcom spent a considerable period designing the unbundled tariff concept in the lead up to the 2015 regulations, and that this was designed to offer transparency to consumers. It is clear that this alone has been insufficient to allow

customers to have an understanding of call costs to these numbers. We consider, however, that Ofcom is in a position to increase consumer understanding, and therefore take the benefit of having a capped range separate from the 09 range.