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# Virgin Media O2 response to Ofcom's second consultation on the Future of Telephone Numbers

Non Confidential Version

## **Introduction**

Virgin Media O2 is pleased to respond to Ofcom's second consultation on the future of numbering. We consider that the industry in the UK is undergoing significant change in terms of the delivery of telephony services, with the transition to IP Voice technology, an increasing use of alternative voice calling options via connected devices, and the continued increase of fixed mobile convergence opportunities. It is right that Ofcom considers the future landscape in which voice services, and their associated number ranges, will operate, and set regulation to facilitate these technological advancements, whilst ensuring that end users can continue to access to voice services, recognising their importance, especially to customer segments, such as vulnerable customers who may place more reliance on the ability to use a "traditional" landline network.

### **Removal of the Obligation to provide local dialling.**

Virgin Media O2 supports the proposal to remove this obligation. The shift from majority landline to majority mobile calling has, for the vast majority of the population meant that the use of area codes as part of any dialled number has become commonplace, and potentially the default for many customers. Additionally, many landline handsets now allow shared contact lists from a customer's mobile phone, thus importing contacts with the Area Code to the landline. Many important local services (such as local authority numbers, charities, banks etc), have also moved to adopt number from within the 03 range (moving away from local ranges) which cannot be called on a local dialling basis. All of this reduces the rationale for local dialling being a requirement.

As noted, the industry is currently engaged in moving from an analogue (TDM based) telephony access network to one based on IP. The switch is industry-led, and as such different CPs will approach different aspects of the migration in slightly different ways. The additional flexibility in not having to provide local dialling is likely to aid this migration for some operators, and noting the tight timescale set for migration away from the Openreach network<sup>1</sup> (which has a set end date of 31 December 2025), the removal of regulatory barriers that are no longer required is helpful.

The implementation of this proposal may mean that a relatively small number of customers will need to dial their area code when making local calls. We consider that this impact is a proportionate one, as it is likely to be regarded as less intrusive than a change of Area Code (such as the move to 011x codes in areas, or the move to 020 for London), where there was a change to the dialled number. In this case, the impact on the end user is minimal; although a caller may have to dial additional digits but using the Area Code for a local call (if their network does not support local dialling), the area code itself will not change and is highly likely to be

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<sup>1</sup> Virgin Media O2 does not rely on the Openreach network for its consumer or SO base, and the majority of its business customers, however, we make the point on the basis that there is a collective need for the migration to IP Voice to be successful across the whole of the industry.

familiar to those users. As noted by Ofcom, non-local dialling has already been implemented in conservation areas, and it was found that consumers are unlikely to experience significant inconvenience<sup>2</sup>, citing research from the Aberdeen area after local dialling had closed.

### **Revenue Sharing with Calling Parties.**

Virgin Media O2 supports Ofcom's proposal to prohibit revenue share with the calling party. There have been a number of issues in recent years with certain Service Providers setting up services that seek to take advantage of retail calling bundles that have inclusive calls to certain ranges.

A service operating on the 0870 range can be free to call on certain retail packages, and this still has value to customers where legitimate services remain on these ranges. Whilst the use of 0870 has declined following the introduction of the 03 range (with 0345 and 0370 migration available for 0845 and 0870 numbers, respectively), there remain services that still associate with 0845/0870 ranges, or service providers who operate 0845/0870 ranges in parallel with 0345/0370 ranges (benefitting customers who may have the original 08x range saved to their handsets, for example).

The ranges are used by a broad range of corporate and public sector bodies, which show that they continue to provide an important function in the context of available services. Virgin Media Business hosts a wide range of customers on these ranges including [X].

We remain concerned over the use of these ranges where a Service Provider offers a "cash for call" type service. As set out in the consultation, these services operate on a model that encourages end users to make multiple long duration calls to numbers that are inclusive in their plan, on the incentive that the caller will be rewarded (through either cash payments or other incentives like gift cards). The ability of the Service Provider to operate the range on a revenue share basis with the hosting or Terminating CP, means that provided the cost of any benefit paid to the caller is less than their revenue share, they will make a profit from calls made to the range, and it is in their interest to try to drive as much traffic as possible onto the range.

Virgin Media offers certain inclusive calls to 0845 and 0870 ranges, both as part of our Consumer telephony bundles and also as "bolt on" options. We do this to ensure that callers who value the ability to make genuine calls to legitimate Service Providers on these ranges, get the best value out of their package. The cost incurred by Virgin Media in having to subsidise calls to "cash for call" ranges, has a number of negative impacts, primarily:

1. It reduces the incentive to offer inclusive calling within bundles to customers
2. It increases the cost of operating such bundles, which ultimately may lead to increased cost associate with providing that service to all customers

We agree with Ofcom's assessment that these negative outcomes outweigh the commercial freedom of setting up a cash for call service, we also agree that these services provide no inherent communications benefit to the caller (even if there is a financial benefit to that caller), and therefore the balance is clearly in favour of prohibiting this type of arrangement.

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<sup>2</sup> Consultation paragraphs 3.31 and 3.34

## **Conclusion**

Virgin Media O2 supports the proposals made by Ofcom in this consultation. We note that further work is being undertaken in relation to the review of the 084 and 087 ranges; as set out above, these ranges still have significant and valued services associated with them, and therefore any change in approach will need to be carefully considered. We look forward to engaging in that process going forward.

**Virgin Media O2**

**2 July 2021**