Question 1:

Do you agree with our assessment of the challenges that people and SMEs face when engaging with the market, which Open Communications might help to address? Please explain and provide evidence.

Billmonitor is very experienced with these challenges, having helped consumers and SMEs to overcome them for over 10 years. We've spent a long time understanding the market, and have a deep grasp of all of the complexities. We're also very in-tune with the issues consumers and businesses face when purchasing a mobile phone contract. In general, we do agree with Ofcom's assessment of the challenges, and are very keen to see a solution.

One comment we have about the consultation document is that you mention in paragraph 3.10 that "around four in five (78%) [of participants] said they were confident in [ensuring the deal they have is the best one for their household]". Our own research in 2018 (https://www.billmonitor.com/research/billmonitor-business-mobile-report-2018/) shows that while 78% of consumers believe they enjoy a good deal, in fact the large majority (70%) of them are overpaying by 66% on average (equivalently, they can make savings of 40% on average) for their required level of service (this fully factors in all consumer preferences, including handset choice and provider). The numbers are even worse for SMEs: while 80% of SMEs believe they enjoy a good tariff, more than 9 in 10 (93%) of them are actually overpaying by 96% on average (equivalently, they can make savings of 49% on average), on their mobile bills. This highlights an important problem in the mobile market: that *because* customers (consumers and SMEs) feel that they are on a good deal, the vast majority refrain from searching for a better deal. We believe this mis-perception is a major reason behind the very low switching rate in the mobile market, compared to other markets such as car insurance and energy - a major contributor to why consumers and SMEs continue to overpay.

Over the years, Billmonitor has consistently collected evidence corroborating the same, significant level of market inefficiency year on year which shows that these challenges are very real, and demonstrates that it is very hard for consumers and SMEs to get a good deal.

In the car insurance market, the supplier-led switching process ensures ease of switching, in turn ensuring the insurance market has been a focus of major comparison engines such as Comparethemarket. In energy comparison, Ofgem and the government engaged in a major campaign to raise customer awareness that most households were on suboptimal deals. The results were a significant success. We believe that, for Open Communications to bear fruit, besides technological innovation, two further elements are essential:

1. A sustained awareness campaign to ensure that telecoms customers (consumers and SMEs) understand that while they believe they are on a good deal, the reality is precisely the opposite, and that searching for a better deal is necessary.
2. Reforming the telecoms market to ensure a supplier-led switching process is equally essential if Open Communications is to succeed, as also detailed further down.

Question 2:

Is there additional evidence of problems that people and SMEs face when engaging with the market that you would expect Open Communications to help address? Please explain and provide evidence.

As mentioned above, there are additional challenges for SMEs. Whilst consumers overspend by 66% in the mobile market, businesses overspend by a massive 96%, and furthermore a staggering 93% of businesses are paying more than they should be (compared to 70% for consumers).

Furthermore, in several face to face meetings with Ofcom, Billmonitor has discussed the dearth of publicly available tariff information by providers regarding SME mobile tariffs (in contrast to the wealth of publicly available tariff information for consumer mobile tariffs), especially regarding larger SMEs. This frequently leaves SMEs genuinely unable to compare tariffs (even those who try). This may be a significant additional reason explaining why the already poor choices made by consumers in the mobile market are further exacerbated for SMEs.

We therefore do believe that an effort should be made to make Open Communications work for SMEs as well as consumers.

Question 3:

Do you agree with our view of the benefits for people and businesses that Open Communications could generate?

Yes, provided our concerns about the risks in question 5 are comprehensively addressed.

Question 4:

Do you agree with our assessment of how Open Communications could enable services that benefit people in vulnerable circumstances? Are there other ways it could benefit people in vulnerable circumstances?

Beside the right level of data points, the ease of access and the awareness of the benefits of Open Communications is highly relevant to ensure that vulnerable people can benefit from the service, e.g. cost savings will have a proportionately higher benefit for many users in vulnerable circumstances.

One of the key issues people in vulnerable circumstances face, particularly if they have a weak or negative credit rating, relates to their ability to secure a fixed-term contract instead of being pushed into more expensive pre-pay and PAYG plans. There are various players in the market that specialise on this market segment and the same provider is able to offer the same tariff at different rates by using separate website, creating negative market discrimination.

More transparent pricing and better access to plan sets should allow new providers to offer better, more socially responsible service offerings.

Question 5:

Are there any risks that we have not identified that could reduce the overall benefits of Open Communications? Please provide evidence, where possible.

We believe there are two very significant risks, both of which need to be effectively addressed in order for Open Communications to have chances to succeed. These regard a) lack of awareness, and b) the potential lack of a seamless and easy switching process.

Before we discuss each below, it is worth explaining why we emphasise these risks: according to Ofcom's own consultation (https://www.ofcom.org.uk/__data/assets/pdf_file/0023/80843/switching_mobile_plain_english_summary.pdf), the mobile market's switching rate hovers above 6% annually, and the rate is yet lower for the PAYM market. This amounts to four times less switching compared to car insurance (27%), home insurance (23%) and also about a third of the rate for energy switching (19%) (https://www.energy-uk.org.uk/media-and-campaigns/press-releases/440-2019/6996-another-record-year-for-switching.html).

Such a low switching rate in the mobile market strongly suggests the market does not function competitively: on the one hand, consumers and SMEs do not take advantage of available tariffs, so they end up overpaying by 66% and 96% respectively each year. Additionally, the very low switching rate doesn't provide sufficient pressure for providers in the mobile market to compete as well as providers do in the vibrant energy and insurance markets.

We understand that this issue has been a key point behind Ofcom's Open Communications initiative. However we need to point out that, while Ofcom has been aware of this issue for many years, the solutions proposed have not been effective and the market has not seen sufficiently increased switching rates. In turn, we firmly believe that unless Open Communications effectively addresses both risks below, a technological innovation alone will fail to make a difference:

a) We believe that there is a risk of lack of awareness, which itself has two distinct elements:

First is the misperception of being on the best deal - Ofcom's own research shows that around four in five people are confident that the deal they have is the best one for their household, and our own survey (cf Billmonitor Business Mobile Report - 2018 https://www.billmonitor.com/research/billmonitor-business-mobile-report-2018/) shows that around 80% of SMEs believe they enjoy a good tariff, yet 9 out of 10 businesses can actually save virtually half (49%) their spend on mobiles (i.e. they are overpaying by 96%). We believe this misperception demonstrates a huge marketing success on behalf of providers, who have clients convinced they are on a good deal, which in reality is twice as expensive as it should be. Yet it also functions as a root cause behind the very low switching rate in the mobile market compared to well functioning markets such as insurance and energy, and that it is the most important contributor to why consumers and SMEs have continued to overpay for over a decade (according to our data) by 66% and 96% respectively. Unless Open

Communications launches a sustained awareness campaign that is as effective as the marketing success seen by mobile providers, we believe this mis-perception will persist, as will the market's uncompetitiveness.

Second is the potential lack of awareness of the Open Communications framework itself. Using text-to-switch as an example; Billmonitor regularly interacts with our users, and we often get asked questions about the switching process. In most cases, users have not heard about text-to-switch and are not aware that they are able to text to receive a Porting Authorisation Code (PAC). Users still perceive the switching process as a hassle (which one could argue it still is), and expect to have to spend a long time on the phone with their current provider to obtain a PAC. Text-to-switch should help with this, however if users are not aware that it exists, or how to use it, then it does not help them.

We believe that Open Communications should be launched alongside a sustained and effective marketing/awareness campaign (which could also highlight text-to-switch). Billmonitor would be happy to help with this.

b) We also believe that there is a significant risk of Open Communications being ineffective without making it easier to switch. The document mentions that you will not yet be enforcing auto-switching as part of Open Communications, however we'd strongly encourage you to consider doing this in part, specifically we would prompt a supplier-led switching process, as in the insurance and energy markets, where your new provider could switch you, without you having to get in touch with your old provider to ask for a PAC. Without this, we expect the vast majority of people will still not switch, for the same reason that switching is low in the mobile market today; sales-retention teams from customers' current networks will get involved, and offer discounts to try to keep their customers. This still happens with text to switch - you simply get a phone call shortly after you send the text. Our experience shows that, because of the perceived hassle surrounding switching, customers are often happy to accept a discount from their existing provider, even if this is still more expensive than the deal they were considering switching to. Such discounts go some way to appease customers but, according to our data, fall considerably short of the true savings available to customers should they choose to switch to the best supplier and plan for them.

Further evidence of the major negative influence of switching hassle on switching rates was 'rediscovered' by Ofgem in their research which lay the ground for their very successful energy switching programme. In its consultation (https://www.google.com/url?q=https://www.ofgem.gov.uk/system/files/docs/2017/11/delivering_faster_and_more_reliable_switching_consultation.pdf&sa=D&ust=1601548021800000&usg=AFQjCNFSyF1dUeMcD-2avYKeA2Dbp7WgSg), Ofgem notes "*Our consumer research confirms that this hassle factor is one of a number of reasons driving consumer disengagement in the energy market. … In a competitive energy market, it is vital that consumers can be confident that they can easily and quickly change their energy supplier, or else they may choose not to do so. We are concerned that the energy retail market is not working for all consumers. … The recent Competition and Markets Authority investigation reinforced the fact that disengaged consumers are not served well by the energy market, and they could make significant savings if they were to switch.*". Further to this, Ofgem took

decisive steps to comprehensively reform the energy switching process for customers, ensuring seamless, easy and reliable next-day switching.

Despite our repeated research publications in the consumer and SME space, and our repeated meetings with Ofcom trying to raise awareness on the importance of hassle free switching, it is astonishing to us that as of today, despite the wealth of economic research on the matter, despite seamless switching having been implemented years ago in several other UK markets (e.g. insurance and energy), and despite it being a reality across Europe for years, Ofcom is still not suggesting an approach anywhere near as comprehensive as Ofgem's. Will it be a surprise to Ofcom, then, if, despite an Open Communications technology framework, switching rates remain as poor as it is today?

In addition to the above, if switch rates remain so low, it is very difficult for comparison companies to operate profitably, and as such that comparison services that Open Communications is supposed to encourage may still not exist. Billmonitor have seen this first-hand: we already offer a service almost equivalent to that which will become (more easily) possible after Open Communications is launched, and still not many of our users actually switch. Furthermore, we have been in numerous discussions with the major UK comparison engines (eg. GoCompare and MoneySuperMarket) who remain apprehensive to invest in and promote mobile switching as much as they promote insurance switching or energy switching, for the same reason: low switching rates in mobile do not justify marketing spend by comparison engines.

Question 6:

Do you agree with the core principles that we have identified for the design of Open Communications?

We agree with the principles that are listed. That said, we believe that a principle should be that the data is complete enough to enable full and accurate comparison. This is addressed further in our answer to question 8. Additionally, we would note that we believe the mobile phone market to be the most complex market being considered under Open Communications, and think additional attention should be paid to these complexities. The design of both the product and the customer data will need to be specific to the mobile phone market.

We also believe that an Accreditation Scheme should be created (as suggested by Ofcom) to cover both access to the data and also to cover price comparison accuracy (similar to the current scheme). These accreditation schemes should ensure that all parties involved with Open Communications adhere to these principles.

Question 7:

On what kinds of communications providers do you consider that any obligation to provide customer and product data should sit?

We believe that all providers over a certain threshold market share, or with a certain revenue, should be obliged to provide customer and product data.

Question 8:
Do you agree with our initial views on how to approach key issues for the design and operation of Open Communications? Do you have comments to make on other implementation issues?

As far as the design is detailed in the document, we agree with Ofcom's initial views. However, we would like to note a few things, in particular for the mobile phone market.

Product Data:
For any tariff and/or add-on bundle, sufficient product description data should be included in the product feed so that, given any customer usage pattern, a comparison engine can calculate the exact cost of any tariff/bundle listed in the product data, - i.e. for any customer usage, the product data must be sufficient so that a comparison engine can price the customer usage against any tariff in the market.

The important question that arises is to what extent the product feed can describe all this information in a standardized structured format:

The mobile network providers are currently unrestricted in how they can set up their pricing models, specifically for bundles. For example, we have recently encountered an EE bundle for SMEs whereby if you commit to spending a certain amount on international calls each month you can get a reduced rate for your international calls. In our clients' case, they could pay £25/month to obtain a £110 "allowance" in which their international calls' out of allowance rates would be charged to, which results in quite a complicated logical structure as you'd need to define a "pool" of money to draw from which acts quite differently to a standard allowance. Additionally, certain bundles interact with each other in strange ways - for example two roaming bundles will often have an overlap of certain countries, and usually one of the bundles will take precedence over the other in those countries.

To contain all of this information in a structured format inside the product data feed would be very hard, if not impossible. However the data is structured, it is conceivable that a network would then add a new bundle that cannot be described within the rules. How would this be resolved? Alternatively, bundles would not have to be described in a structured format, but instead the networks would be able to provide a long description in plaintext english. However this would then make it very hard for third parties to properly stay on top of the product data, since they'd have to read descriptions manually and then implement the logic.

Standardising product data so that it is as structured as possible, and such that the format adopted is able to describe the superset of tariffs and add-on bundles across ALL providers is a majorly important point (as well as a major challenge).

Customer Data:

Secondly, comparison engines will need sufficient data included in the customer data so that they can calculate the exact cost of any tariff listed in the product data. Any customer usage must be able to be priced against any tariff in the market. That means the current situation whereby certain networks don't report e.g. text/sms/data usage because the allowance is unlimited will need to stop, since this usage will be needed to price up non-unlimited plans. Additionally, currently some networks only report the zone in which you were roaming (for example if you're in the Three Roam Like At Home zone), which makes it impossible to tell which country the user was roaming in, and hence impossible to tell the out of allowance rate that would have been charged on a different plan. This also links with the point above - the more complex the product data is allowed to be, the more complex the customer data must be. One way to solve both of these issues is to restrict what the networks can charge for, so that it can easily fit into the customer and product data structures.

We will attach with this response our list of all the data points we believe need to be included.

We'd also like to know to what extent the network providers will be required to show their full range of tariffs, including discounted tariffs, in the product data. For consumers, I can call up my network provider and tell them I've found a better deal. Chances are, they'll give me a discount on my current plan. Presumably this discounted plan would not need to be available in the feed. However, there needs to be something that stops the networks only showing their 'expensive' deals in the product data, and then requiring customers to call them to get 'better' pricing. If people know they have to call the networks to get a good deal, then open communications is likely to be ineffective. Similarly for SMEs, agents are given a list of multiple prices for which they can offer the SAME tariff plan, and based on this the agents can choose the handset fund they will offer to prospective clients (if the client wants a larger handset fund, the agent will choose to sell them the same tariff at a more expensive price point, among the multiple price points corresponding to this (same) tariff on the list provided to them by the networks). Would it be the case that a plan can be listed with multiple available prices under Open Communications, as it is for example in the Daisy price list for agents?

Another question about the design is how updates work, both for the product data and for the customer data. How often is the product data updated, and how are third parties to know that new tariffs are available? Likewise, how can providers know that new customer data is available? How up-to-date is the customer data? Is it possible to view usage from today? Or can they wait until the bill comes out (a month later) before they need to provide the customer data?

Finally, regarding updates, it's important to also consider updates to the Open Communications data format(s) itself, for both product data and customer data: when a provider introduces a new tariff/bundle structure in the market, then if this is not describable by the current Open Communications format, there is a consideration that the format itself will need to be updated, so that the superset of tariffs and add-on bundles across ALL providers in the market is still able to be described in the Open Communications format (cf above).

Question 9:
Do you agree with our view of the data that Open Communications should make available to third parties? Is there data about accessibility needs or vulnerable circumstances that people would benefit from being able to share with third parties?

We agree that both product and customer data should be made available to third parties.

Question 10:
What are your views on the appropriate arrangements for determining liability and redress in disputes between customers, providers and / or third parties?

We're not sure about this. What arrangements are in place for Open Banking to address disputes?

Question 11:
Do you agree that we have identified the main sources of costs for implementing Open Communications for both providers and services that use Open Communications data? Are there any sources of costs that we have missed?

We agree with the listed sources of cost. However, we would note that many of these must already be in place in order to provide customer information on the providers' websites, and to produce bills. At worst, the cost involved should not exceed that of extracting the information directly from their websites, i.e. networks should not be quoting costs that involve re-writing their whole infrastructure. If internal systems are so complicated that the cost of extracting this data is huge, they should just obtain the data from their own internal APIs which drive their websites. Billmonitor is able to extract almost all of what is likely to be customer data, so their costs should not exceed our own.

Question 12:
What factors will drive the overall scale of costs to in-scope communication providers and to third parties? How might this level of cost vary depending on whether providers serve residential and / or business customers?

[✂]

Question 13:
If relevant, please estimate and describe, as far as possible, the costs to your organisation of implementing and running Open Communications.

[✂]

Question 14:

If relevant, would your organisation consider using Open Communications data as a third party to offer new services or enhance existing ones?

Yes. We already have our existing comparison service, which is essentially what Open Communications is trying to encourage. Extracting both product and consumer data is currently very hard and very costly, so we'd be very keen to adopt Open Communications as soon as possible, provided all the required data is included to enable us to continue running our existing service. Once our operating costs have gone down, we will be free to spend more time improving our existing service.