



## **Open Communications: Enabling people to share data with innovative services**

Vodafone has provided input to both the EU and UK Data Strategy consultations, and supports the underlying objective of making better use of data to deliver societal and economic benefits, while ensuring that individuals remain firmly in control of their personal information. These submissions complement our wider plans to support governments through the Coronavirus crisis. In addition to a five-point plan response to the immediate health crisis, Vodafone has developed a long-term package to assist with recovery from the protracted economic crisis we are entering.

Data is a vital part of this strategy and Vodafone supports a wide objective to encourage data sharing and thereby to unlock the latent value of data.

Vodafone and the GSMA has led a cross-MNO initiative to deploy a technical platform and commercial framework to share customer and network data via APIs. We call this initiative the Vodafone Identity Hub.

The Vodafone Identity Hub provides a portfolio of capability initially focused on applications that protect customers from fraud and financial crime while enabling a seamless customer experience for mobile centric commerce.

Given the Vodafone Identity Hub is part of a cross operator initiative based on globally supported industry standards we encourage OFCOM to consider this framework and will be happy to take Ofcom through the details in the New Year.

Mobile Operators opening up access to network and customer data in a transparent, privacy centric manner has massive potential to be a significant contributor to the digital identity ecosystem and digital economy. However as we are demonstrating with the Vodafone Identity Hub and as is recognised by Ofcom this must maintain the highest levels of data security, to ensure operators are respectful of the user's right to privacy and developing commercially viable solutions based on industry standards. Vodafone is keen to ensure that the Open Banking permission management model with its technical requirement to transfer large amounts of data is not repeated as the model does not support mass-market services nor does it abide by the principles of data minimisation.

Ofcom's Open Communications consultation seeks to address just a narrow part of this ambition, focussing on how Open Communications can facilitate consumer switching. At a very high-level the consultation sets out: seven core principles; a collection of largely pre-existing (or soon to be implemented via the EECC) information examples; security and technical options and a discussion of potential costs.

## **Case for Regulatory Intervention**

The Ofcom analysis underpinning its proposed intervention is based on challenges it is claimed consumers and businesses face when navigating the communications market. This somewhat limited and well-trodden analysis is increasingly dated to justify regulatory intervention. Ofcom initiatives already address consumer engagement and market navigation such as: End of Contract Notifications; voluntary discounts once out of contract; Annual Best Tariff Notifications; new switching proposals; informational remedies as part of



the EECC; Ofcom's Fairness Commitments and improved information provision to Price Comparison Websites. Such regulatory overkill requires a clear articulation of the consumer benefits vs the cumulative cost of intervention and in light of other initiatives Ofcom cannot claim to have successfully made the case for regulatory intervention.

### **Vodafone's Core Principles**

Vodafone supports the basic principle of putting users in control of their own data.

Vodafone considers three guiding principles in relation to regulation of data sharing, including Open Communications. In our view data sharing and reuse should:

1. Be encouraged through voluntary, market driven mechanisms and not imposed through mandatory, top down requirements (except in very limited circumstances, for example where a firm is deemed to have significant or strategic market power);
2. Take place where it is legally compliant, ethical and socially acceptable in line with the principles of trustworthiness and privacy-by-design;
3. Be subject to fair remuneration, recognising the significant upfront investment required to produce meaningful and accurate insights from large volumes of data, creating the conditions for a sustainable market for data driven products and services.

Ofcom's seven proposed objectives only indirectly meet the second of Vodafone's guiding principles.

This in part reflects Ofcom choosing not to seek wider industry discourse to develop a solution along the lines envisaged by Vodafone's first principle. Vodafone has met with Ofcom to discuss bilaterally the complexity of information needed to provide a suitable data set reflecting a consumer's product offering. We explained the richness of our product offerings and how Vodafone encourages loyalty from its customers by offering feature-laden bundles and services that extend beyond the basic telephony services, for example through the inclusion of additional services such as broadband; content services from the likes of Spotify and Amazon Prime; insurance products; 5G roaming; inclusive roaming destinations and reward programmes such as VeryMe. It is essential that the customer is able to retain the enjoyment of differentiated value added services and that Open Communications data reflects all of the elements that a provider considers has value within its package and that these are displayed fully by any third party. Ofcom's proposed measures fall short of this.

It is disappointing that Ofcom's consultation has sought the views of consumer groups and Price Comparison Websites to inform it, and ignored industry's insight and expertise until now. The basis for regulatory intervention is far from proven and unlikely to satisfy Ofcom's 7<sup>th</sup> principle requiring proportionate requirements on providers. Vodafone looks forward to working with Ofcom to rectify this situation in the coming months.

Vodafone's third principle, overlooked entirely by Ofcom, is of particular concern. Vodafone incurs considerable resources and costs every year to improve customer experience and the provision of customer information. Whether it be in the design of service literature, the maintenance of IVR and call centre provisions or the creation of new and innovative digital



delivery through the MyVodafone app this is a significant undertaking and important area of differentiation between operators. The extent of this investment is evidenced in the ~~£~~ Vodafone is currently spending in 2021 to deliver Pre-Contract information to consumers as part of the EECC – a regulatory innovation designed to address the same concerns as Open Communications.

Open Communications would not be without cost. A principle of fair remuneration should allow Vodafone to recover, at least, the incurred costs of implementation from the third-party intermediaries that benefit from the use of customer data. A key principle must be to recognise that collecting, processing, storing and transmitting data is not costless. Requiring access to certain information should not be assumed to imply that the data should also be provided free of charge. To do otherwise imposes significant costs on Vodafone and simply passes all of the benefit to ‘eligible’ third party comparison or aggregation sites. Vodafone does not consider this an equitable solution as it fails to recognise the sustained and significant investments already made in relation to this data. Vodafone believes Open Communications must represent a sustainable business model, with direct or indirect remuneration provided to those firms who have invested in maintaining the necessary data.

The envisaged third-party providers Ofcom cites are not devoid of their own revenue generating opportunities, whether they be through advertising, potential end-user charges (account aggregation and account management services) or indeed commission payments from operators for arranging suitable tariffs (managing costs for vulnerable customers).

~~£~~. A significant market position for any company is a concern as it creates opportunities for a lack of impartiality. A Price Comparison Website may be incentivised to abuse its market power by entering into deals with specific providers to present their data in a manner that favours that provider over another. If such concerns came to fruition, Open Communications will simply serve to steer switching volumes to the highest bidder.

It would not be beneficial to end-users were the outcome of Open Communications be to cement further such a strong market position by creating a monopoly intermediary provider of significant market power (and thereby one unlikely to sign up to an Ofcom ‘accreditation scheme’) by requiring Vodafone to absorb implementation costs but enjoy none of the benefits.

## Costs

The current consultation is too nascent to provide more than indicative costs. The devil is in the detail and that level of detail is not presented. With those caveats in mind Vodafone has made a very, very rough order of magnitude assessment of potential costs. This should be treated as an indication only and will need to be revised as any future plan is refined:

### Open data costs

Where data is already available to customers through a self-service portal it is possible to present this to trusted third parties, with the necessary privacy measures. However, the open data requirement brings additional factors with potentially high costs of implementation: e.g. security (only allowing a third party to access customer data where they have consent), capacity (to handle the additional transactions) and



conformance to an open data standard. These three items could easily cost in excess of £ each.

### Proposed Information

- **Who you are.** basic information is provided already to customers (who you are and what services you own) together with views of their current balances, current charges and recent bills via self-service channels.
- **How you use your service.** £

Existing data protection regulation (PECR, GDPR, ePrivacy Regulations) represent significant barriers to the processing and sharing of personal data, location data and traffic data. The regulatory burden of meeting these requirements is substantial and Ofcom should consider whether a review is necessary in order to fulfil the Government's Open Communications ambitions.

- **Your contract and how much you are paying.** End of Contract Notifications and EECC implementation will provide much of the information proposed in this category.
- **The speed and wider performance of your current service.** The information required in this category, outside of the fixed broadband measures is problematic. Ofcom proposes to include measures which are discretionary under the EECC or are only an obligation where specific quality of service is offered e.g. packet loss and latency. The requirement to provide mobile signal strength where users spend the most time is an example of further gold plating. To monitor customer activity for all customers all of the time in this way in order to allow them to download the data would be very expensive, potentially up to £.

### Security

Regardless of which of the proposed approaches are adopted, (direct or via a data trustee), access to a particular customer's data would only be allowed if Vodafone held consent from that customer for the particular third party. Vodafone would need to support both initial capture of consent (which must be authenticated) for each third party and ongoing validation of the consent with each subsequent request from each third party. Presumably, there also needs to be a mechanism for a customer to withdraw their consent. £.

### Other Factors

Depending on the final design other factors could lead to further costs, both capital and operational:

- **Capacity.** The additional volume of transactions could require further investment in capacity. This could be an ongoing cycle as more third parties want access.
- **Availability.** Today during planned outages (e.g. during a stack release) customers experience a reduced service. If Open Communications were to



require no downtime and no reduction in service this will cost in excess of £; depending on the service level required.

- **Response times.** Any requirements to guarantee a response time to any request is likely to require additional investment or even some refactoring of how things work.
- **Accuracy.** If customer data is to be exposed operators would need to be able to guarantee its accuracy, particularly where items are correlated, e.g. usage analysis / decomposition of a bill.

Roaming is a good example of the difficulties in this respect. All of the major operators compete on the number of destinations and in Vodafone's case the access to 4G and 5G roaming. How to measure the cost/value of roaming to a customer is however difficult, but essential to differentiate the value of a package to a customer who may travel regularly beyond the inclusive roaming footprint.

- **Service management.** If this is considered a service to third parties it will require additional monitoring and support by our service operations teams.
- **On boarding.** Each new third party will need on boarding and then ongoing management.

Ofcom does not consider the question of consistency and how to ensure that provided data is comparable across operators, whilst managing the complexity of different offers to maintain a fair comparative representation across operators. Vodafone looks forward to working with Ofcom on this during 2021.