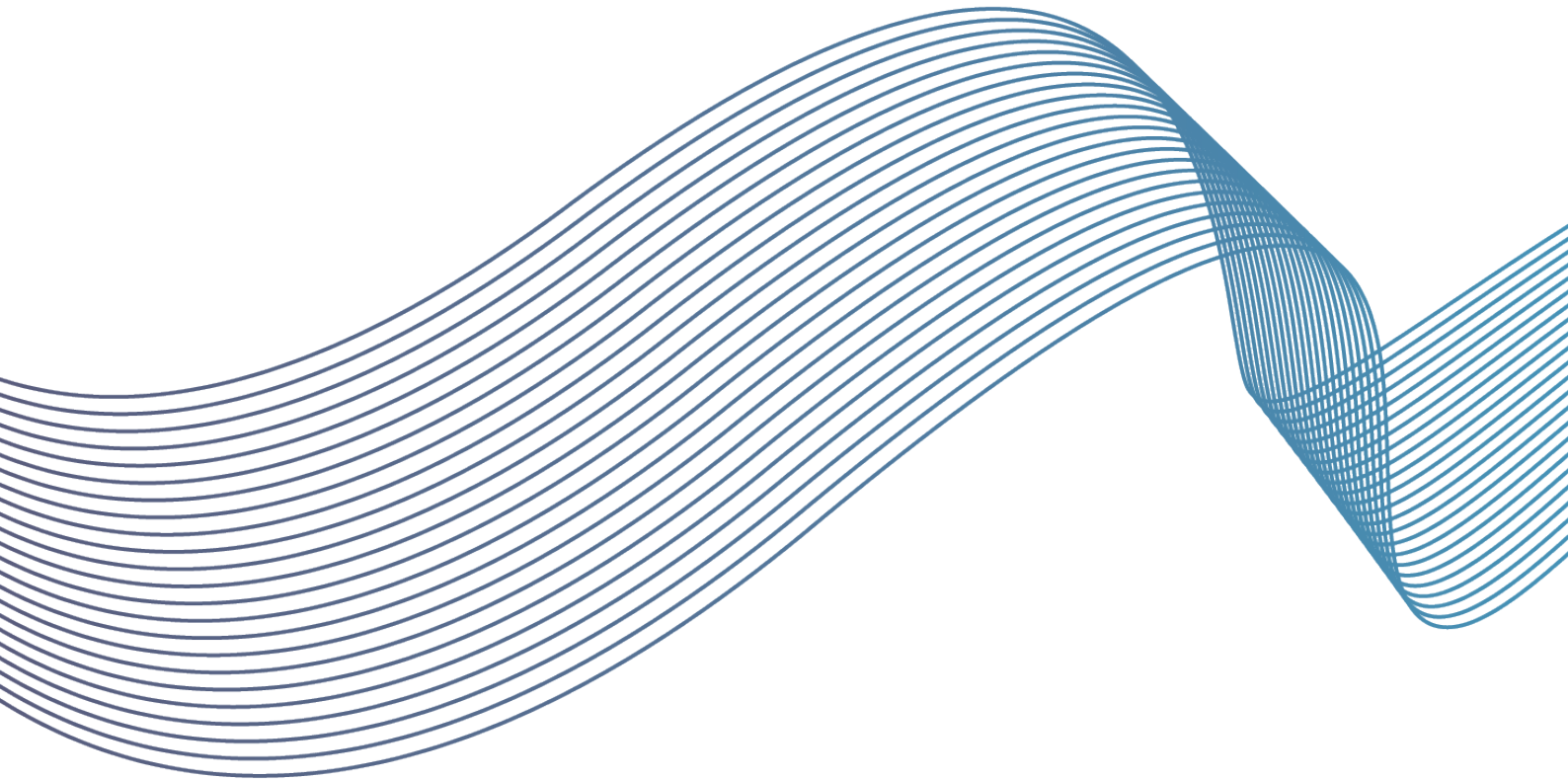


# Response to Ofcom's request for expressions of interest in being a USP.

Version 0.1  
12 September 2018



# Hyperoptic Introduction

Hyperoptic is a Code Power operator founded in 2011 by Dana Tobak and Boris Ivanovic.

Hyperoptic is the largest provider of 1 Gb residential broadband in the UK and are the leading Fibre to the Building network builder and operator. We cover 36 cities with ambition to service significantly more. We have installed or are in the process of installing to over 600k residential homes and business units.

Hyperoptic was founded to bring the UK's broadband infrastructure to the next level creating a new full fibre infrastructure, offering 1 Gb services and raising the level of expectations on the role of connectivity in British households and businesses.

Customers get the wired speeds they expect, and we have over 95 percent customer satisfaction rating consistently on our quarterly surveys and a 5\* TrustPilot score.

To date, we have been expanding our network 100 percent year on year and having secured £250m in debt funding in 2018. Our plans are to reach 2m homes passed by 2022 and 5m homes passed by 2025.

Currently, 40 percent of our footprint would, without Hyperoptic, be fibre-free with its residents only able to use ADSL often below 10Mbps – we are a key deliverer to whitespace areas and often target these areas having been neglected by other operators and network builders.

## Response summary

Hyperoptic welcomes the opportunity to respond to the Ofcom Request for expressions of interest in serving as Universal Service Provider (USP) for broadband. We are in full agreement that digital communications are intrinsic to the lives of people throughout the UK. We are also in full agreement with the approach set out by Ofcom to permit sub-national designation of USPs.

We seek clarification from Ofcom as to how the USO processes and funding will interact with recent plans put forward by the Government in the recently published Future Telecoms Infrastructure Review (FTIR). In the FTIR, government set out that it will drive fibre connectivity for all through an 'outside in' approach to deployment to ensure that those hard to reach and less commercially viable premises will not be left until last. Government estimate that this will include around 10% of UK premises and states that it will support investment in these areas (likely to be in the region of c.£3 billion to c.£5 billion). There is likely to be considerable overlap between the premises referred to in the FTIR and the 3% of premises that Ofcom refer to in the current consultation. We would like to ensure that detailed consideration is given to implementation so that the two schemes work in tandem in an efficient way.

Confidential information has been removed

# Expression of interest

In the remainder of this response we set out the information requested by Ofcom to allow for a determination as to the appropriateness of our being designated a USP in the geographic areas we have expressed an interest in.

## Geographic Areas

Hyperoptic express interest in the following Local Authority areas:

Confidential information

## Delivery of the USO

Checking that premises are eligible to receive a USO connection:

Requests for a USO connection will be able to be submitted online (via our website) or by contacting our customer services. Once a request has been received, it will be checked against the following eligibility criteria as follows to ensure that:

- A broadband connection that meets, or exceeds, the USO specification is not available from any provider at the address, or will not be provided by a publicly-funded rollout scheme within the next year (from the date of request); and
- Where cost of building a USO is up to £3,400. Providing the consumer or business is willing to pay any additional costs, they will be connected.

We note that to enable the first bullet above, there will likely need to be some improved information sharing in order to facilitate confirmation around the detail of what will be available via publicly funded schemes, particularly if this could include funds under the voucher scheme. The same might also be true in respect of confirming what is or could be available at the premise.

If the request for service is not eligible due to failure to meet one or more of the criteria set out above, Hyperoptic will confirm the outcome to the requester, together with any additional information relevant to rejecting the request for a USO connection. Responses will be provided to the person seeking the USO connection in writing within 20 working days.

Hyperoptic will use a demand generation approach by pooling requests across an area to prioritise our rollout to maximise reaching of the most recipients. Our website today

demonstrates this functionality with respect to a 'Building' and we would model the ability to show demand and timing of infrastructure rollout.

Should the request be eligible under the criteria set out above, Hyperoptic will provide the customer confirmation in writing within 20 working days. The confirmation will include an initial estimate of timescales for delivery. We will also keep the customer informed of the progress of their order until it is live.

#### **Technology and network build:**

Hyperoptic intend to design network rollouts in USO areas for which we are the USP. Based upon those designs and demand aggregation, we will choose to augment our commercial rollouts to service these areas.

#### **Quality of service:**

Hyperoptic already provides 24/7 support (including NOC) to ensure customers experience continuous service. In the event of a service failure, whether it be a delay to activating the service, not carrying out repairs within a reasonable amount of time or missed engineer appointments; Hyperoptic already offers generous compensation to customers. This is continuously reviewed and will move to an automated process soon. USO customers will be treated in the same way as any other customer and our normal service will apply.

#### **Pricing of USO connections and services:**

We do not believe that customers that qualify for a USO connection should have lower quality of offering than any of our other customers. Rather, we believe that they should have access to all of our products rather than a minimum product set. The technical solution outline above ensures that USO customers will be able to avail themselves of any of our product offerings.

Our current entry level package is 30Mb/1Mb however we also offer symmetrical 150Mb and 1Gb services. Users would be able to subscribe to broadband only or broadband and phone packages. Installation fees would be dependent on the survey and subject to costs above and beyond £3,400.

### **Complaints handling procedures:**

Our current Complaints Code of Practice will be extended to include USO customers. The customer service team is regularly reviewed to ensure that it is appropriately resourced. Once geographic areas are finalised, we will be able to assess the likely impact on call volumes and the team will be scaled to ensure it will be able to handle any potential increase of inbound queries.

All USO specific complaints, requests for updates or queries about delays in delivery etc will be managed by our customer services team. They will be trained to handle all anticipated questions or queries such as eligibility disputes. This will be an iterative process to ensure that any new scenarios are fully briefed out to the team. If someone wishes to appeal a decision in respect of eligibility of the USO, these requests will be handled by an escalations team which will have additional specialist training.

### **Corporate structure and management:**

Hyperoptic have demonstrated through its commercial rollout the targeting of specific areas (now based on Wayleaves and housing density), the ability to manage distinct customer journeys (that each building/area has a different timescale for installation, the ability to service and communicate with residents that register interest, pre-order, or become customers.

Our website has the building blocks to identify USO premises within an area, give proactive updates, aggregate demand, and transition to an active customer.

Hyperoptic have demonstrated the ability to build network infrastructure to both MDUs and SDUs using in house teams which make use of pre-existing ducts where available, as well as perform their own civils. We have a permits and planning team which ensure that we use all the appropriate processes and systems to request permission for streetworks, and a sale and legal team that secure Wayleaves where necessary.

### **Sources of funding:**

Hyperoptic have recently secured funding of £250m in debt from 8 leading banks demonstrating their financial resources and ability to support a USP selection in the areas proposed.