Internet Telephony Services Providers' Association

ITSPA response to Ofcom Consultation on end-of-contract and out-of-contract notifications

About ITSPA

The Internet Telephony Services Providers' Association ("**ITSPA**") represents over 100 UK businesses involved with the supply of next generation communication services over data networks to industry and residential customers within the UK. Our traditional core members are VoIP providers. ITSPA pays close attention to both market and regulatory framework developments on a worldwide basis in order to ensure that the UK internet telephony industry is as competitive as it can be within both national and international markets.

Please note that certain aspects of the ITSPA response may not necessarily be supported by all ITSPA members. Individual members may respond separately to this consultation where a position differs. However, the ITSPA Council is confident that this response reflects the views of the overwhelming majority of ITSPA members.

A full list of ITSPA members can be found at http://www.itspa.org.uk/.

Introduction

ITSPA's members broadly support any intervention by Ofcom in the market which encourages switching. We note that the harm cited by Ofcom relates primarily to residential users, but have a number of comments to make on the extension to business and the impact to our members.

Underestimated cost of implementation

ITSPA has 100 members alone; the majority of which service business users of telecoms. A cost benefit analysis that extrapolates the impact on a small number of large residential operators to a large number of small operators serving businesses requires review. Whilst technically the process of sending out 2 notifications is not beyond the means of a well resourced ITSPA member in isolation, there are many more entities affected by these changes than we believe Ofcom has realised.

Existing regulation

We also note that the 10 million users[1] who are in a contract with a price rise at the end should be notified of the price increase under existing regulations[2]. We would question the efficacy of additional, separate obligations on providers when the problem would appear to be solved through enforcement of that obligation, or its modification to clarify the scenario in question.

Complexities unique to the business market

Whilst for a single consumer with a mobile handset, it is likely that their communications provider will store (or be able to reliably derive algorithmically) the appropriate trigger date, for business provider this is not universally true. The market has evolved, especially when serving customers towards the 10 employee threshold, such that it may not be clear cut. For example, an initial commitment period may start by a certain event, such as progress in a project, and not on a date known at the point of

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[1] Paragraph 1.6 of the Consultation
[2] General Condition C1.6

order. This means the cost of a backfill of the required data to automatically comply, or the cost of complying manually, needs also to be considered.

Thought must also be given to where a contract is staggered; the addition of new users may create a complex tail of multiple "end of contract" dates, the automatic notification of each may just cause confusion, or dilute the core message with information overload. Equally this could apply to a residential user with a smartphone and a tablet, for example.

Additionally, we have no mechanism of knowing how many employees a customer has at the point the regulation bites which means complying successfully with the proposed regulation is technically impossible.

Implementation timescales

Ofcom's approach to implementation timescales could also use refinement; in strict isolation, the proposed implementation timescales are not insurmountable. However, there is the opportunity cost of diverting resources away from innovation or other projects, such as resilience, margin improvement or general work that still translates to an overall society benefit in a welfare test.

Some of those projects will also include regulator mandated work, such as the forthcoming deadline on mobile switching, or the recent soft deadline on mobile bill capping – our members sometimes feel that the relevant teams in Ofcom do not co-ordinate such as to avoid overloading scarce resources in the industry.

Number portability

Finally, whilst increasing the potential numbers of users in the market to switch is a laudable aspiration, it only works if the facilities for them to switch are robust. ITSPA has repeatedly provided evidence that the business switching process is not fit for purpose and Ofcom's proposals seek to make this problem more acute.