Promoting competition and investment in fibre networks – Measures to support Openreach's trial in Salisbury

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1 Introduction

We welcome this trial and support Ofcom's proposed changes to regulation

1.1 Ofcom's decision to support Openreach's trial by removing regulatory obstacles is welcome. As it recognises, regulation must support the smooth transition away from legacy copper networks to new full fibre ones[1].

1.2 Like Ofcom, we support this trial. The trial is an important step for both Openreach and industry. Learnings obtained will enable Openreach, industry and Ofcom to refine their approach to switchover ahead of the national rollout (where the challenges of migration and switch off will need to be managed on a much larger scale).

1.3 In this response we outline why we support Ofcom's proposed changes and make the case for why we believe that Ofcom should continue to work collaboratively with industry during this trial. We also set out the importance of including vulnerable customers in the trial, discuss the distinct challenges faced by business customers, and suggest some possible metrics for monitoring.

Timely stop sell and switch off of copper is an important enabler in BT Group's business case for full fibre

1.4 The efficient migration away from, and subsequent switch off of, Openreach's copper network is also an important enabler for the BT investment case. As both Ofcom and Government have recognised[2], running two networks in parallel is costly. Openreach will need to be able to retire its copper network as it deploys its fibre network.

1.5 A smooth and timely transition will maximise the number of end users on full fibre, which will in turn secure the benefits of fibre technology. Customers will benefit from improved connectivity, reliability and choice. Similarly, communication providers (CPs) will reduce operational costs by purchasing more reliable and better performing fibre input products. These benefits will be realised sooner where Openreach has greater flexibility to initiate the transition ahead of coverage reaching 100% of an exchange area.

1.6 Coverage in an exchange area is contingent on a number of factors beyond Openreach's control, including access to land and buildings which require permission from landlords and local authorities. Requiring 100% exchange area coverage before a stop sell and subsequent switch off can occur will delay the aforementioned benefits

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[1] Measures to support Openreach's trial in Salisbury, para 1.3
[2] Future Telecoms Infrastructure Review, para 140

for customers and CPs. It will also reduce the cost savings from retiring copper and negatively impact BT's case to invest in FTTP.

1.7   Openreach has proposed a stop sell threshold of 75%[3], which we broadly support. We will be working closely with Openreach to determine what happens to the remaining 25% of premises in the exchange area to ensure that our customers are protected during this trial.

1.8   We therefore agree with Ofcom's decision to allow Openreach to implement a stop sell for legacy products prior to 100% coverage. Where this leads to positive outcomes in the trial Ofcom should seek to take a similar approach when setting out regulation for the national rollout.

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[3] Openreach industry consultation on: FTTP Exchange Upgrade and Single Order Exchange Upgrade trialling – para. 61.

2 Ofcom should remain involved in this process, continuing to engage with Openreach, industry and local stakeholders throughout this trial

2.1 In both its Future Telecoms Infrastructure Review and Statement of Strategic Priorities, Government has made clear that it expects the migration to full fibre infrastructure to be led by industry[4]. Likewise, Ofcom's consultation for this trial predominantly focuses on the role of Openreach and industry in ensuring the successful implementation of the Salisbury trial.

2.2 We agree that an industry led approach is the right one. We are now working closely with Openreach and local stakeholders to facilitate this trial.

2.3 As Ofcom recognises, industry support for this trial is centred on the need for certainty on commercial and technical approaches ahead of the national rollout[5]. A migration of this type and scale has not been undertaken before. There are likely to be challenges in getting new products ready for the trial and teething problems when implementing these new products[6].

2.4 Overcoming these challenges will require a collaborative, flexible approach from Openreach, industry, Government *and* Ofcom. Lessons on what works well and what does not will need to be learned as the trial progresses. We will need to adapt quickly and work collaboratively to resolve issues and protect customers. We may find that further exemptions or interventions from Ofcom could be necessary.

Communication with end-users and local stakeholders will require a collaborative, industry approach, with Ofcom co-ordinating

2.5 One area in which continued Ofcom engagement will be vital is in the coordination and implementation of an effective communications campaign. We agree that a robust and effective information campaign, led predominantly by Openreach and industry, is required[7]. Where communications are poor this can lead to complaints, poor publicity and increased governmental pressure[8].

2.6 We are committed to making sure our customers are engaged and supported throughout this transition period. For us, this will be achieved through marketing campaigns and proactive communications that will ensure our customers are aware of upcoming changes to our product portfolio and are informed as to what options they have available to them.

2.7 However, we also think that there is merit in having an Openreach and industry led, centrally coordinated information campaign. This will clearly set out to all customers

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[4] Future Telecoms Infrastructure Review, para 146
[5] Measures to support Openreach's trial in Salisbury, para 1.6
[6] BT Consumer response to Openreach's trial consultation, Section 1 – [✂]
[7] Measures to support Openreach's trial in Salisbury, para 3.31
[8] Plum Research - Preparing the UK for an All-IP future: experiences from other countries, para S3

the benefits of full fibre, why industry has taken the decision to move to it and what industry is doing to mitigate and eliminate risks.

2.8   Industry collaboration could ensure that messaging to key groups on important changes is effective. For example, a coordinated information campaign could create common messaging for local authorities and charities that could subsequently be shared with end-users, i.e. leaflets, flyers, billboards and radio adverts. This will make it simpler for local stakeholders to engage; obtaining piecemeal information from different CPs over time could result in ineffective and inconsistent communication and could confuse end-users.

2.9   Common messaging should be distinct from marketing. Approximately 50%[9] of our customer base has opted out of our marketing communications. Whilst we could send general service information to these customers, it is likely that information misconstrued as marketing from BT will be ignored. Moreover, it could also lead to significant dissatisfaction for customers who do not wish to receive marketing communications and which, if made public, could lead to a lack of engagement during the national rollout[10].

2.10   We think that an industry working group, similar to that set up for the All IP programme, should also be created for the purposes of this trial and further national rollout of full fibre. The Broadband Stakeholder Group (BSG), of which Ofcom, Openreach and some of industry are sponsors, could facilitate this coordinated approach. The BSG is in the process of creating a "first step" common industry messaging resource for UK transition to All IP. Where additional support and resource is made available by Ofcom and industry, the BSG could extend this approach to the Salisbury trial.

2.11   Should an industry working group be used to create common industry messaging, Ofcom should play a role in ensuring proposed common messaging is effective. Where data is available, Ofcom could share best practice advice on how to communicate with local stakeholders. Similarly, Ofcom endorsing this common messaging by placing an Ofcom logo in any correspondence could make the information more effective and reduce the risk of it being misconstrued as marketing by CPs.

2.12   Similarly, there is an important role for Openreach and Ofcom in ensuring that local stakeholders, including local councils, are sufficiently informed ahead of switchover. CPs that are seeking to identify all vulnerable customers (for example those that use telecare products) will often obtain some of this information from the local council. Where these local councils are unprepared to provide CPs with the relevant information, this could delay or inhibit the migration process or risks leaving vulnerable customers disconnected.

2.13   Finally, Ofcom could make clear its support for the trial by including information and frequently asked questions (FAQs) on its website for customers and local stakeholders.

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[9] [✂]

[10] Plum Research - Preparing the UK for an All-IP future: experiences from other countries, para 4.3 – Plum found that where migration (in this instance forced migration) attracted bad early publicity it led to reduced engagement later in the process.

This will provide an additional trusted information point for those that want to know more or are concerned about the impact of the trial on them.

2.14 Therefore, while we agree with and welcome Ofcom's support for this trial by removing regulatory obstacles, we think that it is important that Ofcom remains actively engaged throughout this trial[11], to help support industry in making this as successful and positive as possible for consumers.

Ofcom should recognise and engage with the distinct challenges faced by businesses in this trial

2.15 We welcome Ofcom's decision to assess the impact of the trial stop sell on businesses[12]. We are also pleased with Ofcom's recognition that measures to protect Critical National Infrastructure (CNI) during this trial are required[13].

2.16 While we agree that in certain circumstances the impact of this trial on businesses could be similar to residential customers, this is not always the case. National multi-sited businesses based in Salisbury will no longer be able to use a homogenous set of products and devices across the country. Instead, for the purposes of the trial, these business customers will need to purchase and use new products for the trial, while continuing to use older products and devices at other locations. This is likely to drive additional cost and complexity for both these businesses and the CPs providing service. New solutions will be required to ensure that old and new services can work together for these multi-sited businesses.

2.17 Similarly, the migration of business customers onto new fibre alternatives is likely to be more complex than residential customers. Many businesses will have a variety of products and devices connected to their lines (rather than just a single router or phone), and may also have bespoke internal wiring that will need to be replaced as part of the migration process.

2.18 While we will be working closely with Openreach to ensure all customers are migrated in the trial period, we are concerned that some CNI customers may find the proposed timelines difficult. A number of these customers have expressed concern that the necessary budget and products will not be ready in time for the national WLR withdrawal and copper switch off in Salisbury. These customers' migration will need to be handled with care, and we are working closely with Openreach to ensure that CNI switchover is managed appropriately.

2.19 Finally, Ofcom notes the stop sell in Salisbury is likely to have a smaller impact on businesses than residential customers due to the stop sell on ISDN already being in place. However, this is not the case. While the stop sell was announced by Openreach

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[11] This is also in line with the Government's proposals on the switchover process - Statement of Strategic Priorities for telecommunications, the management of radio spectrum and postal services, para 27 & 28 – "*Ofcom will have an important oversight role in ensuring industry readiness for switchover."*
[12] Measures to support Openreach's trial in Salisbury, para 3.26
[13] Measures to support Openreach's trial in Salisbury, para 3.28

in September 2018 it does not take effect until September 2023[14]. The result of this is that business customers might not be as prepared for a switch off of copper-based services as Ofcom expects.

2.20   We think that Ofcom should recognise these challenges in its impact assessment for businesses. Industry and Ofcom's understanding of the scale of these challenges is still very green. We may find that further intervention could be required from Ofcom where these challenges risk negatively impacting critical infrastructure. To that end, we think that Ofcom should remain engaged with businesses and industry, working collaboratively where further intervention might be required.

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[14] Openreach Industry Consultation on: Upgrading the Access Network – para 8 (Exec. Summary)

3   Ofcom and industry need to agree what the right metrics are for monitoring

3.1   To monitor the progress of the Salisbury trial, Ofcom intends to obtain customer experience and quality of service data from Openreach and other CPs[15]. We agree that the trial should be monitored and we stand ready to provide Ofcom with the required data where we are able to do so.

3.2   However, while the document sets out the monitoring metrics required from Openreach[16], it does not include what is expected of others in industry. We think it is important for Ofcom to set out its data gathering expectations and how these will support its proposed metrics.

3.3   As Ofcom will appreciate, capturing and collating data can be a complex task. It sometimes requires CPs to make systems changes and secure dedicated resource. Supplying Ofcom with trial data on top of other information which Ofcom requests under its statutory information request powers (e.g. market reviews and other regular monitoring) could be onerous for us and other providers.

3.4   This could be mitigated if Ofcom were to provide industry with a comprehensive list of metrics that would be used by Ofcom to monitor progress. This should be done as soon as feasibly possible as it may be difficult for Ofcom to retrospectively obtain the required data. This is especially the case if providers have not made preparations to capture the data or do not have the necessary systems in place to do so.

3.5   In Annex 1 we have set out a confidential list of residential customer reporting categories and metrics that we suggest would provide further insight into consumers' experience during this trial. We have also indicated when we would be able to share these with Ofcom and the format in which this data could be provided. We propose that these metrics could be adopted by Ofcom and required from all CPs participating in the trial. Further consideration will also be needed in relation to appropriate metrics for business customers' experience.

3.6   If Ofcom and industry are unable to agree the required metrics at this stage we would like to work proactively with Ofcom to agree metrics and ensure that we can provide what is required.

3.7   Finally, in addition to agreeing the appropriate metrics, we also think that Ofcom could use this trial as an opportunity to set out mechanisms for sharing and using data in more innovative ways. Sharing non-confidential data in real time, for example, would allow CPs to learn quickly from trends observed by Ofcom. Similarly, where Ofcom identifies the need for changes based on the data it collects it would be helpful for industry to know about this as soon as possible, rather than on a quarterly basis as is the case in the Connected Nations reports. For example, where Ofcom observes poor customer satisfaction across providers due to certain practices (e.g. higher than

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[15] Measures to support Openreach's trial in Salisbury, para 3.33

[16] Measures to support Openreach's trial in Salisbury, Annex 7

expected failure rates on FTTP or due to double migration), it will benefit both CPs and customers to know this quickly so that Openreach and CPs can alter their approach.

4   Vulnerable customers and users of special services should be protected but not excluded from this trial

4.1   We are pleased that Ofcom recognises the risks and challenges of migrating vulnerable customers[17], and that additional protections and assurances will be required to support their migration[18].

4.2   We are supportive of Ofcom's desire to protect vulnerable customers during this trial, including measures set out in Ofcom's statement on The Future of Fixed Telephone Services[19]. In particular, we welcome Ofcom's recognition of the need for a quick reversion process in the event that special services fail.

4.3   However, while we strongly support the need for greater protections for vulnerable customers during this trial, we do not agree that any such customers should be excluded. Vulnerable customers and users of special services should be included in this trial. We see the trial as an opportunity to learn and test new products, adapting them if we don't think they are fit for purpose. This can only be achieved where *all* customers, especially those using special services, are included within the trial.

4.4   If such customers are not included, we are likely to see greater challenges for the national rollout, which is much less contained and localised. Ofcom should support industry to find innovative and agile ways of working to address these challenges during the trial.

4.5   For example, the majority of council-provisioned telecare devices, and the platforms used to monitor these, use the PSTN network and might need to be modified or replaced in order to work over a full fibre network or alternative technologies. CPs and local councils need the opportunity to start planning and redesigning products and platforms to address this. Removing the incentive to find solutions for these challenges could mean that once the national rollout has begun local councils will not be ready to adjust to new full fibre networks.

4.6   We continue to be supportive of Openreach's proposal for an Ofcom and industry 'consumer charter' that would set out the general principles for how migrations are handled and how customers and, more importantly, vulnerable customers are treated in the migration process. We are ready to engage with the formation of this charter, and we would encourage Ofcom to use this trial to work closely with industry to create a charter that can be used in the national rollout.

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[17] Approach to Remedies, para 5.30 to 5.32.

[18] Measures to support Openreach's trial in Salisbury, para 1.7

[19] The future of fixed telephone services, para 2.19

5   Annex 1

Table 1.1 – Reporting categories and metrics BT Consumer can provide during the Salisbury trial

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6   Annex 2

Q1. Do you agree with our proposal to enable a stop sell for the Salisbury trial? Please provide reasons for your answer.

Yes. We agree with the proposed changes set out in this consultation and support the decision to give Openreach the flexibility to give notice of a stop sell ahead of 100% exchange area coverage. We also agree with Ofcom's decision to remove Openreach's SMP obligation to provide new forms of network access for copper-based broadband services.

Q2. Do you agree with the impacts of our proposals we have identified? Are there any further impacts that you consider we should be aware of?

We generally agree with Ofcom's impact assessment. However, we think that Ofcom should recognise that the impact of this trial on businesses is likely to differ in some circumstances to residential customers. Specifically, multi-sited business customers and critical national infrastructure (CNI) are particularly complex issues that Ofcom should recognise.

Q3. Do you agree with our proposed approach to the protection of consumers within the trial? Please provide reasons for your answer.

We agree with Ofcom's proposed approach to protecting consumers in this trial. We particularly welcome the need for a quick reversion process to be in place in the event of failure. However, we do not agree that vulnerable or complex consumers should be exempt from this trial. In order for this trial to provide an indication of the challenges faced in the national switchover, it must include all difficult situations CPs are likely to face. Exempting certain vulnerable or complex consumers from the trial removes the incentives for Openreach, industry and local stakeholders to learn and risks undermining or delaying preparations for when these consumers must be migrated in the national switchover.

Q4. Do you think the monitoring data we are proposing Openreach provide to Ofcom is appropriate and sufficient? Is there any other information we should be collecting? Please provide reasons for your answers.

We agree with the proposed monitoring data for Openreach. However, we note that Ofcom has not set out what data it will require other CPs to provide as part of the monitoring framework. This is important. To ensure that CPs will be able to provide Ofcom with the data it requires, Ofcom must work with CPs to agree a set of metrics that can be reported. This should be done ahead of the trial if possible, or as soon as possible after this.