

# **FCS Response to the Ofcom Consultation - Measures to Support Openreach's trials in Salisbury and Mildenhall**

---

## **Introduction**

The Federation of Communication Services represents companies which provide professional communications solutions to (primarily) business users. Our members deliver telecommunications services via mobile and fixed line telephony networks, broadband, satellite, wi-fi and business radio. Most FCS members operating in the fixed services space are customers of Openreach which is a critical provider to this sector.

Our members' customers range from SMEs, home-workers and micro-businesses up to the very largest national and international private enterprises and public-sector users. FCS is the largest trade organisation in the professional communications arena in the UK, representing the interests of around 300 businesses who supply B2B services nationwide.

## **Overview / Key Points**

We welcome the opportunity to respond to Ofcom's consultation on measures to support Openreach's trials in Salisbury and Mildenhall.

These trials will be instrumental in defining the new product and commercial approach at wholesale level to communications service provision in an all fibre world - and we are, therefore, keen to ensure that the trials are successful and deliver a clear outcome. We are, however, also keen to ensure that the current market diversity is not damaged by changes to a delivery model which has been very successful in fostering competition and has delivered high levels of customer service via specialist and niche providers.

We agree that incentives will be required to encourage early adoption of the new fibre products and that the proposed reduction of the cost of doing so will help to do this.

We regard Openreach's project to move to a full fibre network and consequently to withdraw its legacy copper based products as an upgrade to the BT access network and, as such, we strongly believe that the cost of this upgrade and associated migrations should not be born by service providers and their customers (these end user customers are in any case likely to incur costs in upgrading equipment such as handsets to enable them to handle IP voice calls).

Consequently, we believe that the commercial approach which is being proposed for the trials in Salisbury and Mildenhall should be extended for the duration of the WLR Withdrawal and migration project across the whole UK (i.e. no migration, connection or cease charges and 12 months rental on the new fibre product at a rate which equates to the relevant legacy product).

We do also have a concern that vertically integrated providers will potentially be in a position to gain competitive advantage if they are not obliged to pass on savings to their reseller customers on an equivalent basis to their own downstream divisions. We also note that the incorporation of the offer into the Openreach price list is quite granular and fairly complex to unravel which may itself discourage wholesalers from passing the savings on to their resellers. We would, therefore, encourage Ofcom and Openreach to consider positive steps to ensure that the current level of equivalence can be maintained.

### **Answers to individual consultation questions:**

**Question 1:** *Do you agree with our proposals to waive the non-discrimination, Equivalence of inputs and VULA charge control obligations to facilitate Openreach's trials offer? Please give reasons for your answers?*

In principle, we agree with the proposals to waive the relevant regulatory pricing obligations in this area. We agree that incentives will be required to encourage timely migration and, as noted above, we would suggest that the special offer is extended nationally for the duration of the WLR Withdrawal migration period.

**Question 2:** *Do you agree with our assessment of the impact of our proposals? Are there any further impacts we should consider?*

We have highlighted some risks to the competitive environment which could arise if not addressed and we trust that Ofcom will give this due consideration.

FCS hopes that these comments are helpful to Ofcom in its considerations and we would be happy to discuss any aspects of our response in further detail.