



toob Limited's Response to Ofcom Consultation: 'Existing Openreach FTTP offers with geographic pricing'

Section 1: Summary

toob Limited ("toob") welcomes the opportunity to respond to the 'Existing Openreach FTTP offers with geographic pricing' Consultation published by Ofcom on 18 March 2021 (the "Consultation").

We welcome and support the decision made by Ofcom in the wholesale fixed telecoms market review statement published by Ofcom on 18 March 2021 ("WFTMR Statement")¹ to prohibit geographic pricing for some services to address Ofcom's concern that Openreach could use targeted discounts to undermine new alternative network build.

While we understand that consent may be granted in relation to the three live offers which are the subject of the Consultation, we believe that any form of localised or geographic pricing introduces a risk that Openreach could engage in exclusionary practices to distort competition in the roll out of fibre networks, including by the alternative networks, and as such negatively impact on investment into the sector which has the knock-on effect of preventing or delaying new alternative network build.

We would note that a similar argument applies to other exclusionary behaviour such as the use of tie-ins or long term wholesale discounts, which could also lead to foreclosure. We therefore strongly support the decisions made by Ofcom in the WFTMR Statement² that Openreach will continue to be prohibited from offering geographic discounts on its superfast broadband wholesale services including full fibre, and the requirement for Openreach to give at least 90 days' notice of the introduction of certain commercial terms (such as volume discounts) that might prevent retail ISPs from using competing networks.

Wholesale revenues are very important to the future of toob and are included in the investment thesis of both current and future investors in the business. If Openreach were allowed to follow a pricing strategy that commercially prevented toob from accessing these wholesale markets then the future sustainability of toob, and other AltNets such as CityFibre, would be questioned by current and future investors. Both the regional pricing of superfast broadband services and/or long term arrangements that create commercial barriers for ISPs choosing to use AltNet infrastructure ahead of Openreach have the potential for reducing or eliminating access to wholesale revenues by toob or other Alt Nets.

Therefore, although we are not seeking to prevent the current arrangements from continuing, we are seeking to ensure that this does not become a precedent that can be used for future arrangements due to the harm that this could cause to the toob business and the broader AltNet community.

¹ <https://www.ofcom.org.uk/consultations-and-statements/category-1/2021-26-wholesale-fixed-telecoms-market-review>

² Page 3 of the WFTMR Statement



Section 2: About toob

toob is a fibre broadband provider on a mission to provide hyper speed fibre broadband at affordable prices. toob's plan is to deploy its network to over 1 million premises by 2027 and we are investing £50M in fibre infrastructure in the streets and premises of Southampton at present. We have announced a further 200k premises we will be deploying the network to over the next few years with construction already under way in Camberley and Frimley, the first towns outside of Southampton to benefit from toob's network.

toob is wholly reliant on using existing infrastructure, in particular Openreach's PIA product, to reduce the cost of deploying the network to a point that is economic.

toob offers a consumer broadband proposition today that delivers 900Mbps on both download and upload. There are two contract variants for this proposition with different pricing with each. The core offer is an 18 month contract for a price of £25 per month rising to £29 at the end of the contract. Alternatively, a customer can take a monthly rolling contract for £33 per month. The monthly rolling contract has been developed to target the rental market, students living away from home for temporary periods and others that require greater flexibility. Each of these propositions has a £49 installation fee, subject to promotional activity conducted from time to time.

At present there is no intent to offer additional services, TV or phone services, to consumer customers. Phone services can be provided through Vonage and we advise customers how they can consume the content they want to through streaming services.

In 2021 toob intends to launch a business proposition targeted at SoHo and small SME businesses. The business proposition will deliver the same speed profile as the consumer proposition but will come with enhanced service levels and the option of a static IP address.

In 2022, toob intends to open its network to other ISPs under wholesale arrangements it is currently pursuing.

Section 3: Response to Consultation Questions

Question	Your response
<p data-bbox="204 1563 785 1630">Question 2: Do you agree that we should grant consent to each offer?</p> <p data-bbox="204 1664 734 1731">Please provide evidence in support of your views.</p>	<p data-bbox="809 1563 1377 1630">Yes, subject to the points raised in Section 1 of our Response being taken into account.</p>