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# Consumer Switching: Proposals to reform switching of mobile communications services

EE response to Ofcom's revised cost estimates  
and process updates.

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Non-confidential version

14 March 2017

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## 1. Introduction

EE Limited (“EE”) welcomes the opportunity to respond to Ofcom’s Consumer Switching Revised Cost Estimates document, published on 31 January 2017 (the “document”).

This response should be read in conjunction with EE’s earlier responses to Ofcom’s Consumer Switching consultations in June 2016 and October 2015, Ofcom’s Call for Input on Consumer Switching in 2014 and Ofcom’s Strategic Review of Consumer Switching in 2010.

EE agrees that it is important that consumers can switch providers quickly and easily to help them exercise their choices and take advantage of competition in the communication sector and that smooth switching processes encourage competition for the provision of good value, high quality and innovative services. As explained in full in previous responses, we are in favour of a holistic and consistent approach to switching processes being taken where services are provided as part of a bundle, and in principle we are therefore supportive of a GPL process across quad-play bundles once these become prevalent.

With the delay of the mobile switching consultation, the timelines of Ofcom’s mobile and triple play switching work are becoming increasingly aligned. It would therefore make even more sense at this point to look at switching in the round, and not make improvements to processes in isolation.

However, mobile switching has been refined over the years such that it now works very well for consumers as demonstrated in Ofcom’s research. Consumer satisfaction with mobile switching is 94%, higher than any other communication service, and has been increasing over time. This high satisfaction is underpinned by Ofcom’s impact assessment of its options. The purported benefits are small, and are driven by consumers saving a short time when they switch providers.

EE welcomes the revised cost estimates and process flows which we have reviewed and provided comments on in this document. We note that revised Net Present Benefits or any changes Ofcom may have made to the discount or financing rate is not included within this document. It is important that CPs have the opportunity to review and comment on the updated benefits analysis to ensure there is consistency with the costs assessments therefore EE would ask that Ofcom provide this information to CPs as early as possible.

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# 1. Process updates - Annex

## Introduction

EE have reviewed the updated process flows contained with the Annex of January's document and captured our initial comments below. We understand that Ofcom will re-consult on consumer switching in late April 2017, which will provide CPs with an opportunity to comment further on Ofcom's updated cost estimates and processes. We felt it would be useful to comment on Ofcom's 31 January publication to allow Ofcom to consider these comments whilst preparing for the upcoming consultation.

### Issues with Ofcom's options.

#### Requirement for a disconnection only short code

#### **Figure A1: Auto PAC process: Costed methods for requesting and receiving PAC and ETC.**

EE notes that Ofcom have introduced a requirement for two text short codes, one number for porting, a different number for cancel only. The previous consultation and subsequent discussions suggested only one short code would be required for customers who require a PAC code. This updated flow suggests customers who want to disconnect without a PAC could follow a text process. EE are keen to understand Ofcom's rationale for creating a process for customers who require disconnection only, including the opportunity to review any evidence to support any potential consumer harm or concerns with the current disconnection processes.

Customers who are disconnecting without using a PAC may require additional information to customers porting their number. These requirements would need to be fully understood and costed as additional interfaces between a) CPs and the CPS and b) the customer and the GP would be required. Further there may be customer confusion as to who they contact if the cancellation fails.

### Authentication

#### **Figure A1: Auto PAC process: Costed methods for requesting and receiving PAC and ETC and figure A4: GPL Process: Backstop route – LP validates consumer CLI ownership.**

EE is disappointed to see that Ofcom have still not addressed the lack of customer authentication within these updated flows. In EE's response to Ofcom's switching consultation dated 3 June 2016, we discussed the need for authentication. EE strongly believes that customer authentication is a critical part of the switching process and we remain concerned that there are insufficient safeguards against fraud in both of Ofcom's options. The absence of a proper customer authentication mechanism could lead to increased fraud which could undermine trust in the switching process and ultimately the mobile market.

Ofcom's process suggests that it is sufficient for the losing provider to only validate that the customer is on their network. However, the losing provider also

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needs to carry out checks to ensure that the customer is the account holder and therefore authorised to request the switch. A record of such checks should be included on the customer's account as evidence in case there are complaints about unauthorised switches. The way this authentication could be implemented is through a two-way SMS, either directly between the losing provider and the customer (in an automated PAC process,) or via the CPS (in a GPL process).

Account holders are responsible for the contract and subsequent charges. Not authenticating that the person requesting ETC information / PAC is the account holder could lead to users agreeing to fees which the account holder is not aware of or agreed to. This in turn could lead to significant consumer harm for these customers. This scenario also applies to business customers where there may be multiple SIMs across a business under the control of an account holder.

If the switch was not requested by the account holder, the process would need to offer some form of cancellation process to protect both the customer and the losing provider. This could be implemented in the same way as the Cancel Other process for fixed voice switching, i.e. the facility should only be able to be used in certain prescribed circumstances, to prevent losing providers from wrongly cancelling switches.

#### **Business tariff identification - PAC process: Costed methods for requesting and receiving PAC and ETC**

Clarification is required on the terminology and definition of a business and residential tariff as this is not terminology currently used by EE. Further, for CPs whose consumer mobile and business mobile products are distinct and may be on different platforms, it is now unclear as to whether the mobile switching reforms are relevant to business mobile products and/or customers at all.

The process flow does not confirm what information a customer identified as a "business tariff" would receive. This needs confirmation and the flows need to be updated to allow CPs to fully understand the implications of this check on both the LP and customer?.

Identification of business tariffs is a new step in the proposed process and has not been discussed or reviewed as part of the previous consultation or discussions. This proposal needs to be fully reviewed and costed to understand the impact of this proposed change.

If "business tariff" users are excluded from the proposed process, we would recommend this is confirmed to customers upfront, in the relevant process / support information published by Ofcom and CPs. Merely sending these customers an SMS advising them to call their LP adds no value. Upfront communication would remove the need for CPs to develop a solution which would provide no benefit to these customers.

#### **Cancellation by Online and Text channels**

New capability is required in both the online and text channels to allow cancellation requests to be accepted via these channels. Additional development and testing would be required to support this change. The impact of this change has not been assessed by EE.

#### **Customer Information**

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For both options, Ofcom requires the losing provider to inform the customer of the Early Termination Charge (ETC) and notice period of the customer.

In EE's response to Ofcom's consultation dated 3 June 2016, we raised concerns that consumers may switch without being aware of all the relevant implications of switching. Whereas notice period and early termination information are relevant, other information, such as how the ETC is payable, pro-rata billing, discounts because of linked contracts or products and other non-financial benefits of taking out multiple services are not included within the information sent from the losing provider. EE strongly believes that this information is vital to ensure the customer makes an informed choice when switching. We believe that this information should be provided to the customer with the ETC and notice period information, as a link to either a generic or personalised web page on the losing provider's website which would show further information.

EE believes the following information should be provided to customers ahead of the port.

- Period that PAC is valid for.
- Final bill information. Pro-rata billing information, final bill payment.
- Impact of port on any additional lines / products or services the customer has with the losing provider.
- Termination of additional products such as insurance products.
- Details of any deposits held and how this will be refunded to the customer.

This is not an extensive list and will need to be reviewed as the proposal progresses.

### **Bulk Porting**

EE has discussed the need for guidance on the bulk port process that is used by subscribers wanting to port more than 25 numbers. The process flows within the annex does not address bulk porting. It is vital that bulk porting processes are reviewed as part of this consultation to ensure all CP's understand their obligations to consumers using bulk porting processes.

### **Figure A2: Auto PAC process – Common process for all CPS and LP variants, i.e. after consumer has received a PAC and ETC**

This process flow suggests the CPS will fully manage backend port processing for the Auto PAC process. During the previous consultation, Ofcom were reviewing processes with and without end to end management. Has Ofcom decided not to progress with the Auto PAC process without end to end management option? Is this the case, could Ofcom confirm the reasons for this.

In order for end to end management to work as proposed in this flow, CP's will require a feed into the CPS to allow additional information such as repatriated numbers. This will require modifications to the current backend port processes to allow interaction with the CPS.

### **Figure A3: GPL Process: Consumer validates CLI ownership by text**

**GP: confirms if customer wishes to port or just cancel, and advises CPS**

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EE feels that this step should be completed before the sales order is confirmed. Customers should be aware of ETC, notice periods and other important information before agreeing to a new contract. Completing this step at the early stages of the sales conversation and prior to the sales confirmation will allow the customer to make a fully informed decision regarding the sale.

Completing this step after the sales order has been completed could lead to customers having to cancel orders and potential return equipment to gaining providers should the ETC be higher than expected.

EE do not currently have a process that would allow a sales order to be halted as suggested in this process. We would need to scope this requirement fully, however it likely that system development will be required to support this change which will need to be costed.

**LP: Validates customer generates ETC and sends to CPS**

This step does not confirm what losing providers should do if the customer wants to cancel only and does not require a PAC. Could Ofcom update the process flow to confirm the expectations are for customers who want to cancel only?

**CPS: receives confirmation SMS**

This process suggests that the CPS will receive a confirmation SMS when the customer consents to the port or cancellation. Will the gaining provider have visibility of the customer consent? And should the losing provider also receive confirmation from the CPS that the customer has consented to port.

**GP: Check SIM is active on the network create and send porting request**

This process suggests that the customer will port after the SIM activation. Currently, the porting date is agreed with the customer so the customer is aware of any service disruptions on the porting day.

Customers will need to have clear process information provided to them ahead of the port to ensure they fully understand the process and potential disruption.

The requirement to automatically trigger porting activity on the back of the SIM activation needs to be reviewed and costed.

**Figure A4: GPL Process: Backstop route – LP validates consumer CLI ownership**

The process flow suggests that the losing provider validates the ownership and CLI with the customer. Can Ofcom confirm that this is correct? What steps are LPs expected to take to validate the ownership? This is an additional step to the current sales journey and will need to be reviewed and costed.

## 2. Customer Experience

Customers who want to port their number to another provider currently receive all the information they need from an advisor to ensure they can make an

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informed decision. Advisors have scripts to follow and are able to answer any question the customer may have.

Providing only ETC and notice period information to customers in the form of a text message will not give customers all the relevant contractual information they need to allow them to make a fully informed decision. It will also not provide the customer with the right level of process information to ensure customers fully understand what will happen during the porting and final bill processes. This could lead to increased levels of consumer harm and customer complaints.

Whilst EE agrees that ETC and notice period is important, process, billing and other financial information is equally important. Due to the nature and potential volume of information the customer would require, we do not feel that a text message is the right medium for this information. Messaging would need to be tailored to the customer's products and / or services which could lead to customers feeling bombarded with information. Customers may also require additional help and support information to help them understand the implications of switching.

It is vital that the right level of information is provided to the customer up front, before the customer uses a PAC.

### 3. Costings

Although a detailed review of costs is not included in this response, the following points are relevant;

- Increased multi-skilling means that for some CPs the population of advisers dealing with mobile may also include broadband and telephony customer facing agents, increasing the cost of training
- Legacy mobile systems may exist on separate platforms which increases development and implementation costs.