Verizon Business welcomes the opportunity to respond to Ofcom's consultation on the Review of quality of service information. As a member of the current Quality of Service (QoS) scheme for fixed voice services and its forerunner, the Comparable Performance Indicator (CPI) reporting scheme, Verizon Business's response to this consultation has been developed based on first hand experience.

Introduction & General observations/submissions

Whilst it is recognised that this consultation is only part of a wider review of quality of service information, it is disappointing that Ofcom appears to have no clear understanding of what, if any, information consumers of telecommunication services require in order to aid their purchasing decisions. The consultation identifies various alternatives along which any new quality of service reporting scheme could develop but there is little if any clear evidence as to what is actually required to address the perceived requirements of consumers.

This consultation is based along similar lines as the 2004 consultation, basically that there is a perceived need to provide consumers with information, although there is no clear indication of what that information is, or the scale of the demand. Such an approach is particularly disappointing given that the current mandated scheme for fixed voice services, which has been in force for over two years and which was introduced following a similar Ofcom consultation, has failed to meet its stated objectives and has been largely ignored by consumers. Developing a new scheme based on a similar framework, albeit with a broader scope, is to perpetuate a flawed policy.

Whilst Verizon Business is not opposed to the principle of providing consumers with relevant, comparative, information to allow them to determine the right service provider to meet their needs, any scheme must first identify the target audience and then, exactly what information is required. Once these questions have been addressed, the second stage should be for Ofcom to ensure that their statutory obligations stated in section 49 of the Communications Act (the Act) are met, i.e. that any regulation is justifiable, non discriminatory, proportionate and transparent. Verizon Business believes Ofcom have failed to address the initial two fundamental questions in this consultation and as a result, have also failed to meet their obligations under section 49 of the Act.

The demand for QoS information

Ofcom reiterate throughout this consultation that there is evidence to support the view that there is a demand by consumers for QoS information. For example, section 2.11 refers to Ofcom research that records that QoS information is consistently mentioned by consumers and is the second most important driver of switching after price. However, there is no clear understanding of exactly what information is required, as the Ofcom research fails to capture exactly what consumers mean by QoS information. As Ofcom

state in the consultation, QoS information can relate to a number of different aspects of product offerings and services. Without clearly defined requirements, any new QoS reporting scheme will suffer from similar limitations as the two previous (fixed line) schemes, which in turn will result in limited engagement with the scheme by consumers. For any new scheme to work, firstly it must be determined what is required and by whom.

One fundamental issue in the way Ofcom has mandated QoS reporting obligations in the past, is the way that a single set of parameters are considered appropriate for all consumers. In adopting such an approach, Ofcom have failed to take account of the differing needs of business and residential consumers. Verizon Business welcome the fact that in this consultation paper, Ofcom appears to be moving to a position where they recognise that they do not need to intervene in the relationship between large businesses and their communications provider with regard the provision of QoS information. However, Verizon Business does not think Ofcom has moved far enough. This is particularly the case when consideration is given to one of Ofcom's principal duties, which is to ensure that any regulation imposed is justifiable, non discriminatory, proportionate and transparent. Verizon Business considers that any scheme which mandates the reporting of QoS information to businesses fails to meet at least two of these elements, i.e. justifiable and proportionate.

Whilst it must be recognised that small businesses do not have the same leverage to dictate terms to their communications provider as large businesses, there is no evidence to suggest that such customers are being disadvantaged or are actively demanding comparative QoS information.

Furthermore, the number of such customers who contract with larger network operators who solely serve the business market, such as Verizon Business, is very small and placing a reporting obligation on such service providers to address these customers raises concerns surrounding proportionality.

The reason that small business customers are considered by Ofcom to require similar levels of protection as residential users (reference CoP, dispute resolution regulation etc), is due to their behaviour and requirements, which tend to align closely with residential users. However, this alignment goes beyond their requirements and extends to their choice of communications provider. Small business customers predominately use those providers who also support the residential market, where the service offerings tend to be geared towards the lower end of the market and are therefore attractive to small businesses.

Verizon Business would therefore propose that if Ofcom determines, following this consultation, that there is a need to provide residential and small business consumers with QoS information, then Ofcom should ensure that appropriate thresholds are introduced to ensure the reporting obligation only falls on those providers that have an appreciable proportion of the relevant markets. Verizon

Business suggests that this would be a proportionate response to address the perceived need of such consumers.

Co-Regulation and scheme administration

Verizon Business would also like to offer the following observations in relation to co-regulatory schemes, based on its experience in participating in the current TopComm scheme.

In principle, a co-regulatory approach should be ideally suited to an initiative such as the TopComm scheme, allowing industry to determine the specifics for complying with an obligation set by Ofcom. However, in practice, due to the diverse nature of the scheme membership, it has proved very difficult for the membership to take any actions, or even to adhere to decisions from one month to another. Although the Industry Forum has a defined set of rules for administering the QoS reporting scheme, these rules are frequently ignored for the sake of expediency. Such mal-administration means that the forum makes random decisions, based on which providers are represented at any given meeting.

Such issues will be compounded if the scope of any future QoS reporting obligation is broadened, e.g. to include mobile providers. As such, Verizon Business has significant concerns as to whether a co-regulatory approach is advisable for this sort of scheme, unless Ofcom takes a more active role so as to ensure consistency and certainty.

Specific questions raised by Ofcom

The following section of the response addresses those specific questions raised by Ofcom in the consultation which have relevance to Verizon Business or where Verizon Business believes it has information which may help Ofcom in their deliberations. For ease of reference, the section and question numbers quoted correspond to those utilized by Ofcom in the consultation document.

Section 3: Ofcom's strategy for delivering quality of service information

Question 3:
Do you agree with Ofcom's proposed timetable for phase one of our review of quality of service information?

Overall, the key dates relating to the publication of the second consultation and any subsequent final statement appear realistic and achievable. However, as this initial consultation doesn't close until 8 October, Ofcom won't be fully aware of stakeholders views until that time. Therefore, it is hard to see the merits of any work on definitions taking place before Ofcom have given due consideration to all the feedback. Accordingly, the workshop proposed for September 2008 should be rescheduled for a later date but this should not have any knock on effect to the key dates.

Section 4: Should the scope of the QoS Direction be amended?

Question 4:
Should Ofcom require industry to publish QoS information?

There is considerable anecdotal evidence to support Ofcom's view that there is a demand for QoS information from residential consumers. However, it is not clear that there is a similar demonstrable need or demand by business consumers. Furthermore, the research evidence referenced by Ofcom in the consultation document, which indicates a thirst for customer service information by consumers, fails to clearly determine what information is required. Clearly these issues need to be addressed before Ofcom mandates industry to publish QoS information.

Question 6:
If we considered it was appropriate to continue requiring industry to collect and publish QoS information, is there any need to amend the existing QoS Direction?

What is clear from the current Direction is that the information provided is not being accessed to any great extent by consumers, particularly business consumers. As such, there seems little justification for leaving the regulation in place and the current Direction should be amended. To act otherwise would raise issues over the proportionality of the regulation.

It should be noted that Ireland had a QoS reporting scheme in place that mirrored the UK scheme quite closely, which also had similar issues with consumer engagement. As a result, the Irish Regulator withdrew their scheme in 2005, so there is precedent for Ofcom also taking this course of action.

Question 7:
If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended - how should the information be made available?

If QoS information is required to be published, in order to provide maximum benefit to users of the information, in terms of accessibility and comparability, it should be available from a single site. There would be some benefit, at least from a credibility perspective, if the data was published on the Regulator's site.

Question 9:
If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – what services should be covered?

Regulation should only be imposed where there is clear justification, either in terms of a market failure or consumer detriment. The markets under

consideration by Ofcom for inclusion in any QoS reporting scheme are already very competitive, so any regulation should only be imposed if there is clear consumer detriment. If this can be demonstrated, then Ofcom should regulate accordingly. The identification of the detriment should identify the services which need to be covered.

Question 10:
If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – what type of revenues should the threshold for participation be based on?

As there is already an obligation on providers to submit relevant turnover figures to Ofcom, it would be appropriate to base any revenue threshold on these figures. Such a practice would not increase the regulatory burden on service providers and would make monitoring and identification of those providers who should be part of the scheme easier for Ofcom.

Question 11:
If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – should we exempt providers with less than a certain number of subscribers from the requirements?

For any scheme of this nature, thresholds are vital to ensure any regulatory obligation does not become disproportionate. For the type of scheme under review, operators who meet the overall revenue threshold should only be required to provide data if they have a sufficient number of customers in the target consumer segments who utilize the products and services covered by the scheme. Such a two tiered threshold, revenue and subscriber, would help to ensure that any directed QoS reporting scheme would comply with Ofcom's statutory duties under section 49 of the Act.

The subscriber threshold identified by Ofcom within the consultation, i.e. 50,000 subscribers, would appear a suitable subscriber threshold to adopt.

Question 12:
How easily could providers assess whether they hit a subscriber threshold?

If following this consultation, Ofcom determine that the scheme will apply to small business consumers, Verizon Business would find it extremely difficult to apply a threshold which is based upon the identification of the number of small business customers who meet Ofcom's definition, i.e. based on the number of employees. Therefore, an alternative identifier should be utilized to identify business consumers who Ofcom believe may be disadvantaged as far as access to QoS information is concerned. One alternative would be the customer's spend level, which, whilst not an absolute identifier of a small business customer, should provide an acceptable indication. Spend level is also a measure that is readily available to providers and easily auditable, thus aiding comparability.

The actual spend threshold appropriate for the scheme will depend on the outcome of this consultation and the scope of any resulting QoS reporting obligation. As such, this could be further investigated during phase 2 of Ofcom's review, if appropriate.

Question 13:
If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – what should the relevant turnover threshold be and why?

The setting of an appropriate threshold is vital to ensure that the aspirations of the scheme are met, in terms of capturing sufficient market coverage on the one hand, whilst ensuring that any formal regulation is not disproportionate. Therefore, a turnover threshold of £40m would be appropriate and consistent, given the threshold applicable for the metering and billing scheme is set at this level.

Section 5: What information should be published?

Question 14:
If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – how could the information requirements be defined and measured?

The current arrangements for defining and administering the TopComm scheme have proved that the existing approach does not work. It has proved extremely difficult to achieve consensus and as such, introducing meaningful change is virtually impossible. Furthermore, when decisions are taken, these are often revoked or changed before implementation. A major factor in the difficulties experienced within the TopComm forum is the differing focus of business and residential providers. If the scheme were expanded to include mobile and broadband providers, these difficulties are likely to be exacerbated.

If there is sufficient evidence to show that consumers have a need for QoS information and this evidence is sufficiently refined to identify which category of consumer requires this information, then Ofcom should underpin the requirement by including definitions within the Direction. The key is for Ofcom to identify precisely what information is required and by whom. Once this is known, then Ofcom should enlist industry support to develop the precise definitions and calculation methodology.

Question 15:
Should Ofcom remove, keep or replace the existing parameter on service provision?

As previously stated, if there is clear evidence that consumers require and value this measure, then it should be retained. It is imperative that consumer

requirements for QoS information are clearly understood and that generic, unspecific responses to customer surveys do not drive regulation. If consumers state that certainty of delivery on a committed date is important, then the parameter should be retained. If consumers are more interested in how quickly an order is fulfilled, then the average time to provide measure Ofcom are considering would be more appropriate.

If there is evidence that consumers require QoS information relating to service delivery, this measure may well identify a difference between business and residential consumer needs. Business users are generally more interested in certainty of delivery rather than absolute speed of delivery, whereas residential consumers may well be more focused on speed. As such, this may well identify a flaw in the current Direction, which mandates a common set of parameters for all, irrespective of whether they are business or residential consumers.

Question 16:
How much would it cost to introduce and maintain a new parameter on service provision?

The cost to report against a new service provision parameter is dependent on whether the provisioning systems utilized by a service provider are capable of providing the necessary data for measurement or whether system development is necessary. Only where system development is necessary is the cost of introducing a new parameter likely to be significant with regard to whether the reporting of a parameter is proportionate or not.

Question 17: As a provider, is data on service provision something you already collect?

Service provision data is routinely captured and measured. Although the parameter measurement required to report against the Ofcom QoS Direction is different from the internal metrics, the raw data is fundamentally the same. The key internal metric is performance against customer committed date (CCD). However, reporting against a time based measure should not be too problematic, depending on what date is utilized as the measurement start point and how customer caused delays are handled. However, consideration must be given as to how the results are to be presented, as the time to provide is significantly dependent on the service type, so, for example, reporting a single figure for all voice services would impact comparability.

Question 18:
Do you agree with this definition of 'complaint'?

The proposed definition of a complaint is acceptable, although it still remains subjective as far as recognizing an 'expression of dissatisfaction'. As such, concerns will remain about the comparability of the measure. However, what is vital is that the same definition of a complaint is used for all regulatory obligations.

The comments in the consultation document stating that the revised definition also includes expressions of dissatisfaction about faults, requires clarification. Under the existing complaints definition, expressions of dissatisfaction about how a fault has been handled are already included, although the initial call reporting a fault is not considered as a complaint. If it is the intention that initial calls reporting a fault are to be considered an expression of dissatisfaction, then Verizon Business would not support such a change, as this would distort actual 'complaint' levels and undermine comparability.

If however, Ofcom go ahead and implement such a definition, then the performance calculation must take account of the size of the service provider's network. Without the inclusion of such a balancing factor (as is utilized in the end-user reported faults metric, which takes account of an operators size in terms of numbers of lines or CLIs), the inclusion of such events as complaints would be highly misleading to consumers and would distort comparability across operators.

Question 19:
Should Ofcom remove, keep or replace the existing parameter on complaints?

If it is confirmed that there is a demand from consumers for a complaint performance parameter, then the parameter should be designed to meet that need, within the limits of proportionality. Any evidence that such a demand exists, should be specific and able to identify exactly what aspect of the complaint process is of interest, be that time to resolve, overall complaint levels or complaints per 1000 customers. Certainly new parameters should only be introduced to satisfy a clear, specific requirement.

Question 20:
How much would it cost to introduce and maintain a new parameter on resolution of complaints (option 3a)?

Most of the expense involved in developing a new parameter is related to the cost of core business system changes that are necessary in order to extract the required data. For the parameter proposed under option 3a, no system changes will be necessary, as the measurement points remain the same as those required for the existing complaint handling parameter, i.e. date the complaint is reported and the date the complaint is resolved. As such, any additional costs would be negligible.

However, it is noted that the proposal is to include those complaints that are subject to the ADR process when calculating the average time to resolve. Whilst the number of complaints referred to ADR is very low, it would be unreasonable to include such complaints in the measure, as the resolution time scale for such complaints is outside the control of the service provider. As such, providers should not be penalised for delays resulting from ADR procedural constraints. For this reason, the resolved date for such complaints should be the date that it is agreed that the complaint be submitted for ADR.

Question 21:
How much would it cost to introduce and maintain a new parameter on total number of complaints (option 3b)?

The major difficulty with the proposed measure is the requirement to obtain an accurate customer figure, based on the services provided. Core systems are not currently capable of segmenting the customer base by the service type taken and funding would be difficult to justify for modifying the systems to provide such a capability as there is no additional business benefit. Therefore, any segmentation would necessitate significant manual intervention, which raises concerns of accuracy and therefore, comparability.

Question 22:
If a new parameters on total complaints per thousand customers was introduced (option 3b), should customers taking multiple services count as multiple customers?

Whilst in principle, if this parameter were introduced the proposal would provide a fair basis for comparing performance, as per the response to the previous question, there are inherent difficulties in measuring on this basis. The inaccuracies introduced by the complexity of obtaining an accurate customer base figure negates the benefit of measuring on the proposed basis.

Question 23:
If new parameters were introduced, is there a case for requiring complaints data to be published separately for fixed voice, mobile and broadband services?

Whilst segmentation is possible, any additional manipulation of data increases the complexity of reporting and hence the associated costs. However, if there is a clear demand for consumers for finely granulated measures, then the costs of segmenting complaints by service type should not be an absolute barrier.

Question 24:
As a provider, is data on complaints something you already collect?

Complaint data is already captured internally, not only to meet the existing QoS reporting scheme but also to satisfy the obligations under the metering and billing obligation.

Question 25:
How could we ensure complaints were being recorded in an accurate and comparable way, and how could we avoid the potential for gaming by providers?

The current QoS reporting direction contains a requirement to report accurate information and to meet this requirement audits are conducted to ensure, as

far as possible, that only genuine expressions of dissatisfaction are included in the reported data. Part of the check involves the review of a sample of enquiry tickets, to verify that complaints are not being miss-classified as enquiries. However, with any subjective parameter, unless an auditor listens in on every call to an operator, it is impossible to ensure that miss-classification does not take place. If the call details recorded on the ticketing system indicate that a customer expressed dissatisfaction then any subsequent audit of the reports would not be able to disprove this claim. However, the likelihood of an operator introducing a policy to systematically falsify calls is considered highly unlikely.

Question 26:
Should Ofcom remove or replace the existing parameter on complaints about faults?

The current parameter is not an overly useful measure, given the relatively small variation in the majority of results reported under the current QoS scheme. This view is further supported by Ofcoms own research. As such, unless there is consumer support for such a measure, Verizon Business would support the removal of this parameter from any QoS reporting obligation that results from this consultation.

Question 27:
If we introduced a new parameter, should it be limited to broadband providers?

If there is clear evidence of a demand for this parameter by consumers, then the measure should be reported. If the demand is limited to broadband services, then and regulatory direction should be limited to providers of broadband services. Such an approach can not be considered discriminatory, as it would apply to all providers supplying the product (subject to any threshold limitations), in the same way that the current scheme only applies to fixed voice and not mobile providers.

Question 29:
As a provider, is data on complaints about faults something you already collect?

Verizon Business does capture data on the number of faults per line but only to ensure compliance with the current Ofcom QoS direction. It is not one of the internal KPIs utilized for monitoring the performance of the network.

Question 30:
Should Ofcom remove or replace the existing parameter on how long it takes to repair a fault?

Service restoration following a fault is unquestionably an important consideration for consumers and if there is a demand for QoS information, it is likely that this parameter would feature highly on the list of requirements.

This is certainly true for business consumers, which is why this issue is prominently addressed within the service level agreement (SLA) which forms part of the contract between Verizon Business and the customer. This is fairly standard practice within that part of the industry supplying services to businesses and as a result, business customers are well aware of the level of service they can expect at the time they enter into an agreement. As a result, Verizon Business would question the justification for business providers to be directed to report this parameter.

Question 31:
How much would it cost to introduce and maintain a new parameter on how long it takes to repair a fault?

As stated previously, most of the expense involved in developing a new parameter is related to the cost of modifying core business systems to enable the capture of the required data. For providers with systems that require modification, such costs could be significant and in some instances new systems may be required, which would raise concerns about proportionality.

However, for the parameter proposed, the Verizon Business systems are already capable of reporting the required outage time, so no system changes would be required. As such, any additional costs would be related to final stage calculations and thus negligible.

Question 32:
As a provider, is data on how long it takes to repair a fault something you already collect?

Yes, this parameter is one of a set of repair KPIs utilized for internal performance purposes.

Question 33:
Should Ofcom remove or keep the existing parameter on billing accuracy complaints?

If there is evidence that consumers have a requirement for this parameter, then it should be retained. The fact that the parameter is focused on upheld bill accuracy complaints means that it is a factual measure, easily auditable and truly comparable. Whether it is useful to consumers is another question, which hopefully this consultation will determine.

Question 35:
As a provider, is data on billing accuracy complaints something you already collect?

Data on billing complaints is required under the metering & billing obligation, so irrespective of whether this parameter is part of any QoS reporting scheme Verizon Business will continue to collect billing complaint data.

Question 36:
Should Ofcom introduce a new parameter on the time it takes to answer a consumer's call?

As previously stated, Ofcom should only consider introducing new parameters, where there is clear evidence to show that there is consumer demand for the information in question. Call queuing time has been a sensitive issue for consumers in the past, so may well be worthy of consideration, if there is sufficient evidence indicating a demand for this measure from consumers.

Question 37:
How much would it cost to introduce and maintain a new parameter on the time it takes to answer a consumer's call?

For CPs who already have the systems in place to measure call response times, the reporting burden would be minimal. However, where investment in new technology is required, then the costs are significant. Hence, a new parameter should only be introduced where there is clear evidence of consumer demand for such information.

Question 38:
As a provider, do you already have in place systems that capture the time it takes for your customer service agents to answer a customer's call?

For technical issues, i.e. calls to report a fault, yes. The majority of non technical calls are directed to customer account teams directly, not to a general customer service call centre and response times for these calls are not measured.

Question 39:
If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – should providers be required to publish QoS information on bundles?

This is considered primarily a question for residential providers, as

Network operators providing services to the business market tend to offer bespoke offerings, tailored to a customers needs rather than standard bundled offerings. As such, this question is considered to be primarily aimed at residential providers.

However, due to issues of comparability, in general terms it is considered that the reporting of data on a per service basis is preferable.

Question 40:
If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended –

who should QoS information be provided for? Should this include large business consumers?

Unless Ofcom has evidence to the contrary or the response to this consultation proves otherwise, any QoS Direction issued by Ofcom should be limited in scope to those Communications Providers who provide services to the residential consumer market. It is only residential End-Users that, in any significant numbers, may require and would benefit from access to QoS information of the nature being proposed. Business customers, and certainly large business customers, have sufficient buying power to negotiate and demand service levels to meet their needs. As such, business consumers have no need for the type of information under consideration and to include them would, we submit, fail the Communications Act tests, i.e. would lead to regulation that would not be justifiable, proportionate, unduly discriminatory and transparent.

Question 41:
What evidence do you have that small and large businesses would / would not benefit from QoS information?

This question is fundamentally flawed; Ofcom should not be asking for evidence to show that small and large businesses would not benefit from QoS information. Ofcom should limit themselves to requesting evidence to prove that small and large businesses do have a requirement for and would benefit from, QoS information? This as Ofcom is constrained by the Communications Act to only regulate where there is a clear need. The emphasis is on identifying a need, rather than regulating on the basis that it can't be proved that there isn't a need.

It should also be noted that the vast majority of Ofcom's research relating to QoS is focused on the residential market, with scant attention paid to the business market. This, coupled with the fact that business consumers have not been motivated to lobby Ofcom on this subject, directly or through the previous consultation process, supports the view that there is not a great demand from this sector of the communications market for QoS information.

This view is further supported by the lack of interest shown in the previous QoS reporting scheme (CPI) and the current TopComm scheme. Neither of these schemes has attracted a significant amount of interest from business consumers, despite a number of press releases issued by Oftel during the duration of the CPI scheme and by Ofcom, for the launch of the TopComm scheme.

Question 44:
How could Ofcom distinguish between small and large businesses?

Any differentiating factor must utilize data that a Communications Provider has readily available, not just for new customers but for its existing customer base. As such, the data either needs to be something normally captured via

the initial contractual process or based on the customers spend as such data should be relatively easily accessible. As it is important that the data utilized for determining reporting is up to date, it would be preferable to utilize the spend data.

However, it must be recognized that there is no absolute correlation between the size of a customer and its level of spend. Other factors such as the sector they operate in and the level of resilience required also impact spend levels but as a general indicator, this may be the most appropriate.

Question 45:
How easy would a threshold based on the Communications Act definition be to implement and how much would it cost?

Basing a threshold on the number of employees would not be easy to implement, as this information is not currently sought or recorded when contracting with a customer. Even if it were, it would be extremely difficult to ensure that this data is kept up to date throughout the relationship with the customer. As such, the costs associated with obtaining, recording and maintaining the number of employees of customers would be disproportionate to any perceived consumer benefit.

Question 46:
How easy would a threshold based on a business customer's annual communications spend be to implement and how much would it cost?

A threshold based on annual spend (forecast committed spend for new customers) should be reasonably easy to implement and dependent on the systems utilized by a CP, should not be prohibitively costly to introduce. Whilst not a precise indicator of the size of a business, this is probably the most workable option available.

Question 47:
How easy would a threshold based on whether a business had a bespoke service level agreement in place with its provider be to implement and how much would it cost?

Whilst it would be possible to identify customers with enhanced SLAs, a degree of system integration and development would be necessary to allow the production of the required report. However, as industry does not have a single 'standard' SLA, basing a threshold on this data may well have comparability issues. As such, this is not considered to be the most appropriate way of achieving the desired objective.

Section 6: How should the information be verified?

Question 49:

If a member of the TopComm scheme, did you internally audit information on quality of service prior to the imposition of the scheme and what, if any, additional auditing costs did you incur as a result of the scheme?

Verizon Business is a member of the TopComm scheme and was a member of the previous, voluntary, CPI scheme. The company did conduct internal audits prior to the TopComm scheme as part of its Quality Management System requirements. However, although there is some overlap, the TopComm scheme does require significantly more activity in relation to data accuracy verification than a QMS audit. As such, although the two audits can be combined to a degree, the TopComm audit does introduce additional costs due to its scope.

However, the most significant additional cost is related to the second stage audit process, i.e. the comparability audit and the data publication process, which requires the funding of a dedicated, independent web site. When combined with increased internal audit activity, membership of the TopComm scheme costs, at a minimum, an additional £25,000 per year over and above the QMS related costs. If the data produced was utilized to a reasonable degree, this cost may not be considered excessive. However, the web site statistics shows that this is not the case, which raises questions as to the demand for such information and the inevitable questions regarding proportionality of the regulation.

Question 50:
If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – should Ofcom determine the verification process or leave it to providers?

If Ofcom determine, following their consultation process, that QoS information must be published then they should also determine what, if any, verification process is required. The verification process required should be detailed in the Direction, so as to provide certainty to industry. By mandating the process to be followed, Ofcom would prohibit any attempts by those with a vested interest to change the scope of the process, which has been the source of endless debate within the current forum.

Question 51:
Should any verification process include either an internal or independent audit, or both?

If it is determined that a verification process is necessary, then a single stage audit should be adopted. The existing scheme utilizes a two stage audit process, an accuracy audit, followed by a comparability audit. This approach has led to confusion and protracted and ongoing debate concerning the scope and methodology of each audit. As a result, the current arrangement has led to a degree of duplication and is inherently inefficient.

It should be noted that other QoS schemes operating across the EU do not include any external verification. They are reliant on the Communication Service Providers to provide data in line with the regulatory requirements, which by implication, requires a degree of internal verification. As NRAs have the power, where they suspect inaccurate compliance fillings, to conduct a thorough investigation and impose penalties where irregularities occur, it is questionable why it should be necessary to require a more stringent process.

Therefore, if a verification process is required, this should be a single stage process, conducted either by internal or external auditors, at the service providers discretion.

Question 52:
If we considered it was appropriate for data to be audited internally, should internal auditors be required to possess a recognised qualification?

Yes. To ensure such audits are undertaken by suitably qualified staff, minimum standards should be specified.

Question 53:
What would be an appropriate qualification for internal auditors?

The requirements for lead auditors of the existing TopComm scheme would seem appropriate, i.e. all auditors to have attended and passed a Quality Management System IRCA registered course. This would be even more appropriate if a single stage audit process were adopted.

Question 54:
Should internal auditors have to pass a test on the regime and, if so, who should administer it?

Assuming that any revised scheme follows similar lines to the TopComm scheme, it would be advisable for auditors to undertake a test to ensure a common understanding of the requirements of the scheme.

Whilst Ofcom should be responsible for defining the QoS reporting scheme, it would be best left to the reporting operators to develop the auditors test. Once developed, the current arrangement of an on-line test could be maintained, especially if the enhanced qualification requirements proposed in response to Q53 were adopted. If not, the test could be administered by Ofcom, so as to address any perceived opportunities for abuse.

Question 55:
If we considered it was appropriate for data to be audited internally, how often should internal audits take place?

In general, quarterly audits should be conducted, so as to have verified data ready for publication as soon as possible following the close of the reporting period (assuming data would be reported on no less than a quarterly basis).

This would also have the benefit of limiting the impact of any data or process issues to a maximum of two quarters data (except for major failures); the quarter relating to the data which highlighted the issue and the following reporting quarter, which would have commenced by the time the audit identifying the issue was conducted.

If however, any new mandated scheme has a half yearly or annual publication requirement, in due course it may be acceptable to relax the audit frequency to coincide with the publication timescale. Such a revised process would be dependent on audit results of individual operators, whose audits demonstrate stable systems and robust processes.

Question 56:
If we considered it was appropriate for data to be audited independently, how often should independent audits take place?

Irrespective of whether the independent audit was in place of or additional to the internal audit, it would be hard to justify anything other than a quarterly regime.

Again, dependent on the publication requirement, this could be relaxed in due course along the lines of the proposal contained within the response to Q55.

Question 57:
If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – how frequently should data be submitted for publication?

If following this consultation it is determined that there is a demand for QoS information, the publication frequency should be a balance between the requirements to provide up to date information to consumers against the practical constraints of providing valid, accurate data. Half yearly publication should be considered a reasonable compromise.

Question 58:
How long a period would be required between the end of the data collection period and the publication of information?

Clearly this is dependent on the verification process demanded. If a single stage audit process were mandated and the parameters to be reported are similar to those required to be reported under the current scheme, then it should be possible to submit data for publication 10 – 12 weeks after the end of the data collection period.

Question 59:
What would be an appropriate sample size in order to ensure that information is robust?

The sample used to verify the accuracy of the reported performance should contain events from all sites and all systems which are involved in generating the data for any given parameter. As for the sample size, as long as the above criteria are applied, then the existing TopComm sampling plan of 25 events per parameter, per quarter should be sufficient.

Question 60:
As a provider please could you provide information on;
the number of stages involved in each QoS event set out in section 5;
the number of sites (locations) associated with each QoS event;
the percentage of QoS events located at each site; and
the number/percentage of sites based overseas

Supply time for initial connection
the number of stages involved = 5 (order validation, order entry, order management, testing, completion)
the number of sites (locations) = 3
the percentage of QoS events located at each site = 45%, 45%, 10%
the number/percentage of sites based overseas = 2

Fault Rate per access line
the number of stages involved = 3 (fault resolution, line counts, calculation)
the number of sites (locations) = 1
the percentage of QoS events located at each site = 100%
the number/percentage of sites based overseas = 0

Fault repair
the number of stages involved = 4 (logging, resolution, resolution confirmation, closure)
the number of sites (locations) = 1
the percentage of QoS events located at each site = 100%
the number/percentage of sites based overseas = 0

End user complaint resolution
the number of stages involved = 5 (logging, investigation, resolution, confirmation, closure)
the number of sites (locations) = 2
the percentage of QoS events located at each site = 50%
the number/percentage of sites based overseas = 1

Bill correctness complaints
the number of stages involved = 5 (logging, investigation, resolution, confirmation, closure)
the number of sites (locations) = 2
the percentage of QoS events located at each site = 90%, 10%
the number/percentage of sites based overseas = 1 (involved in 10% of activity)

Question 61:

How many site visits do you consider appropriate and why?

Sites that have a material impact on the overall accuracy of a given parameter should be subject to regular visits by internal auditors. For UK locations, such sites should be visited during each periodic audit. For off shore sites, unless issues have been identified, then such sites should be audited on an annual basis to avoid costs becoming disproportionate.

Sites that have a less significant impact on performance (i.e. are responsible for 10% or less of events for a given parameter), should be subject to an annual audit. However, it is suggested that such audits could be conducted remotely if practical. If the remote audit identifies significant issues, then a site visit should be conducted during the next periodic audit.

The above regime would provide sufficient coverage to address sampling concerns, whilst not raising proportionality issues.

Question 62:
If we considered it was appropriate to audit the data internally what measures should an internal auditor take to verify the QoS information?

The internal audit's focus should be to confirm that the definitions for the parameters to be reported have been interpreted correctly and what is being measured complies with the definitions. To meet these objectives, the auditors will need to interview staff responsible for the supporting processes which underpin the entry of key data into the core systems from which the performance data is extracted and calculated. They will also need to sample the data utilized to determine the performance against each parameter to ensure the data complies with the reporting rules.

If the above is achieved, then the data will be able to be verified as accurate, whilst ensuring that the definitions have been interpreted correctly should enable the data to be pronounced comparable with all other operators data where it has been determined that the definitions have been interpreted correctly.

Whilst it is recognised that there still may be concerns over comparability, as different operator's auditors may interpret the definitions slightly differently, it is proposed that such issues be addressed via enhanced audit guideline documentation and periodic auditor forums. This would negate the need for a two stage audit process, which would save both money and time, thus enabling a more timely publication timeframe.

Question 63:
If we considered it was appropriate to audit the data independently, what measures should an independent auditor take to verify QoS information?

As stated within the response to question 62, it should not be necessary to require independent verification of the internal audit outcome. The only reason

why independent verification would be necessary is where an operator's internal auditors are not fulfilling their responsibilities to act free of internal influences. If there are any suspicions, Ofcom has the powers to conduct their own investigation, including on-site visits where deemed necessary. As such, it is considered there are already sufficient safeguards, based on the perceived risk of fraudulent reporting, to set aside any demand for regular, independent comparability audits.

Question 64:
To what extent should Ofcom specify how audits should be carried out?

Based on the responses to the consultation, it would be helpful if Ofcom defined the audit requirements in any subsequent Direction. Unless this is forthcoming, any industry forum set up to determine the audit arrangements will face the same problems as the current TopComm forum. This will leave the process at risk of being developed to meet the objectives of stakeholders with a vested interest rather than to meet the aims of the scheme.

Question 65:
If we considered it was appropriate to audit the data internally and independently, should we amend the existing Direction to make the verification process more robust?

If reporting is required in the future, the Direction should be amended but changes to the audit requirements should be limited to those that are justified and which pass Ofcoms statutory tests. Whilst there is conceivably a case for enhancing internal auditor qualifications to underpin confidence in the audit process, this change should be sufficient to address any concerns regarding the adequacy of the verification process. Furthermore, this change should also be sufficient to raise confidence levels in the audit process, thus allowing the adoption of a single stage audit process.

Certainly, experience from the Oftel CPI initiative shows that site visits by the comparability review body are not necessary to conduct a comparability assessment and in many ways the reporting parameters under that scheme were more demanding than those reported under the current TopComm scheme (e.g. tail measures, repeat faults etc).

Whilst it is accepted that any QoS reporting scheme needs to be robust, it is hard to justify mandating a process that is so markedly more prescriptive than any other similar scheme required by other EU NRAs.

Question 66:
Would there be scope to reduce the cost of site visits if providers used the same independent auditor?

It is assumed that the main thrust of this question relates to off shore sites. Whilst there would be potential to reduce costs where a number of operators have facilities in the same location, it is unclear how many such opportunities

exist. Furthermore, whilst the incentive would exist to try to accommodate such a process, in reality operating processes may make the scheduling of such visits problematic.

Under the current scheme, the independent comparability auditor can, where issues have clearly been identified during the comparability review, demand access to an operator's premises to conduct on site investigations (known as a triggered visit). Such an arrangement could be extended to issues relating to off shore locations. It is suggested that this would be more proportionate than a process which includes mandatory, routine, visits of all off shore facilities.

Question 67:
What would be the cost of an internal auditor visiting all sites over a period of a year?

In our view, a demand to audit all sites, irrespective of the impact a site has on the QoS measurements would not be proportionate. However, where a site impacts 10% or more of events for any particular parameter, then Verizon Business would support a process requiring such sites to be audited on at least an annual basis. The audit schedule should be dictated by the impact any given department or site has on the overall QoS measurements required to be reported not by an over simplistic approach to over compensate for any perceived shortcomings in the current scheme.

Given the above caveat as regards only mandating the auditing of sites impacting 10% or more of total events for a given parameter, then the cost of an internal auditor visiting all such sites at least once a year would not seem disproportionate or unreasonable.

Question 68:
If we considered it was appropriate to audit the data independently, how should any independent auditor(s) be appointed?

Whilst Verizon Business considers the requirement for an independent auditor to be appointed is unnecessary, if Ofcom determine there is a requirement, then providers should be allowed to contract with any suitably qualified auditor of their choice. By widening the pool of auditors, this would allow market forces to apply and so act to limit the associated costs.

Question 69:
If we considered it was appropriate to audit the data independently, should providers all appoint the same independent auditor?

Utilizing a single independent auditor has the benefit of ensuring a consistent approach across all participating operators but does introduce significant delays with regard data verification and publication. By having more than a single independent auditor, the scope for decreasing the timescale from reporting period closure to data publication is maximised. Furthermore, by mandating clear qualifications for independent auditors, the consistency

issues can be alleviated to a great extent. Therefore, the benefits of allowing operators to utilize more than a single independent auditor is considered to outweigh any perceived issues of inconsistency.

Section 7: Publication of the information and promoting awareness

Question 70:
If they published QoS information, should providers publish trend data?

If QoS information is required, then the ability for consumers to gauge performance over time is important. Whilst the data to enable trending is available on the current TopComm web site, improvements in presenting trending reports would be beneficial to consumers.

Question 72:
Should providers be required to provide a link to the specified website on their websites? Where should the link appear and what should it say?

For business consumers, such a requirement would not be particularly useful and would have negligible impact on the usage of the QoS information by business consumers. There is a fundamental difference in the way consumers select their telecoms supplier in the business and residential markets and this needs to be reflected in any new QoS information reporting direction, rather than Ofcom mandating a single, pan industry requirement, primarily based on the requirements of the residential market.

Question 73:
If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – what should be done to promote awareness of the scheme and improve usage of the information?

If Ofcom are correct and there is a demand for QoS information by consumers, then an initial awareness campaign at the launch of the new scheme (just prior to the initial publication of data) should suffice. This assumes that sufficiently detailed requirements of what consumers require have been captured by Ofcom prior to the issuing of the direction. If the information required has been clearly identified and is targeted towards a specific audience that has highlighted the need, then the information produced will be self promoting, following an initial launch.

The initial launch of the scheme needs to be targeted at those sectors of consumers who have been identified as having the need for such information. As this demand is likely to be from the residential market, a campaign similar to that utilized for the DQ launch would seem appropriate, albeit, for a more limited period.

As Ofcom have the duty to further the interests of consumers, it would seem appropriate for Ofcom to show a commitment to any revised scheme, if they funded the promotion programme.

With the previous QoS information schemes, CPI and TopComm, there has been criticism from Ofcom that industry has not sufficiently promoted the scheme and that this is a major factor in the limited awareness of consumers of the schemes. There are a number of factors which have resulted in industry not promoting the scheme, for example, reluctance by business providers to support the promotion of a scheme that is of little relevance to their customers and which would amount to subsidising those providers operating in the residential sector, where there is conceivably a consumer demand for such information.

Irrespective of the above, since QoS reporting schemes have been in place for well over a decade (CPI and then TopComm), if the information made available was truly relevant and/or required, then over this period, it would be expected that usage would gradually increase, due to networking, without any promotion. Such an increase in usage would seem even more likely given the increase in access to the internet but this has failed to materialize which supports the view that there is not a wide scale requirement for the information offered by such schemes.