

Intellect's Response to Ofcom's Consultation related to New Voice Services

Intellect is the trade association for the information technology, telecommunications and electronics industries in the UK representing 1000 organisations spanning blue-chip multinationals to early stage technology companies. Intellect members contribute around 10% of UK GDP. Further information about Intellect can be found at www.intellectuk.org

Intellect welcomes the opportunity to comment on Ofcom's consultation and interim guidance related to New voice services.

The main themes of Intellect's response are as follows:

General principles

Intellect is of the view that a sustainable competitive telecoms market is a prerequisite for a successful knowledge driven economy, the growth of the UK and is good for the citizen - consumer.

Innovation and investment will be encouraged through the development of open and competitive markets with minimal regulation, used only where sustainable competition has not been established or for issues such as number allocation which are beyond the scope of the market.

Innovation and investment will be encouraged by ensuring that a stable regulatory framework is established and that those making investments are appropriately rewarded for the risks they incur.

It is imperative that the regulatory regimes are sufficiently harmonised throughout the EU to allow economies of scale throughout the supply chain.

General comment

There is industry consensus that voice services will progressively migrate to Next Generation Networks (NGNs) which exploit Voice over IP (VoIP) technology. VoIP offers the citizen - consumer with competitive services with different levels of quality, different features, security attributes and cost.

We feel that the new markets should be able to freely develop similarly to the mobile market. Promoting consumer information and education should be the preferred response to citizen - consumer concerns.

The EU framework demands that a PATS service is universally available. This will increasingly be achieved via VoIP. It is necessary that the definition of PATS should not be tied to the assumption of PSTN technology nor should the definition of PATS restrict the market entry of alternative services.

Responses to Ofcom's questions:

Section 3

Question 1: What types of new voice services do you envisage becoming available in the future and what characteristics will they have that distinguish them from traditional voice services?

The main service will be the communications device and network services. Voice is just one application amongst many other services. This imbedding of voice technologies and linking to other technologies will aid adoption and access for wider communities e.g. voice to text, text to voice, translation services, Hi-Fi voice. All these applications could be widely available in many products & services.

Section 4

Question 2: What are the main policy challenges raised by the introduction of new voice services for consumer protection and regulation?

The greatest challenge is moving from ex ante regulation to a more competitive model. If the current definitions of the universal service and PATS change, or there is a significant market shift to non PATS, then the current funding model of universal service could fail. Placing universal service obligations on new services will discourage the very investment that could achieve a market solution to USO.

Question 3: Do you agree with the initial top level aims identified by Ofcom?

Ofcom's approaches are favourable

Question 4: Are there other aims and criteria that Ofcom should consider?

Ofcom needs to consider UK competitiveness and the role of an innovative telecoms market and competitive telecoms infrastructure plays in supporting investment in the UK.

Question 5: Are there other key policy questions that Ofcom should be considering?

No response provided

Question 6: Do you agree with Ofcom's initial view that it is not necessary for all voice services to provide the same standard features as traditional telephone services, and that we should instead focus on enabling consumers to make informed decisions?

Intellect concurs with Ofcom's view that in addition to the continued existence of universal service obligations on designated providers, service providers should be able to offer a range of

voice services with different features and qualities of service. However, to make informed decisions, consumers should be given adequate information about the characteristics of the services / products and how to use them. Consumers will normally only be informed of the characteristics of the service they subscribe to. There is clear need for developing adequate consumer information and educating consumers, even though there may be a significant risk that users will remain poorly informed or misled when they make calls to users on other networks offering differing characteristics.

Question 7: Do you agree with Ofcom's initial view that it is not desirable to draw a distinction between the regulation of services that look like traditional services and those that do not?

It depends on how the regulations and definitions are continued to be applied to both traditional and new services. It will be better to allow the market to draw distinctions between different types of new voice services

Question 8: Do you agree with Ofcom's initial view that a distinction should not be drawn between the regulation of 'second line' services and 'primary' services?

Intellect does not believe that the citizen - consumer sees a distinction between a primary and secondary service. In time devices will become available which will make the choice of access e.g. fixed line, 3G etc. based on service availability and predefined user criteria such that primary and secondary service definitions become irrelevant.

Question 9: Do you think that a threshold should be set at which new voice services should be required offer the same features as traditional voice services? If so, how should the threshold be set?

No, Intellect does not see any reasons to set thresholds at which new services should be required to offer the same features as traditional voice services.

Question 10: Do you agree that most providers would want to offer at least a basic form of access to 999?

Yes.

Intellect also believes that any regulatory barriers preventing providers, from offering basic form of access to 999/112 should be removed.

Question 11: Do you agree with Ofcom's initial view that consumers sufficiently value having access to 999 in order for them to wish to retain at least one means of 'high quality' (very reliable) access to 999 at home?

The value of 'high quality' is very subjective and should be left to consumers. They should be allowed to make informed choices on access criteria e.g. mobile phone over fixed line or vice versa.

Question 12: Do you agree with Ofcom's initial view that not all voice services should be required to offer access to 999 but that decisions about subscribing to and using such services must be properly informed?

Intellect concurs with Ofcom's view that although it is desirable for access to emergency services to be provided, it should not be necessary or appropriate for this to be a requirement for all voice services.

Information regarding the provision of less reliable or no access to 999 /112 should form an integral part of a consumer information policy

Question 13: Do you agree with Ofcom's initial view that given some new services may not be able to offer the same degree of reliability for emergency calls as traditional voice services, it is better that these services are able to provide less reliable access to 999 rather than preventing them from offering any access at all?

Intellect is of the view that where providers cannot provide the same level of reliable access to emergency services as traditional services, they should be allowed to offer some access rather than being prevented from offering any access, however, information regarding the provision of less reliable access to 999 /112 should form an integral part of a consumer information policy. Providers should be required to inform users that access to 999 / 112 is not guaranteed. CLI should not be mandated in order to offer access to emergency services.

It should be borne in mind that new services offer different routes to reliability e.g. graceful failure to text services, multiple network technologies and providers.

Question 14: Do you agree with Ofcom's assessment of the costs and incentives for providers offering PATS?

No. The incentives of number portability and the ability to market new voice services as equivalent to traditional telephone services are likely to be relatively weak. It is more likely that providers will seek to differentiate their services.

Question 15: Do you agree with Ofcom's understanding of the implications of the definition of PATS contained in the Directives?

Ofcom's interpretation could be problematic. Intellect would be very concerned if Ofcom's interpretation meant that providing a 'PATS like' service would automatically trigger full PATS regulation. The result would likely lead to some service providers deliberately excluding certain services such as access to emergency services to avoid being caught by full regulation. Such a scenario would deny consumers choice.

Question 16: Do you agree with Ofcom's understanding of the implications of this alternative approach?

The current definition of PATS is not sustainable we do not believe that there are sufficient incentives for other providers to provide PATS such that the cost burden on those that are obliged to provide PATS will increase. This also has implications on USO costs.

Question 17: Are there policy initiatives in other areas related to new voice services that Ofcom should be considering?

Intellect is concerned that whilst the competition amongst service providers of voice services will be strong and produce desirable outcomes, they will all be dependent on a number of underlying infrastructures in which the end to end quality will always be determined by the lowest common denominator. This dependence of multiple networks interconnecting constrained by the lowest common denominator could result in some form of long term market failure.

Section 5

Question 18: Although Ofcom is not consulting on its interim position, it would welcome your views on its interim policy to forbear from enforcing PATS obligations against new voice services which offer access to 999.

Intellect concurs with Ofcom's interim position to forbear from enforcing PATS obligations against new services entering the market even if they offer access to 999 / 112 with a lower specification, provided that providers supply adequate information to consumers about their services.

Section 6

Question 19: Is it reasonable to have different network integrity requirements for nomadic services compared to services at a fixed location, and how should consumers be made aware of this difference?

Intellect is of the view that as long as consumers are made aware of the limitations, nomadic services should not be required to provide the same network integrity standards as for services provided at a fixed location.

It is not clear that the distinction between fixed and nomadic services can be maintained. It is possible for a nomadic service to be used exclusively from a fixed location and equally possible for a fixed location service to have "nomadic options"

Question 20: Do you think that it is better for Ofcom to:

- 1. Retain the Essential Requirements Guidelines in their current form;**
 - 2. Re-issue the Essential Requirements Guidelines, incorporating additional guidance in relation to Voice over Broadband and Next Generation Networks;**
- or**

3. Withdraw the Essential Requirements Guidelines, and apply the 'reasonably practical' test set out in General Condition 3

Intellect is of the view that Ofcom should withdraw the Essential requirements guidelines in their current form.

Question 21: Do you think that there are reasonably practical measures that providers at a fixed location can take even if they do not directly control the underlying network?

It is always open to providers at a fixed location to attempt to negotiate SLAs with the underlying network operator. However, there may be circumstances where this is not possible for example where the underlying network is not capable of providing the requested level of network integrity.

Question 22: What in practice should the roles of the network provider versus the service provider be for network integrity when the network provider has no control over the services offered over their network?

The roles of the network provider versus service provider are essentially those of wholesaler versus retailer. The role of the service provider should be to ensure that services can be delivered to claimed levels of integrity by negotiating appropriate agreements with network providers. This is constrained by the levels of the integrity provided by the underlying networks.

Question 23: Do you agree that it is likely to be reasonably practical for analogue telephone and ISDN2 services to provide line powering but not other services?

It is technically practicable for most services to be line powered where there is a metallic loop involved. However it is noted that currently the market is moving away from expectations of line powering for new services such as ADSL.

The issue of the desirability or otherwise of line powering is best considered in separation from specific services.

Question 24: What are your views on the technical feasibility of providing location information for nomadic services, both now and in the future?

It is feasible to provide location information for current nomadic services. In the future, IP based nomadic services present a number of issues around the translation of IP addresses to user locations. There are currently no agreed solutions to this issue where services use non public addresses or are terminated behind firewalls or within corporate VPNs.

Question 25: What approach for emergency location would take account of current technical limitations, whilst ensuring that technical advances bring benefits to emergency organisations in the long run?

In the light of the answer to question 24 above it is suggested that there is a need for further investigation into potential solutions and the practical feasibility of such solutions

Section 7

Question 26: Do you agree that consumer information is required where services look and feel like a traditional telephone service but not where services are clearly different (e.g. PC based services)?

For the market in voice services to be efficient, it is essential that consumer information is available for all services.

Question 27: Do you agree with a two stage approach to consumer information, first to ensure the purchaser is aware of the nature of the service at the point of purchase, and second to ensure all potential users are aware the service does not provide access to 999 at the point of use?

Agreed

Question 28: If consumer information is required to ensure that consumer interests are protected, which of the above frameworks regulatory framework, if any, is appropriate to ensure it is successful?

Appropriate and effective consumer information is required to ensure that consumer interests are protected and to enable rational consumer choices to be made.

It is not clear that a system of self-regulation would necessarily act in the best interests of the consumer in all cases. Co-regulation would seem to offer stronger protection of consumer interests.

(end of Intellect's response document)

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