

Telephone Numbering – Safeguarding the future of numbers

**Cable & Wireless response to Ofcom
consultation**

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CABLE & WIRELESS

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1 Introduction

We welcome the opportunity to comment on Ofcom's consultation "Telephone Numbering – Safeguarding the Future of Numbers" and have attached detailed responses to each of the questions below. Cable & Wireless appreciate the holistic view Ofcom have taken by considering the Numbering Plan as a whole, although we are disappointed that this has been portrayed as a first foray into numbering regulation rather than a review of the extensive consultation and framework that was developed by Oftel in 1997.

We appreciate the difficulty facing Ofcom in needing to create a medium-term plan in the face of technological changes in the shape of NGN. Although mention of these changes has been dealt with in some depth there is little provision for new services within the proposals other than the reservation of the '04' and '05' ranges as the focus appears to be on consumer issues.

A brief summary of the main themes of our response are set out below, then we address each question in more detail:

In relation to geographic numbers we agree that technological developments will allow for more tailored number allocation and ease the pressure on number demand, but we believe the timescales are over optimistic and that a timescale of 2012 is more realistic. Whilst agreeing with the general principles set out for number conservation we also question the actual level of consumer demand and believe that Ofcom have underestimated this.

Cable & Wireless accepts the need for number conservation but this has high costs associated with it and we have concerns with the anti-competitive nature of overlay codes. We disagree with the example of 020 3 as an overlay code as this has unique features in terms of local dialling that will not apply to overlay codes. We urge Ofcom to keep all options open in relation to conservation.

We have concerns with the proposals for the '03' range both in terms of how the range is supposed to work from a tariffing perspective and whether there is any genuine demand for this range. We see very little benefit in these proposals and question how these plans fundamentally differ from the 0870 proposals set out in the NTS statement.

Cable & Wireless are strongly opposed to the suggestion of extending the Numbering Plan's tariffing provisions to all originating networks. We view this as a form of price control and believe it will stifle pricing innovation within the marketplace. Provisions for clearer tariff details have already been set out for NTS and PRS services under General Condition 14. The primary purpose of the Numbering Plan is not to set tariff transparency and we strongly believe that there are other more effective ways of achieving these ends.

The proposals for number allocation charges are generally accepted and we believe that the proposals will work. Similarly we are in general agreement regarding the principle of a consumer test for number allocation although it will require a high burden of proof and the right of appeal to a third party or ombudsman.

2 Responses to Ofcom's Questions

1. What are your views on the strategic principles that Ofcom proposes to apply to its numbering policy decisions?

Cable & Wireless agree with the strategic principles set out by Ofcom.

2. What do you think are consumers' key current views on numbering, how do you think those views will change, and how should Ofcom's current decisions take those changes into account?

The Ofcom analysis appears to capture what we understand to be the main consumer concerns. We welcome moves to help tariff transparency across all areas of the Numbering Plan, but must highlight that in a competitive marketplace numbering can never be an indicator of pricing.

In terms of geographic numbering, we agree that consumers are not yet aware enough of the benefits of new technology. As such it would not be sensible for Ofcom to remove the geographic meaning contained within the numbering plan. We expect customer awareness to increase with the introduction of NGN services, but ultimately given geographic numbers are geographic, there will always be some perceived association with location (i.e. customers will continue to recognise that for example 020 represents London in general, but learn that there is a possibility that the individual number belongs to a customer located elsewhere).

3. What do you think are the main ways in which technological developments will change the focus of numbering policy decisions, and how should Ofcom's current decisions take these developments into account?

It is true to say that new technology will allow the decoupling of assignment and routing, thereby allowing number blocks to be allocated to the CP's actual level of demand. However the timing for this expressed in the consultation is somewhat ambitious. In effect number designation on such a granular scale cannot be achieved until the majority of originating lines are NGN. We expect this to occur in 2012 rather than 2009.

We note that despite the attention given to new technology in this section, the focus of the consultation is firmly rooted in consumer issues. We assume that the reservation of the 04 and 05 ranges is intended to give Ofcom room in which to address technological advances as they occur?

4. Do you have any comments on Ofcom's assessment of the current challenges to the Numbering Plan, in terms of a) number availability, b) transparency, or c) consumer abuses?

a) Cable & Wireless believes it an extremely difficult task to forecast take-up of numbers. At the least, Ofcom must recognise that it is working with imperfect / incomplete information, as there is no single source of data on current utilisation (e.g. Ofcom knows numbers assigned to CPs, CPs know numbers assigned directly to retail customers and to third party intermediaries, and third party intermediaries know numbers assigned to their retail customers...only with visibility of all of these elements can a true view of numbering usage be collated). Usage of databases such as OSIS is flawed (see our response to Q5), because these databases are incomplete. With this in mind, we cannot dispute the forecasts, but equally would

highlight that contingencies need to be developed for the forecasts being inaccurate.

b) Cable & Wireless would question the wisdom of addressing tariff transparency primarily through the Numbering Plan. Whilst an improvement on the current arrangements, this does not address the fundamental lack of transparency in relation to additional costs levied when a call is being made from a non-BT line. Any move to extend designations to non-BT OCPs is fraught with difficulties. Ofcom runs the danger of using the Numbering Plan to introduce price controls by the backdoor.

c) We agree that Numbering Policy does have a role to play in the prevention of misuse and we welcome any steps that will tackle such issues and prevent fraudulent services from merely migrating between number ranges.

5. Do you agree that the extension of conservation measures is the best approach to take before the impact of NGNs ease the pressure on geographic number demand.

Cable & Wireless agree extending the current conservation measures is the most desirable way to deal with geographic number demand. However we would maintain that Ofcom's primary approach in conservation areas should be to enable effective mechanisms for sections of poorly utilised blocks and unused numbers to be reclaimed, as well as to control new allocations.

We agree that the bulk of number exhaustion is caused by the way that numbers have been assigned to operators rather than through increased demand. However we question whether the full demand for VOIP as a second or third line has been adequately captured. The entry of Skype and other broadband voice operators into the voice market over the last few years, will have led to an increase in geographic number demand as each user has their own identity; in effect multiple lines, co-existing with traditional telephony. However, these numbers typically do not get entered into OSIS and we question whether a 20% increase on OSIS's contents is sufficient to capture all numbers. We would also doubt whether the use of VOIP uptake will be significantly offset by a decrease in the number of second lines used primarily for dial-up internet.

Another area of significant geographic demand not mentioned in the analysis, is the increased prevalence of DDI ranges. The use of DDI's has increased significantly since the mid 90's and impacted directly on numbering demand. Once again these numbers do not typically get entered on to the OSIS database. Whilst the demand for DDI has peaked, these volumes when combined with the entry of VOIP providers into the mass market, make us to question the findings of Ofcom's monitoring.

Whilst accepting the need for conservation, there are high costs involved with such activity, particularly if it is increased across a number of areas. The constraint with mass usage of 1k blocks instead of 10k is not the switch decode blocks. For a small CP the difference between being allocated 1k or 10k blocks is not overly significant. However, for a major company such as Cable & Wireless, BT or the cable operators who have invested to deploy in a certain area, the effect of a 1k allocation is far more pronounced. In such situations the CP needs to sell in large quantities in order to realise economies to scale. In these cases a 1k block is insufficient and six or seven 1k blocks will be needed to replace a single 10k block. This creates a six or seven-fold increase in the load in databuild areas to enable all of these blocks. Currently CPs enable a block free-of-charge but with a large increase in the volume of requests this will become unrealistic and operators will probably start to charge for opening blocks. A more flexible approach would avoid this by allocating either 1k or 10k blocks as required by the CP.

As set out in question 3 we agree that in the long term the introduction of NGN will

ease the demand for geographic numbers, but we expect this to occur in 2012 rather than 2009.

6. Do you agree that the use of overlay codes is the best backstop approach in the event that extended conservation measures are not sufficient to meet demand for geographic numbers?

Cable & Wireless are concerned that Ofcom has not undertaken and published a full cost benefit analysis in relation to its number conservation proposals. The regulatory proposals made by Oftel in the run up to the 02 number changes were accompanied by such detailed analysis. Indeed, the Better Regulation Taskforce has outlined how it believes that this is good regulatory practice so we are concerned that Ofcom has not seen fit to conduct such comprehensive work this time around.

A full cost benefit analysis of all the options is particularly important in relation to the overlay codes option. As a back stop measure they do appear to be the most effective solution; however this measure may well disadvantage new entrants. In areas requiring conservation it will be the new entrants who will be forced to use the overlay code. Existing operators will be able to fall back on existing stocks of numbers with a recognisable geographic meaning. Without the cost benefit analysis Ofcom are unable to adequately quantify the cost of marginally reduced competition in the voice markets. We urge Ofcom to conduct this work and to keep all options open with regards to number conservation.

Ofcom believe that the uncontentious introduction of the 020 3 number range in London, is evidence that customer fears can be managed in relation to overlay codes. We do not believe that Ofcom should draw this conclusion. 020 3 can not be regarded in the same way as the proposed overlay codes. Consumers have a high level of understanding that 020 relates to the geographic area of London. Once customers are familiar with the new code they will dial locally. Overlay codes will never allow for this type of meaning and customers of new entrant companies such as Bulldog will typically be locked into dialling eleven digits to ring their neighbour, whilst someone on an incumbent network would only dial six.

7. Do you agree that Ofcom should continue to respect the geographic identity of numbers until consumer understanding of the impact of technological change evolves further, and what do you consider is the best way to develop that consumer understanding?

There is a strong case to retain the geographic identity of numbers at present. Consumers' understanding of this geographic link reinforces their understanding of the cost of these calls. Public awareness of new technologies is not currently at a level that warrants the removal of this link. We acknowledge that there is some dilution of the geographic link through the use of Skype, Vonage etc and out of area allocation and that this is likely to increase. However at present this is far from being at a level that would warrants any fundamental changes. As discussed later in this document whilst agreeing with the market trends Ofcom outlines we do disagree that 2009 and will see these new technologies ease the pressure on numbering demand and rather we believe this will occur in 2012.

8. Do you agree with Ofcom's proposal to open a new '03' number range for non-geographic, non-revenue sharing services?

We do not believe that there is any justification for introducing the '03' number range and do not believe that it will contribute to tariff transparency. Cable & Wireless have made Ofcom aware of our thoughts on the NTS decision and introduction of '03'

is further evidence of a flawed approach to nts. If '03' is intended for those companies that require a national presence without needing income from revenue sharing, why was there a need to remove revenue share from 0870? Indeed considering the nts outcome we fail to see any benefit to be gained by customers adopting the '03' range.

We also doubt that there will be enough demand to warrant allocating an entire number classification to these services. If the intention is to cater for number exhaustion, there is plenty of scope within the options set out on the 08 range. In addition we expect there to be an easing of pressure on the 0870 range as customers migrate to 0871 and 0845.

At present the main demand for this number range appears to be coming from the media and we caution Ofcom not to allow this specific customer niche to overly influence policy. Further thought is required on the exact purpose of '03' in relation to the existing 08 range. We accept there may be a role for a range dedicated to public service announcements or disaster relief which would benefit from a clear classification, but the current proposals do not appear to be suggesting such a specific use.

The suggestion set out in A2.39 that opening the '03' range would allow customers to migrate from 087 to 037 and only change the first digit after the zero does have some merit purely from the aspect of easy number allocation. However from a customer perspective this proposal offers little. Anyone wishing to migrate will still need to incur costs for changing all of their marketing and contact details and with the exception of those holding golden numbers there will be no benefit in maintaining a similar number as opposed to changing the number entirely.

We would like to see detail on the interconnect arrangements envisaged on this range and how it is to be charged at geographic rates. Originating operators' ability to tariff at geographic rates at a retail level is dependent upon the ability to far end handover traffic to the destination (e.g. typically, larger operators structure their routing so that in the vast majority of cases the outpayment on calls to BT geographic number ranges is LES, the "DLE rate"). In order to apply geographic rates a number range with some form of network geography identifier would be required or the termination rate on this range would need to be set universally at LES / DLE rates. However, the implication of this is that the terminating operator would receive insufficient inpayments to facilitate intelligent routing. It should be noted that if no [customer] structure is incorporated into the structure but a network geography one is, the implication is that (for example) a 1k number block would need to be assigned to each destination network node. Even if every single node in the UK was assigned a block, this is unlikely to be more than 2-3000 blocks, from an available supply of 1M such blocks on the '03' code.

9. How should the '03' range be structured, in terms of tariffs and services?
PR / RN / JH / HM / AC

More detailed discussion on our views on '03' are set out above. It is our view at a consumer level that the '03' range if it is to be opened up, it should not be structured. Rather it should be a flat rate price across all numbers. Depending upon how the interconnect account arrangements for '03' developed, there may be merit in a given operator being assigned multiple '03' ranges, to allow originating operators to far end handover to the node providing the application.

10. How should the '08' range be structured in terms of tariffs and services?

The proposals set out are not unreasonable, but our understanding is that these

proposals are in fact how the number range was originally intended to be structured, but operational decisions have diluted this in the meantime. We question whether adherence to such a model can be maintained.

In our view Option 1 is too complex for consumers to understand and adds little in way of tariff transparency. It is therefore not a viable option. Options 2 and 3 both have some merits but option 3 on its own, i.e. without increasing capacity on existing ranges would, in effect, limit future revenue share.

We are concerned that the option outlined in 5.30 imply that Ofcom has already made a policy decision that the local linkage on 0845 will be restored. Whilst we appreciate the need to plan for number allocation in the medium term, this has wide implications. Such a major policy decision should not happen by default as a result of decisions made in the Numbering Review. We ask Ofcom to confirm that this is not in fact the case.

We are also concerned by the reference in 5.50 to the potential of forced future migration from legacy 0845 / 0870 ranges. Even if the trigger is 'a level of voluntary migration which reduces residual costs associated with forced migration', the statement implies a longer term risk to the viability of services on these number ranges which is not acceptable when businesses will already face an increased level of disruption by the removal of revenue share on 0870.

11. Which broad approach should Ofcom take to structuring the '09' range, and if a re-structured '09' range is preferred how would you arrange the different types of '09' services (e.g. according to price per minute, price per call, inclusion of adult content)?

Cable & Wireless agree that currently there is limited tariff transparency in these ranges for the consumer. On that basis, we agree that Option 1 (to maintain the status quo) is not desirable.

Option 3 appears to offer the consumer the greatest tariff or service transparency. There is also merit in having the 09 range mirror that proposed for 08. On the other hand, we are concerned at Ofcom's ability to maintain any such tariff structure in the medium term. Previous initiatives, such as the 090 (content) / 091 (non-content) division initiated in 2000, were far from successful and had to be abandoned due to over subscription on 090 and a lack of demand for 091. We are also concerned at the level of number migrations implied by any major re-structuring and the costs that would be incurred by the industry and particularly smaller Service Providers. Further any major overhaul of the 09 range will cause a period of confusion for consumers as services are migrated between numbers. The fact that there will be a period where legacy number arrangements will be running alongside the new proposals will probably increase consumer confusion and concerns about 09 services as a whole.

So whilst Cable & Wireless support the principle of providing tariff transparency to consumers, we believe, like Ofcom that restructuring of this range is probably untenable. As such Option 2, single service designation, is the most efficient solution and the one that will lead to the greatest transparency by creating a single 'brand'.

We do however believe that there is a need to ring-fence adult services as set out in our answer to question 12 below.

12. Should any specific PRS service categories be identified or segregated in order that parents can block access by their children (e.g. sexually explicit content, gambling)? Is there merit in having a general 'adults only' classification, including a range of services to which access might be restricted on the grounds of content, or might consumers wish to apply different rules for different types of content?

We support the ring-fencing of adult content and believe that this should involve a single classification for both adult content and gambling services. A single classification is simple and provides the greatest clarity for the consumer. It will also allow all content to which children should not have access to be barred in a single step.

If Ofcom were to decide to implement a rigid structure to the 09 range, irrespective of which of the options are followed, we would suggest that there may be some merit in ring-fencing other non-sexual live services e.g. technical lines. Again this will aid with transparency from the consumers point of view. It will also allow the CSP to more accurately monitor the level of compliance with the ICSTIS Code of Practice and ascertain whether the Service Provider holds the correct licenses.

13. Are there any practical means by which the Numbering Plan could provide improved mobile tariff transparency?

We agree with Ofcom that it is not possible to provide a practical means of increasing mobile tariff transparency through alterations to the 07 mobile range. Any attempt to do so will result in higher levels of consumer confusion than realised benefits. But, in addition, proposed measures e.g. on 0870 that restore the geographic link will apply to mobiles does help to improve transparency. (Where mobile tariffs have been so out of kilter with tariffs from fixed lines, this has increased consumer confusion and we would welcome measures to avoid this in the future).

14. Do you agree that personal numbers should have a tariff ceiling (or recorded message) to restore trust in those numbers? If so, what level, and should that ceiling include the cost of recorded messages?

The current level of consumer harm being reported to Ofcom on personal number ranges suggests that a tariff ceiling would be worthwhile. We believe it should be set at a level that allows for the cost of transferring to a mobile number, that is to say a level in the region of 20ppm.

15. Do you agree with Ofcom's proposals to move personal numbers (with the same consumer protection provisions) to the '06' range and to pursue the direct allocation of numbers to end users as proposed at some point in the future?

The relocation of personal numbers to the 06 range does have some merit in that it leaves the 07 range free to be used as a strong mobile brand which would reinforce consumer recognition of the 07 range. It is less clear how relocation to 06 will actually improve consumer awareness of 'follow-me services' or how it will alleviate the perceived level of misuse on these numbers. Further it must be noted that, with the tacit consent of the regulator, 010 numbers have been marketed as "a number for life", so inevitably there would be a customer backlash were they now forced to change their number.

16. Do you have any comments on the use of the 05 number range?

Cable & Wireless agree with the proposed experimental designation for 05 although we do not expect this to affect our holding in the 0500 range. We have attached in Annex A a breakdown of the current numbers provisioned on this range. There is a continued decline in the number of services being run on this range and we expect this trend to continue. It is our view that these numbers should maintain their current

status and that the natural market decline should be allowed to continue.

17. Do you agree that Ofcom's overall proposals for a future Numbering Plan are coherent and comprehensive, and do you have any comments on the timescales in which the changes should be implemented?

We have a number of concerns regarding the proposals which are set out in more detail below:

a) There is little cost benefit analysis of the options. This could have serious implications in relation to the impact of conservation measures in those areas facing number exhaustion. We believe that there is little economic justification for any of the options i.e in reality if a cost benefit analysis was carried out, the costs would be found to outweigh the benefits.

b) Whilst there is a coherent thread across the proposals, essentially Ofcom are tearing up all of the previous regulatory schemes that had been put into place by Oftel. Whilst we accept that Ofcom is a new regulator, this does not mean that there has not been any previous regulation or policy adopted in this area. Ofcom seem to have ignored the previous policy put in place by Oftel and seem to suggest that this is the first ever numbering consultation, rather than a review of the inherited regime.

c) Details of the proposals for opening the '03' number range appear to be far from coherent when set against the 08 number range proposals. Ofcom discuss options for changing the 08 structure to a two digit designation and then suggest that the '03' structure could use a three digit designation or reflect the services being offered. The greatest level of consumer transparency would settle on a single approach for the '03', 08 and 09 ranges.

d) The coherence of Ofcom's plans are further called into question by the need to publish a consultation on "Supplying numbers for 09 premium rate services and codes to facilitate mobile number portability" part way through the Numbering consultation. The short notice in relation to the issue of number exhaustion of 0908 / 0909 sexual entertainment services (SES) premium rate numbers and, in light of the numbering consultation proposals, the undesirability of opening the designated expansion block suggest that Ofcom's proposals have not been fully joined up with the operational teams. We are concerned that this apparent lack of coherence may affect the implementation of the Numbering Changes as a whole.

18. Do you agree with the principle of using consumer protection tests in numbering in order to limit consumer abuses, as long as the relevant legal tests etc)are met? Do you have any suggestions for what tests would be appropriate or any conditions that should be met to pass such tests?

Cable and Wireless accept the need for consumer protection tests in number allocation, although we note that the summer '06 consultation reviewing service descriptions needs to be completed before the full impact of such measures is apparent. Much will depend on how the consumer tests are actually implemented. The legal grounds for such measures in particular need to be robust, transparent and clearly communicated. There should be no risk that 'normal' business services could be inadvertently caught out.

Further consultation will be needed to ensure there is no unnecessary overlap with the ICSTIS Code of Practice and other regulatory measures. In the majority of cases the perpetrators of abuse are not the same entity as the range holder. Information Providers (IP) are often responsible for abuses that ICSTIS address by regulating the Service Provider (SP). Ofcom will need to work closely with ICSTIS to ensure that the

correct party is sanctioned in such instances. Communications Providers can not automatically be held responsible for the actions of the SP or IP, particularly where all appropriate levels of due diligence have been conducted.

The proposal to extend this test to 03, 06, 07, 08 and 09 numbers seems sensible given the migration of 'scams between number ranges. For example, rogue diallers from 09 to 08 and fax back scams have appeared on both 09 and 070 numbers. If '03' is being introduced as a safe and trusted range we would question whether it is warranted to apply the same legal tests as for other higher cost ranges. An alternative to consumer protection tests might be increased development or use of the CAP Guidelines. We would expect to see a full cost benefit analysis of any measures that are proposed in a further consultation particularly as they are intended to cover such a wide section of the Numbering Plan.

19. Do you support the proposal to extend the tariffing provisions of the Numbering Plan so that they apply to customers of all providers on all types of network?

We note that the extension of tariffing provisions to all operators has been proposed on 0870 and is now being considered on 0844. Cable & Wireless are concerned that by attempting to provide tariff transparency solely through the Numbering Plan Ofcom are in effect imposing price controls upon CP's.

20. How do you think the new numbering plan could be effectively communicated to consumers?

The big number change in 2000 cost Cable & Wireless somewhere in the region of £30m. As the thinking behind the 2000 change is now being ignored and the Numbering Plan is effectively being torn up we are reluctant to put yet more money forward for plans that are short-term at best. Ofcom believe that numbering pressure will ease by 2009 (our own assessment being 2012) and yet much of the consultation is focussed on short term decisions such as maintaining geographic relevance of numbers. Whilst this is the correct decision for consumers there is an apparent lack of long-term thinking and much of the suggestions here appear to be fire-fighting. Once again the question of the adult number exhaustion is a prime example.

Ofcom should seek to communicate their proposals through the most cost effective means. Rather than suggestions of questionable merit and targeted, in practice, at a limited audience such as inserts to phone directories, it is our opinion that Ofcom would be better advised to manage the media through journalistic briefings in order to guarantee the most cost effective and widespread coverage. We believe that there is merit in these briefings being drawn up through discussions with industry.

21. What are your views on Ofcom's analysis and the different options for number charging?

The analysis of the different number charging options appears to be comprehensive. We accept the theory of charging for numbers and accept that charging does work. We cover this question in more detail later in the document. Our preference would be for an initial allocation fee followed by a rental charge, as this will be the most efficient in preventing number hoarding and least discriminatory in terms of treatment of new entrants. However a rental charge should not be applied to historic holdings where the CP has no opportunity to return unwanted blocks. We believe that the application of a full rental charge is not practical until the linkage between routing and assignment is broken i.e. 2012 for the introduction of the rental component. That is not to say that charges should not be applied to applications for new numbers before this date.

22. Which, if any, numbers might appropriately be allocated using a value-based charge?

The most obvious type of numbers that could be subject to such charges are non-geographic numbers and, in particular, golden numbers. However, we are unclear as to how Ofcom will put mechanisms in place to identify golden numbers within a 10k block allocation in order to charge accordingly.

23. Do you have any other comments on Ofcom's proposals for numbering as discussed in Section 5, or any other suggestions for how Ofcom might revise the current Numbering Plan or its administration.

No.

24. What do you think of Ofcom's proposed general approach to managing geographic numbers?

The general approach outlined appears sensible. We agree that in the long-term there is little value to be had from maintaining the geographic link in numbering, but at this stage consumers are not prepared for such a decoupling.

25. Do you have detailed evidence or suggestions on the variables likely to influence demand for geographic numbers, how those variables will change over time, and how Ofcom should develop a demand model?

No.

26. Do you agree with the specific proposal for how to extend conservation measures, including the extension to areas with a number shortage predicted in the next five (rather than two) years?

We agree with the need to extend conservation measures and welcome such a forward looking approach from Ofcom. Instead of a five year forward looking plan we suggest a decrease to three years. This will take us to 2009, halfway to when we believe that pressure on numbers will ease with the introduction of NGN. There will then be scope for a further assessment to take the industry up until 2012. A shorter timescale will help to mitigate the costs of increased number conservation areas.

27. Do you consider there to be any upper limit, in terms of technical feasibility, on the number of areas in which conservation measures could be used?

We believe that Ofcom have misunderstood this issue. In our experience the problem is not the limits of hardware, but rather the increased cost of having to decode the blocks. Ofcom is correct when it states that the costs for building a 1k block are the same as for a 10k block. However for the same volume of numbers this obviously translates into a tenfold increase in resources and costs. It is this increase that is the cause for concern rather than the detailed hardware issues Ofcom have outlined.

We have discussed the reasons behind this increased resource usage in response to question 5.

28. Do you agree with Ofcom's assessment of the impact of conservation measures on stakeholders?

We have set out our main concerns in response to question 5. We believe that Ofcom have underestimated the effect of conservation measures on CP's. We are disappointed that Ofcom is yet to enter into discussions on the conservation process with industry.

29. Do you agree that Ofcom should pursue these additional ways to improve number utilisation and, if we do, how would stakeholders be impacted and what practical issues are involved?

Cable & Wireless agree that Ofcom should explore alternative methods of improving number utilisation particularly in conservation areas. We urge Ofcom to work closely with the Numbering Group in order to develop these ideas further.

30. What are your views on overlay codes and, and Ofcom's assessment of them, as a fallback option to increase number supply?
PR / RN

Please see our response to question 6.

31. What are your views on closing the scheme, and Ofcom's assessment of it, as a fallback option to increase number supply? What should be the maximum number of areas where overlay codes are introduced?

We do not believe that closing the scheme would find favour with consumers. The benefits appear to be something of a metro-centric argument and we would expect opposition to such moves amongst the more conservative consumer segments particularly in areas outside London. We do however recognise that closing the scheme would provide around 25% more numbers to an area. In this respect it should remain as an option for those areas where other conservation methods are not deemed to be sufficient to prevent number exhaustion.

If overlay codes are to be introduced it makes sense to have as many as possible. However we repeat our doubts as to whether they are the best alternative. An obvious choice for overlay codes would have been to use the relevant 02 code.

32. What are your views on wide area codes, and Ofcom's assessment of them, as a fallback option to increase number supply.

We are somewhat surprised that Ofcom have not referred directly to the consultation in 1997 that set out the framework for all future Numbering development. It is our understanding that in the light of that extensive consultation Oftel had developed a clear path for number migration from 01 to 02 and then as required '03'. Whilst analysis of this migration path has been conducted we are surprised that this has not been depicted as a review of the previous plans.

It is our view that Ofcom's current proposals provide a less disruptive solution to the consumer and therefore must be given preference considering that the issue of demand is unlikely to extend beyond 2012.

33. Might wide area codes be appropriate in regions with a strong identity and, if so, which specific regions are suitable for wide area codes?

The two most immediately obvious areas for wide area codes are Wales and Scotland. As part of the previous planning for number expansion, Wales has the 029 wide area code reserved and Northern Ireland already uses 0289. The logical continuation of this would be to use '03' for Scotland, as there are too many numbers to be contained within a single three digit designation. Obviously this conflicts with Ofcom's proposed use of '03' but is the most transparent solution. The current proposals for '03' could easily be adopted for the 04 range which is currently not in use.

34. Do you agree with Ofcom's assessment of the problems with current 08 and 09 in terms of information clarity and consumer perceptions?

We broadly agree with the information and perception problems identified by Ofcom and that consumer awareness of the cost of calling 08 and 09 numbers is certainly not as high as it could be. However, we would make some qualifications as to the aspects identified by Ofcom in A 2.6. For example, the fact that the tariff information provided by the Numbering Plan only relates to calls from BT lines is less significant in the wider context of other mechanisms which can achieve pricing transparency. Ofcom identifies this in A2.9 since 09 prices, which are better understood than 08 prices, must be published. We also note that the recent amendment to General Condition 14 addresses this issue in relation to NTS services.

We agree that there is confusion around the use of the terms 'local' and 'national' rate numbers and that the linkage has become increasingly broken but as Ofcom implies by the reference to increased bundling of 'free' geographic minutes, the impact of restoring the link would have only a marginal effect on improved price transparency.

Ofcom recognises that there is some inconsistency in the statement that 'almost all consumers are largely uninterested in where the money goes' which needs to be 'weighed against the very strong concerns expressed about revenue-sharing by many consultation respondents... that some companies profit inappropriately from such calls.' It has not been entirely transparent to us as to why in deciding about the future policy of NTS, Ofcom has given such significant weight to the latter group identified here, when there is a more general recognition that the majority of consumers are unaware and unconcerned by revenue share per se, but would not necessarily agree with an unqualified statement that there 'has been a *substantial* erosion of consumer trust.' (emphasis added) (A2.3, page 85).

35. Which of these options for current 08 services do you think is best in terms of a) increasing consumer transparency and b) minimising the costs of re-structuring the 08 range?

We make the following general points:

None of the options should rely on the Numbering Plan to deliver improved consumer transparency. However it is important that the solution is not so complex as to make it difficult for providers to communicate price tariffs to consumers.

We do not have sufficient information available today to make an informed choice as to which of the options minimises the costs of restructuring the 08 range. Intuitively and, as Ofcom suggests, option 1 is closest to business as usual. However, minimising the costs of restructuring is potentially outweighed by the lack of an elegant solution that enables providers to present a clear pricing message to the consumer. It is difficult to consider the two (costs and transparency) separately as the welfare maximising potential of the transparency solution is important to consider alongside the potential costs of restructuring the 08 range.

We agree with all the points made in relation to Option 1. Although this is the option which best approximates to 'business as usual', the potential for increased confusion amongst consumers may require future Ofcom intervention. The NTS proposals are disruptive enough in themselves; it is imperative to ensure that an overall solution achieves the required results rather than needing to review these again in a few years time.

Although Option 2 results in a complex Numbering Plan, it is a longer term solution than Option 1. This Option also assumes that the geographic link would be restored on 0845 which pre-empts the outcome of a potential policy review in 2 years' time and is therefore an aspect of this proposal which we strongly resist.

The introduction of an '03' range under Option 3 does, as Ofcom recognises, present an inconsistency with the outcome of the NTS consultation and the decision to remove regulation underpinning revenue share on 0870 and potentially on 0845. On that basis, we would resist this option as it potentially undermines the more general message that revenue share is in general, acceptable on the 08 range. It suggests that Ofcom is not convinced that the removal of revenue share on 087 will be sufficiently well communicated / a clear enough message that consumer confidence will be re-established.

If a compelling case for the establishment of a whole new '03' range can be made (which we do not think has been proven), Option 3a presents the best option for price maximisation. However we are concerned once again that this anticipates the outcome the potential 0845 policy review.

36. How might early migration to the '03' range be encouraged?

The need for encouraging the use of the '03' range is somewhat puzzling. If there is a desire for its adoption and demand from consumers then customers will seek to use the new range. Ofcom risk interfering with market forces if customers are incentivised to switch to the new number range. A failure to take up these numbers should not be attributed to a lack of promotion, but rather if it were to happen, to a flawed regulatory decision in relation to the nts statement.

As discussed previously we believe that the only demand for these numbers at present comes from the media.

37. Is it more important to indicate the price per minute or price per call, and does this vary for different types of PRS service? What granularity of PRS tariff information should be given to consumers by the Numbering Plan?

We believe it is more important for the consumer to be aware of the price per minute than the total cost of the call, as this provides the clearest level of price transparency. The ICSTIS Code of Practice has clear guidelines as to the requirements for pricing information and we believe these should be sufficient to inform the consumer of the total cost of the call. This is particularly the case where costs may be affected by whether or not the caller is using a BT line. Variations to the total cost of a call should be illustrated in more depth than is possible through the Numbering Plan. Variations to the total cost of a call should be illustrated in more depth than is possible through the Numbering Plan (especially as this is not its fundamental purpose).

Having said that we do recognise that there could be provision made for the introduction of new digit ranges within both the 08 and 09 classifications which are specifically reserved for per call costs. This will offer providers the opportunity to advertise a clearly identifiable number and cost separate from the ppm cost of a call.

38. Should there be any PRS number ranges with no tariff ceiling?

No, we do not believe this should be the case.

39. What is the typical turnover of 09 numbers, and what does this mean for migration timescales to a new 09 plan? How could Ofcom structure the 09 range or take other steps to promote voluntary migration 09 services?

It is difficult to quantify a "typical turnover" for 09 numbers. Cable & Wireless customers represent a broad spectrum from established long running services to numbers of much shorter lifespan that are associated with specific campaigns.

We do not believe that imposing a structure upon the 09 range is a tenable solution as set out in response to question 12. We believe that the 09 range should have live services ring fenced (adult specifically and possibly also other live operator services) and that the rest of the range should be left unstructured. Cable & Wireless recognise that there is some consumer concern at the 09 range, but we believe an element of this is inevitable due to the fact that the services are running at a premium tariff.

40. Do you agree that that part of the 07 range which is currently unused (071-075) should be reserved for mobile services, with the aim of establishing 07 as a mobile 'brand'?

Cable & Wireless support the proposal to reserve 07 for mobile use although we question how this sits with Ofcom's March 2006 statement 'Number portability and technology neutrality'. Amendments to the number portability aspects of the general conditions have enabled number portability between fixed and mobile operators.

The continuing trend for fixed-mobile convergence through services such as Vodafone's Wireless Office and BT Fusion suggest that maintaining 07 for purely mobile services is short-term and we would ask whether a more technology neutral approach is possible within the Numbering Plan.

We believe that the current allocation of personal numbers on 075 should be allowed to remain for the lifetime of the service. A strong 06 'follow me' brand will encourage voluntary migration away from 07 and we believe existing users should be allowed to maintain their current allocations.

41. Should Ofcom reserve specific sub-ranges within the 071-075 range for new mobile multimedia services, in the interests of promoting consumer awareness and tariff transparency, and if so how?

The suggestion to reserve part of the mobile range for multimedia services is not one which we believe will provide the intended result of tariff transparency and increased consumer understanding. The experience of personal numbers on the 070 range has demonstrated that consumers regard this range as a whole to be 'mobile'. We do not believe further granularity will be beneficial.

42. Do you support the use of 100,000 number blocks in allocating mobile numbers to new mobile voice providers?

Cable & Wireless supports the use of allocating mobile numbers in 100,000 number blocks, but notes that with fixed operators recently gaining mobile spectrum there may be scope for also providing smaller block allocations.

43. Based on the above analysis, if Ofcom were to introduce a charge ceiling on calls to 070 numbers, which of the following levels should be adopted; 1) 10ppm ii) 15ppm iii) 20 ppm iv) something else?

The suggested rate of 20 ppm seems reasonable as this will cover the cost of termination onto a mobile network. We note that although Ofcom have been receiving a high number of complaints, presumably for services that are attracting revenue sharing, to our knowledge no company has yet been fined in relation to poor behaviour? We believe that Ofcom should be less reluctant to enforce the current regulation at its disposal rather than create more regulation which is likely to increase the complexity of the current regulatory regime and not necessarily lead to greater compliance.

44. Would a requirement to make tariff information clearly available to purchasers of personal numbering services at the point of sale, either in addition to, or instead of a call ceiling, be an effective means of providing tariff transparency on personal numbers?

Cable & Wireless agree that in an ideal world, such information would be made available at the point of sale and would have an impact on customer choice. However, in reality we doubt that such information provision will change customer behaviour. The research carried out as part of Ofcom's Mobile Call Termination – Market Review clearly shows that consumers are not generally concerned by the call charges incurred by the incoming caller. As they do not have to pay the charges themselves, they have little incentive to minimise them. It stands to reason that this holds true for personal numbers. So as the individual purchasing the personal numbering services will not be the person to call the number, providing tariff information at point of sale appears to be a largely redundant exercise.

45. If a new sub range is made available for personal numbering services, how long should the current '070' sub-range remain available for existing providers, in order to minimise migration costs?

The 070 sub-range should be closed to new entrants, with existing allocations being allowed to remain on the range until the end of their service life. We understand that Ofcom are carrying out an audit of 070 use and we would suggest that a decision on when or where to migrate these services should be taken in conjunction with the results. We agree that giving these services their own range is desirable but are not convinced that forced migration is necessarily an efficient use of numbering resource.

46. What issues do you think would need to be resolved before Ofcom makes individual numbers available for direct allocation to end users?

The main consumer issues appear to have been well covered. At this stage the practicalities of direct allocation to end-users pose the greatest issue. In our opinion direct allocation to end users will only be possible with the advent on carrier E-Num and individual number routeing.

47. What do you consider to be the main strengths and weaknesses of the current rules-based system of UK number allocation?

The current rules based system provides a clear, uncomplicated process for all operators regardless of their size. Its one main drawback is that the uniform approach to all operators means that number blocks have been allocated on a 10k basis when smaller operators may only require 1k blocks. In this respect the system can be seen to be somewhat inefficient and wasteful.

We also question whether there would be benefit on the creation of an appeals process set up for occasions where allocations are rejected.

48. Do you agree with these principles for number charging?

Whilst Cable & Wireless agree with the principles set out for number charging, we are concerned whether Ofcom will be able to maintain the balance between cost-minimisation and effective competition. We believe that to encourage efficient utilisation of numbers, charges will become disproportionate, non cost reflective and a barrier to entry.

Charging for numbers has been expected by the industry since the publication of the Communications Act 2003. Whilst we support the principle, clearly the industry does not wish to pay for the same service twice. The current costs of number allocation are included within the yearly administrative charges levied under Section 38, Obviously these charges would have to be adjusted downwards to account for the recovery of the number allocation costs via the number charging regime.

49. What are your views on Ofcom's assessment of the issues to be considered in setting and reviewing number charges? For example, should other issues be considered in developing charging proposals?

It is important for Ofcom to maintain an element of control over the allocation process. We do not believe that this should be left entirely to market forces and believe that Ofcom should retain the option to conduct elements such as utilisation tests.

50. Do you agree that charging for numbers could disincentivise economically inefficient behaviour, and incentivise economically efficient utilisation?

As discussed previously, we are concerned that it will be difficult for Ofcom to balance any deterrent for inefficient number use with ensuring that barriers to entry into voice markets do not become unreasonably high. However we accept the need to implement such a policy and believe that it can work. The costs of the big number change advertising in 2000 (circa £20m) were split according to the volume of numbers in use. It is Cable & Wireless' understanding that a number of operators were able to return unused ranges before these charges were applied, thereby demonstrating that such a policy can be made to work.

Ofcom are correct to highlight the different effects charging will have for a new or an established operator. It is important that new entrants are not barred from the market by excessive allocation costs. Cable & Wireless believe that it is equally important the larger operators are not unfairly penalised for historic decisions. Operators must be able to return number ranges that are not in use and no longer required rather than be penalised for historic allocations. It is our belief that this will only become possible once the linkage between routing and assignment is broken.

In general we remain concerned that for charging to encourage economically efficient utilisation it would need to be at such a level that would prove to be anti-competitive for new market entrants.

51. What internal changes would communications providers have to make, and at what cost, to support charging for numbers? Would these changes be preferable to earlier and more widespread use of conservation measures and (limited) changes to increase geographic number supply?

Without a clearer indication of the extent of number charging and the circumstances in which this will be applied it is not possible to fully answer this question. In general the costs will most obviously be related to changes to IT systems. We would anticipate that this will relate to those systems that keep a record of number block allocation and requirements for allocation reporting. It is not possible to give estimated costs without further detail of the proposals.

Cable & Wireless believe that the number conservation proposals are likely to be effective. However the existing regime has demonstrated that conservation measures themselves are not sufficient to ensure effective husbandry.

52. How might existing number allocation rules be reduced if charging for numbers was introduced?

There is only limited scope for Ofcom to reduce the number allocation rules. Even if the principle were accepted that charging leads to more efficient utilisation, there still needs to be checks in place to ensure appropriate use and to prevent abuses from occurring. Even if Ofcom achieved an efficient and equitable allocation system we do not believe that this would be an appropriate time for Ofcom to relinquish its 'command and control' position in favour of market forces.

53. What are your views on this illustrative charging mechanism, and would you suggest any changes or alternatives to it?

The suggested mechanism with both an up front charge and an annual charge attempts to be fair to both small new entrants and larger established CPs. This appears to be reasonable; however there are impacts in relation to conservation areas. If the annual charge is more expensive in areas under conservation this could adversely impact established CPs who may have little ability to reduce existing allocations. In our opinion the rental charge for existing allocations should not be introduced until 2012 when mechanisms to return individual numbers should be in place.

54. How would charging for number block affect consumers?

The effect on consumers largely depends on the level of the charges themselves, however we would expect that the majority of these costs would be passed on to the consumer.

55. What impact do you think charging for numbers would have on sub-allocation? Should Ofcom encourage or facilitate sub-allocation and, if charging were introduced, would changes be needed to the process of sub-allocation to facilitate trading?

At present operators that sub-allocate ranges do so at prices which reflect their own costs of administration (and, of course, what the market will bear). Were Ofcom to charge for numbers, this would simply increase the cost base of the sub-allocating operator such that they would have both internal and external charges. Price elasticity would indicate that this would constrain demand, which is precisely the

effect that Ofcom desires. In general, sub-allocation is a beneficial practise, because from Ofcom's perspective it limits the number of operators with which it has to deal directly, from the sub-allocators' perspective means that they can profit from synergies of their internal departments being more efficiently loaded, and from the sub-allocatees' perspective means that they can concentrate on their core business rather than being troubled with the overhead of dealing with Ofcom and other operators to get numbers enabled.

56. Which types of consumer abuse do you think Ofcom should particularly attempt to address through its numbering policy decisions?

The consultation clearly identifies the key areas for concern. We would note however that in the most recent ICSTIS half-year statement there was confirmation of a significant reduction in PRS complaints overall. We would advise Ofcom to concentrate on areas not being addressed by ICSTIS so to avoid the risk of double-jeopardy.

We welcome the review in the summer of the various number definitions and believe that communication of the outcome will be essential to ensure adherence to the Numbering Plan.

57. Which number ranges and types of originating communications provider do you think should be covered by an extension of the Numbering Plan's tariffing provisions? What practical issues are involved, and how would this vary according to the number ranges and service providers involved?

Ofcom have recently obligated OCPs to provide improved information through General Condition 14 in order to improve transparency on both NTS and PRS pricing. Ofcom need to be wary of the dangers of introducing double jeopardy in the attempt to improve tariff transparency.

Cable & Wireless believe that the extension of the Numbering Plan's tariffing provisions serve to reduce innovation in the marketplace. A CP's ability to flex tariffing through innovative offerings will be stifled and their ability to differentiate from the competition through pricing inhibited by such measures. Despite reassurance to the contrary within the consultation we believe this will lead to Ofcom imposing price controls via the backdoor and seek further clarification as to why Ofcom believe this not to be the case.

58. What do you think of the potential conditions proposed by Ofcom for inclusion in a consumer protection test for number allocation, including the proposals that numbers should not be provided to anyone with a particular track record of persistent and/or serious abuse?

Cable & Wireless would like to see a full cost benefit analysis conducted in relation to these proposals. The conditions themselves appear reasonable however we do not envisage that Ofcom will be required to refuse large numbers of applications; consequently we would like to see quantified the benefit of the additional administration and process costs.

59. Are there any other circumstances in which it may be appropriate for Ofcom to refuse number allocations?

All of the most appropriate circumstances appear to have been covered.

60. Would you support the use of a consumer protection test as a basis for withdrawing number allocations? What kind of considerations should Ofcom apply in any such test, and what would be the practical issues involved in applying such a test?

Cable & Wireless agrees that the ability to withdraw numbers is a logical extension of the consumer protection test. The key considerations, aside from details of process, should focus on implementing an appeals mechanism and also how to provide continuity of service for any customers who may be innocently affected by such a withdrawal.

61. What consumer abuses do you think might occur in the future, and what steps might Ofcom take now in its numbering policy in order to reduce the potential for such abuses?

Cable & Wireless are unable to answer this question.

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