



Response to the Ofcom Consultation

“Telephone Numbering – safeguarding
the future of numbers”

Introduction

PNC welcomes the opportunity to respond to the Ofcom consultation “Safeguarding the future of numbers”

As a terminating network operator, our response concentrates on the proposals as they may have an impact us and does not necessarily deal with issues that are relevant only to OCPs.

Overview

We welcome Ofcom’s desire to bring clarity to the consumer, however, we wonder, in reality, what level of customer understanding we can expect (and do we need) beyond the first signifying digit – 07, 08 or 09? For example, the vast majority of consumers would know that 07 equals “mobile”; few would know that beyond that only three sub-ranges are used (077 – 079), nor would they have any need to know. The “Big Number” change in 2000 was intended to allow sub-division of number ranges to convey service type and cost information, particularly in respect of 09, yet Ofcom’s research has shown that this has clearly failed (P87 – 2.8).

Whilst we accept that there are negative perceptions around premium rate numbers, personal numbers and some 08 numbers, we feel that the selection of quotes from consumers in the document over-emphasises this (for example those on p32). The document fails to take account of large sections of the industry’s services that are used regularly by consumers with trust and confidence, ranging from vote services on reality TV through to national rail enquiries which demonstrate that the market can work responsibly and beneficially for all.

Page 105 refers to ongoing scams in 070, yet there is no indication that Ofcom has stepped in to try to stop these, which we would have expected to see happening, thus helping to protect the perception of the prefix. Similarly the generalization that there is a low level of awareness of 070 numbers seems at odds with the statement that there is a high level of distrust in the prefix.

We feel that this consultation has brought together what are essentially two separate issues and tried to find an answer that matches both of them. The issues are consumer trust and confidence versus the efficiency of the market and the cost of administration. To truly address consumer issues, cost considerations should be put aside.

Responses to specific questions

Questions from Sections 1-5

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

PNC agrees with the strategic principles as set out by Ofcom. In particular we feel that arrangements which work to lessen consumer confusion and increase confidence about the type and cost of the service being called will be beneficial to the industry as well as the consumer.

Question 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?

It seems that consumers expect to get a certain level of information from the number that they dial, be this cost information or geographic information. Apparently this is not being indicated as clearly as some would like at present. It is hard to predict how views are likely to change, although we do know that there is often high resistance to change (as was seen with the liberalisation of DQ services). However, it would seem likely that consumers memorizing or "seeing" frequently dialed numbers will lessen as consumers use stored numbers more, hence there will be less importance placed on the actual number. The impact of numbering will therefore be mostly on numbers that are called on an infrequent or one-off basis.

Question 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 seems likely that increased use of VoIP and NGN will lead to less and less importance being placed on the geographical routing of call. Allocations of less than 10,000 will therefore become more relevant to suppliers as decode limits are lessened through the new technology.

Question 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?

Whilst consumers have a strong awareness of geographic and mobile numbers, the intended purpose of current plan to use the prefix to indicate the cost and type of service (for special services) does not seem to have worked. Ofcom refers repeatedly to "low level of consumer trust in 08 and 09 numbers" or similar, and we feel that this is an overwhelmingly negative view, which is not mirrored by those consumers who are happy to enter TV Votes, purchase ring-tones, listen to their horoscopes and so on without any cause for complaint.

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

No comment

Question 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?

No comment

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

No comment

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

Yes. Option 2 is illogical and confused. Option 1 is better, but PNC agrees with option 3, to open up 03 for non-revenue share. The introduction of this prefix should solve many of the perceived problems associated with 0870 and 0845 that Ofcom addressed in the NTS review.

Question 9 How should the '03' range be structured, in terms of tariffs and services?

If this is to be a non-geographic, non-revenue share, there seems little point in setting a sub-structure at this stage – what is it proposed that it would indicate?

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

This is covered in the NTS statement with its proposed changes for 0871 and 0870, with changes in the pipeline for 0845 (and no doubt 0844 in due course).

Question 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)?

Option 3 seems to be in essence a variation of what we have now, which has clearly not worked. Ofcom refers to a simplified set of definitions, but nothing is put forward to show how they will be simplified other than a few arbitrary categories, such as Charitable donations, which have never demonstrated a need to be separated out. Furthermore there is no indication as to how Ofcom believes that a new set of definitions will be found that make more sense to the consumer than the current ones.

We believe there is merit in Option 2, allowing consumers to understand that “09 equals premium rate” in the same way that 07 is currently recognised for mobiles. It would be possible for ICSTIS to require certain potentially problematic services (such as adult and gambling) to operate within certain ring-fenced areas of this prefix.

Question 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?

The theory behind the current restriction of adult to 0909 was that customers could selectively bar to this level. In practice, most customers are offered all or nothing with regard to PRS barring and we understand that the costs of introducing this type of barring were prohibitive.

The suggestion for Option 3 refers to ranking in order of “potential consumer detriment” – but this would be a purely subjective ranking depending on who the consumer is – child, low income group, low IT skills - cost versus content and so on.

An “adults only” classification would not work, it needs to be specific service types that children should not access, such as sexual entertainment and gambling. Adults themselves have a range of what they consider desirable and undesirable to access and all services are essentially for adults unless they are specifically targeted at children as per paragraph 6.1.1 of the ICSTIS Code.

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

We believe this will only happen when the MNOs agree a structure of charging between each other that does not penalise the consumer. Also different price plans – PAYG v many different contract packages will make a sub-structure virtually impossible to define.

Question 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?

There is no real substance to section 5.61 and onwards dealing with personal numbers. Ofcom refers to ongoing inappropriate use and scams without any supporting information. Conversely there are bona fide services operating which allow consumers protection from unwanted callers (for example Autotrader) which are not mentioned.

If problematic services are operating, why can they not be tackled by a standard regulatory approach. If consumers are generally unaware that these services exist, how can there be, according to Ofcom, a low level of trust in them?

Question 14 mentions the idea of a tariff ceiling, without having discussed this previously. Is this intended to be per minute or per call? Where might the level be set – 50p or £5. A cost message should be free to caller if the operator has chosen to go above set limits.

However, as Ofcom's research shows that call ceilings on 087 numbers are not recognised by consumers, we do not see how introducing a ceiling would help to restore trust for 070.

Question 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?

It seems sensible to split PNS from mobile services and use the available 06 range. However, the sub allocation of 065 for "personal" and 060 "individual" does not seem to serve any purpose: firstly what is the distinction between a person and an individual? Will revenue share be allowed on 060 but not 065? Will Ofcom allocate individual numbers to members of the public on 060?

Has Ofcom considered how current operators of 070 services would migrate to 06? Would they have a priority over new operators for number ranges, or would it simply be first come first served?

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

No

Question 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?

The proposals are comprehensive and the timescales seem acceptable. There still appear to be many contradictions in the proposals, for example 08 on the schematic is listed as "chargeable services" – all services are chargeable with the exception of freephone. The 08 prefix itself will not provide the consumer with any clarity as there will be revenue share services mixed with non-revenue share and a range of tariffs to reflect that. Some numbers will migrate from 08 to 03 which, as a new prefix will not be instantly recognisable to consumers and looks more like a geographic number than a "charged" number.

Question 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 are met? Do you have any suggestions for what tests would be appropriate or any conditions that should be met to pass such tests?

In principle we agree with consumer protections tests, but 5.84 is onerous and it is not clear whether the "serious breaches" refer to breaches by the network operator or by their service providers. Either way the threshold of one serious breach per year is too low. Much of the information suggested (particularly in the second bullet point) seems to be duplicating what ICSTIS already asks for.

Question 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?

This appears to be a key section with only one question attached.

At 5.87 Ofcom reveals that it plans to clarify the service definitions at a date after the numbering plan has been set. Surely these two activities must go hand in hand?

We are concerned that a proposal to extend the tariffing provision to all providers would lead to a complex and restrictive situation, which is the opposite of the simple, clear message that Ofcom is hoping to achieve via this consultation.

Do these proposals relate to requiring an RPI for telephony, and if so, how will this be introduced without being anti-competitive?

Question 20 How do you think the new Numbering Plan could be effectively communicated to consumers?

Initially, a national publicity campaign utilising outdoor advertising space, national TV and radio, leaflet with bills and so on, on the level of the change from 01 to 071 and 081 would be needed to achieve any realistic level of consumer understanding.

But, there needs to be an acknowledgement of ongoing consumer awareness issues – it is at point of sale that consumers need to know the cost.

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

As suggested in the overview to this document, we feel that the issues discussed here are quite distinct from the consumer interests that have been discussed so far.

This section is difficult to comment on as there is no indication of what any potential charges may be. Ofcom's analysis appears correct and we would wish to avoid a charging mechanism that is potentially considerably complex, however, making distinctions between charging on application and charging annually are difficult to assess without knowing comparative costs.

If charging were to be introduced, we would not support variance by geographic area or by service type, and feel that capacity and administration costs by number seems the most straight forward. A mix of an annual charge on existing numbers and a charge on new allocations would encourage NOs to become more cost efficient, surrendering numbers not required. However, we would wish to be sure that the introduction of charging was not a barrier to competition.

Ofcom needs to be clear on the level to which number blocks may be broken down; would the network be in a position to return partial number blocks that are not required in order to lower their costs? If Ofcom cannot deal with such fine tuning, the network should not be punished for having numbers it does not utilize.

Many of the concerns seem minor and only relevant to a transitional period which would cover the introduction of charging, not the ongoing picture, which is what should be considered.

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

We do not see a basis for value based charging and it would be difficult for Ofcom to determine which numbers have inherent value. If required this will operate as a sub-market via porting or selling, as was seen with 118 118.

Question 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?

When considering all these proposals, it is important to remember the hopes that were centered around the anticipated effect of current plan and how these have generally failed to materialize. Complex sub-allocations and definitions will simply be lost on the consumer.

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

No comment

Question 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 comment

Question 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?

No comment

Question 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?

No comment

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

No comment

Question 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?

No comment

Question 30 What are your views on overlay codes, and Ofcom's assessment of them, as a fallback option to increase number supply? What should be the maximum number of areas where overlay codes are introduced?

No comment

Question 31 What are your views on closing the scheme, and Ofcom's assessment of it, as a fallback option to increase number supply?

No comment

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

No comment

Question 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?

No comment

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

Apart from the overwhelmingly and, we feel, unfairly negative perception of 09 that Ofcom presents in this document, the problems appear to be assessed correctly. There is reference to the need for clarity of "service definitions" yet as these have not worked in the current numbering arrangements (p86) why will new definitions have greater clarity? The introduction of the current plan was meant to give various indicators to consumers, but now Ofcom is saying it is causing confusion. If consumers have a low perception of sub-structures, this would argue for option 2, a single designation for PRS.

In discussing consumers' broad sense of which numbers they trust and which they do not, Ofcom has not covered the issue of the mode of advertising. ICSTIS research several years ago showed that consumers will inherently have faith in a number or service advertised on a trusted mechanism, such as the BBC, whereas they are instinctively wary of unsolicited advertising, such as mailshots.

It seems that there is more confusion around 08 than 09, and the two need to be separated out when making generalisations.

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

Options 1 and 2 are not logical extensions to the existing number ranges – research has shown that there is now poor recognition of any 08 prefixes other than 0800 – we do not think that odd numbers v even numbers (p91) will have any comprehensible meaning to consumers. Therefore introduction of 03 seems best way forward and could, in time lead to clearer understanding of 08.

The possible anomaly raised in A2.37 is clear and would point to leaving 0870 and 0845 untouched as capped revenue share services, allowing companies who want to use a non-revenue share option to move to 03.

We do not believe that there is a need for a sub-structure on 03, given the lack of consumer awareness of the meaning of sub-structures on any current prefixes. Additionally there is no particular logic to those proposed, other than (a) which is barely understood on 08xx.

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

The selling point will be for those companies that want to offer a low cost nationwide service and avoid any perception, real or otherwise, that it is overcharging callers.

Question 37 Is it more important to indicate 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?

Consumers need to know in advance of making a call what they are “buying” and what it will cost them. A maximum cost is probably ideal, but for many calls the duration will vary, hence the best indicator is a per minute price.

It is unlikely that sub-structures within the numbering plan will give any meaningful information to the majority of consumers but, as they should get cost information from the advertising, if Ofcom determines that a sub-structure is required, it would be best to indicate service type (option 3c) However, the suggestions here are very limited, why do charitable services warrant their own prefix? What are – “business services hotlines”? What will 097 be under option 3c? What has happened to pay for product under all options?

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

Does this mean no limits on cost per min, single drop or duration of call? Surely if this is an available range, all services will operate there.

Question 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 of 09 services?

There is no typical turnover for PRS, some numbers have operated unchanged for years, others come and go in a matter of weeks or months. No indication of timescales for migration is given, would it be three years as per 070?

Question 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'?

Yes – it is clearly established already!

Question 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?

Again research has shown that consumers have a low awareness of sub-structure meanings. Generally mobile users are more cost aware and “happy” to incur costs associated with enhanced services. It is early days in the field of multi-media to start trying to predict service types to define.

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

No comment

Question 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; i) 10 ppm ii) 15 ppm iii) 20 ppm iv) something else ?

The abuse of call ceilings for any prefix generally lies with the OCP, rather than the TCP as suggested in paragraph A3.21 and this approach seems to demonstrate a lack of consistency with charge ceilings for 09 calls. The advertised price for the service is what counts. PNC does not believe that there is a need to lower the charge ceiling from the currently available 50ppm rate.

Question 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?

No. This would provide no transparency to those who call personal numbers. There could be no ongoing requirement on the purchaser of a number to inform callers of costs, and it is point of call, not point of sale that matters here.

Question 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?

There is no evidence base available to make a reasoned judgment on this.

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

Administration, policing and regulatory requirements would all need to be set up if Ofcom allocates direct, without the intermediary of a network or reseller.

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

This question can probably best be answered by OCPs, but there seems to be little incentive to use blocks of numbers efficiently. If a block of 10k numbers is obtained for one or two golden numbers within it and the rest are barely used, this artificially inflates the capacity of the company.

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

Yes, the principles appear correct. However, we are concerned that any charges that are proposed do not act as a barrier to entry to the market for smaller providers.

Question 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 necessary to take the long term view in order to achieve ongoing stability. If some parties incur initial set-up charges in the short term this will have to be dealt with as appropriate. Most of the arrangements seem geared towards geographic numbers.

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

It would appear likely

Question 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?

No comment

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

It is difficult to make accurate assessments about the likely effects of charging when there has been absolutely no indication within the document of the likely level of charge.

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

Why has a combined allocation and annual charge structure not been considered?

Question 54 How would charging for number blocks affect consumers?

Any proposed charging should not have a knock-on effect to consumers. Networks should be able to absorb costs through more efficient use of numbers.

Question 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?

The situation described in para A4.59 is what allows premium rate services to run. Any increased costs in charging would no doubt be passed on to SPs and IPs.

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

If unscrupulous operators are preying on consumers' lack of knowledge and understanding, then a simple, well communicated plan should serve to discourage this.

Question 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?

No comment

Question 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 consumer abuse?

Conditions imposed must be objective. It is important to distinguish between willfulness and negligence.

Whilst PNC has assumed that the document is referring throughout to OCPs and TCPs, A5.44 seems to refer to service providers and the number of them that have repeatedly breached the Code. We do not understand the relevance of this as regulation of service providers is with ICSTIS.

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

Ofcom appears to have covered the majority of circumstances. However, if ICSTIS has named someone as an "associated individual" it would be unlikely that they should be given numbers to operate as a network.

Question 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?

If number blocks are withdrawn it would be necessary to consider whether all in the block were causing harm, or only a proportion. Service providers for those that were operating correctly would surely have a right to redress if access was suddenly withdrawn.

Question 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?

Unfortunately the consumer abuses that are guessed at are rarely the ones that arise. If ICSTIS had had this kind of foresight, ACE, SMS and internet diallers abuses would have been prevented before they could start.

Conclusion

It can be seen from our comments that we are sceptical about the need to incur the cost of change without clear cost benefits and improvements in consumer understanding. Looking at the objectives that were set around the Big Number change, it appears that many of these have not been met and, in particular, consumers have no particular awareness of a sub-structure to the 09 range – whilst recognising the 09 is “more expensive”.

PNC believes that broad prefix designations are understood by the consumer and that sub-structures are not understood outside the industry. The concept of the 03 prefix, introduced in this consultation as “slightly different” from the NTS statement, is so radical that it removes the majority of the perceived problems associated with 0870 and 0845 and, we believe means that measures proposed in the NTS statement need to be reconsidered.