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Response by Viatel to Ofcom Consultation on Telephone Numbering

Viatel welcomes the opportunity to comment on Ofcom's proposals for the UK Numbering Plan.

Summary

The biggest problem with the current system of number allocation is the technical requirement for numbers to be allocated in blocks of 10,000. Most providers require only a fraction of this number per area code and therefore utilisation of allocated numbers is running at a very low rate. We therefore support Ofcom's proposal to increase the number of (Type A) conservation areas to the extent technically possible.

We believe that this interim measure, along with the use of overlay codes as a backstop, should maintain sufficient availability of numbers until the advent of NGNs, which should eradicate the technical limitations.

We are not clear about the benefits of opening the 03 range. We do not support the idea of replicating the 084 and 087 structure on 03. We believe that VoIP customers can use geographic numbers and 056 numbers (with more clarity and support from Ofcom). We fear that few business customers will be attracted to an 03 number if there are no obvious commercial advantages.

We are strongly against the introduction of charging for number allocations as it would introduce a barrier to entry to the market. It would be unfair given that providers have no choice in many cases but to order more numbers than they are likely to need.

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?
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?

Most of our business customers prefer to use a geographic number and are very keen to keep the same number when they move between service providers. Many of our customers do not consider that it is vital to have a geographic number that is recognisable as pertaining to their geographic location and we occasionally allocate numbers to customers that do not match their physical location. For example, we have a customer in Scotland to whom we have allocated (at their request) an 020 number, which our IP network allows us to do.

We agree with Ofcom that the more widespread transition to NGNs will have benefits for consumers in terms of more flexible routing of calls and increased mobility of use, as well as improved availability of numbers, and more efficient number portability. We hope that, given the imminent deployment of BT's 21CN and, we understand, other providers' NGN, Ofcom can introduce interim measures at this stage to combat scarity of numbers and not need to resort to more draconian measures such as charging for number allocations.

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?

Number Availability – We agree with Ofcom that numbering resources are under a good deal of strain at the moment and we accept that number block allocations have been driven by the growth in the number of providers. However, most providers retain large quantities of numbers which they have not allocated to customers which is due, largely, to the policy of allocating blocks of 10,000 to providers who only need a fraction of that amount. We therefore support Ofcom's use of conservation measures, limiting the size of the blocks allocated.

Transparency - When Ofcom lists the reasons why numbers do not always convey clear tariff information, Ofcom omits to mention one important reason, which is that different prices apply depending on whether a call is made from a fixed network or a mobile network.   With the advent of VoIP services and NGNs (and the removal of the link between the number and the location on the network), charges may again shift or become even less homogenised.

We would also point out that carving up a number range into different price bands for different services puts further pressure on numbering resource. We think it is unrealistic to believe that the average consumer can recognise the significance of numbers at any but a very high level. They probably recognise the cost of 0800 and 01/02, but more than that we believe that there is very little awareness of the nuances of pricing policies. It might be preferable to require providers to communicate their charges with sufficient clarity and transparency, rather than relying on the numbering plan to do that job for them.

For example, the requirement to provide a clear price list with every bill. Any provider who introduces a price point outside of the broad expectations of the use of a particular number range could be required to pre-announce call charges at the beginning of the call.

Consumer Abuses – Viatel does not currently provide NTS, PRS or personal numbers.

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?

Yes.

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?

Where number blocks become completely unavailable, we agree that the use of overlay codes is the best solution. It is worth noting, however, that they are not well liked by customers. We have found that our customers are not keen to use a "new" number range that they are not familiar with – we initially had some resistance to the use of 020 3 numbers.

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?

Technological developments are likely to drive consumers' perception of geographic numbering. At the moment, most people would see a geographic number as representing a fixed location with a recognised price point. The advent of VoIP may dilute this perception but at the moment, customers mainly perceive only mobile numbers as being truly "roaming", with a different set of charges pertaining to mobile numbers. As Ofcom says in paragraph 3.29, for those of us utilising NGNs, there is no longer an intrinsic link between a telephone number and a specific physical location on the network.

If VoIP and traditional mobile converge to the point that they are directly competing (for example via the wide-spread deployment of wi-fi) then providers of VoIP-based mobile will have to decide how they price their calls. If they want to charge a premium on the per-minute rate, then they will need to use different numbers, possibly from the existing mobile range. Until technology blurs the boundaries between fixed and mobile to the extent that consumers no longer wish to recognise the difference, the geographic distinction will need to remain.

We do not believe it is Ofcom's responsibility to develop consumer understanding of technological change. It simply needs to provide a regulatory

framework that ensures that technological change doesn't lead to exploitation of the consumer.

Question 8 Do you agree with Ofcom's proposal to open a new '03' number range for non-geographic, non-revenue sharing services? Question 9 How should the '03' range be structured, in terms of tariffs and services?

Ofcom proposes that 03 be used by businesses and public sector bodies which require a non-geographic number because they require a national presence. If this number range is not for number translation, then presumably operators without an NGN or VoIP platform would have to build the number ranges on to all of their exchanges.

We believe that if more consumer protection is introduced surrounding the 08 range, then the introduction of 03 is unnecessary. Those businesses that rely on the benefits of revenue sharing will still want to use an 08 number and those that don't will probably opt for a geographic number.

There is probably a basic level of understanding amongst consumers that 08 is a non-geographic number range, so it would be better to introduce consumer protection measures on this range, than introduce a new range and have to begin the education process again. Regulating the 08 range would also give consumers the satisfaction of seeing their complaint resolved, whereas they might be suspicious that 03 will replicate the concerns they had with 08.

We see no value in Option 3(a) in paragraph 5.46, since this merely replicates the sub-ranges used in 08 which Ofcom is seeking to move away from. We also disagree with Option 3(c) which would open different sub-ranges for different services. This would add unnecessary complexity for consumers, would potentially "label" different providers and different technologies, and would put extra strain on numbering resources.

If Ofcom were to open the 03 range, we would recommend Option 3 (b), which would establish a clear, simple identity for national rate calls. Ofcom does not specifically mention the use of 03 for VoIP services and we would welcome more clarity from Ofcom on this point.

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

The 056 range was made available in 2004 for Location Independent ECS. To date, Viatel's customers have shown a preference for geographic numbers. That said, users of our purely "soft client" nomadic service may be more inclined to take a non-geographic number. However, we would be loathe to push for the use of an 056 number at this point, given the reluctance of some originating operators to provide access to 056 numbers for their customers.

We feel that Ofcom's stated intention to treat this range now as "experimental" leaves the regulatory position rather unclear. It is also unclear whether 03 is supposed to be used as a substitute for 056, or in addition to, or not at all for VoIP. We believe that if this range is to have a meaningful future, then Ofcom must support its use with an aggressive stance on the opening up of the number range on all providers' networks.

Question 21 What are your views on Ofcom's analysis and the different options for number charging?
Question 47 What do you consider to be the main strengths and weaknesses of the current rules-based system of UK number allocation?
Question 54 How would charging for number blocks affect consumers?

We do not believe that the introduction of market-based mechanisms is necessary at this time and we believe it should be held as a last resort. Any attempt to charge for number ranges would have a disproportionately adverse effect on new entrants (as Ofcom notes in paragraph 5.109). New entrants are not, at this time, applying for more numbers than they need – on the contrary, they are being allocated more than they wish for because of the 10,000 number block rule (except in conservation areas). New entrants typically apply for one block in each area code. Any provider with a nationwide sales strategy is, ultimately, going to need one block for every area, even if they are applied for gradually in order of priority (as Ofcom discusses in A4.46)

A charge for a resource which is of limited supply is usually intended to have the effect of reducing the demand. New entrants usually only request numbers that their customers demand. One possible consequence of a charge for numbering would be that the charge would be passed on to customers, since it is they, ultimately, who require use of this scarce resource. It seems unlikely that customers will be willing to pay for numbering so it is, in our view, unfair that providers should have to bear the burden of a charge when they are merely performing the administrative task of acquiring numbers for their customers.

It would also be iniquitous to charge per number block (as opposed to per number) when providers are required by the system to apply for more numbers than they need. Even the smallest charge would likely be prohibitive for a new entrant, whilst providing no disincentive for a large provider.

Ofcom makes the point that large sums of money are often exchanged for sub-allocated number ranges – we would respond that this is because there is a value attached to "golden numbers" for customers, but there is no value attached to standard geographic numbers.

If range holders are to bear the cost of numbering allocations, then this would increase the attraction of porting numbers for customers (as well as sub-allocations, as discussed below) and decrease the attraction of new number ranges, like 03 or 056. We believe that it is inappropriate to introduce charges

for new number blocks whilst the process of number portability remains so time consuming and unnecessarily complicated.

If an annual charge were applied, then this would raise the possibility that range holders would continue to pay for numbers that are now being used by other service providers.

In summary, we do not believe that charging for numbers is necessary at this stage. The biggest single problem with the current numbering system is the technical requirement to issue blocks of 10,000 numbers. If Ofcom increases the number of conservation areas (and introduces measures to reclaim unused number allocations), we hope that this will suffice until the advent of NGNs. If not, then Ofcom should reconsider imposing charges if and when it becomes really necessary.

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?

Ofcom notes that charging for numbers may encourage sub-allocation as providers seek to make more efficient use of their numbering stock. We agree with this only up to a point. Firstly, range holders are likely to pass any allocation charge (and possibly additional commercial fees) on to the provider seeking the sub-allocation.

Secondly, the current "onward routing" mechanism means that a call will be handed first to the range holder, and then on to the provider with the sub-allocation. Sub-allocations therefore increase the complexity of the routing of calls (which might at some point have an impact on the cost of the call).

Thirdly, sub-allocations require an interconnect between the provider and the range holder, so a provider with a national sales strategy would either have to find another provider with spare capacity in every area code, or would have to have multiple interconnects in place.