

Clive Hillier/Gareth Davies
Ofcom
Floor 4, Competition Group
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6th December 2005

Dear Clive and Gareth,

Windsor Telecom's response to *Number Translation Services: A Way Forward*

Windsor Telecom (WT) has considered the issues outlined in the consultation document '*Number Translations Services: A Way Forward*' and set out their opinions below. WT firmly believe that if some of the proposals do go ahead (in particular the ban on 0870 revenue sharing) these will have a negative impact on us, our 7000+ customers and tens of thousands of consumers in general.

Firstly it must be made clear that consumers do have a choice as to whether or not they decide to dial non-geographic numbers (79% of the research sample agreed with this). In the commercial sector, consumers can choose to dial alternative suppliers. In the public sector there are ways to source the underlying 'geographic' number. In fact many bodies will provide consumers with alternative numbers on request.

***Abolish revenue sharing on 0870 numbers**

Ofcom do not appear to have fully considered the wider implications for the telecoms industry of banning revenue sharing and Ofcom appear to be bowing to a small minority of consumers who have expressed concerns about revenue sharing. Other than a small section of the left-wing media and a handful of campaigners we are unaware of strong public feeling to this issue. We are informed that only 3 people from the 'saynoto0870' campaign were passionate enough to attend a meeting with Ofcom.

The research states that '*44% of the sample agreed (11% strongly agreed) that companies who employ 0870 numbers should be allowed a share of the profits*'. If the consumers who are not concerned about revenue sharing outweigh the proportion who are, (which is the case) why should revenue sharing be banned, and why has it been allowed to continue for so long? Only 30% of consumers are actually aware of revenue sharing, most probably due to misleading reports that have recently appeared in the British media.

Whilst WT recognise Ofcom's concern that at present there is no adequate consumer protection measure to prevent consumers being overcharged, if call prices were 'capped' at a certain rate then consumers would be clear about charges and would be unable to be exploited.

WT believe that too much of an emphasis is being placed on banning revenue sharing when the real focus should be on 'educating' consumers about the costs of calling 0845/0870 numbers to avoid the ever growing confusion and miss-understandings. Only 43% of the sample knew how much it costs to call a 0845/0870 number which

raises real concerns. This is the responsibility of Ofcom and the telecoms industry to address.

If the proposal did go ahead, BT would increase their share of the telecoms industry. This would clearly be anti-competitive and would undo much of the good work built up over the past few years, especially the increased choice for customers and the involvement of smaller telecoms companies in the marketplace.

Many telecoms companies have been established to provide a 0870 service and survive purely on the call revenue they receive. Whilst WT's main focus is on 0845 numbers, we are concerned that banning call revenue share to these companies, whilst BT still take their share would not only be unfair but would result in many of these companies ceasing trading. The knock on effect from this would cost the tax payer a substantial amount in benefits and the government lost revenues in tax. This demonstrates a 'lose-lose' situation for all concerned.

If we consider smaller telecoms companies as well, the majority need to run a 0870 number in order to supply intelligent network features, they can't afford to pay for a costly 0845/0800 number and thus have no alternative but to run their service on 0870 numbers.

A large percentage of our 0870 SME customers claim revenue on a regular basis and rely heavily on this extra source of income. To take this away from them now when they have become accustomed to it could be disastrous. WT do however agree that large commercial organisations with high profit levels (such as banks) should not benefit from revenue sharing and should adopt a local rate 0845 number.

***0871: Re-classified as premium rate**

Whilst only a small percentage of WT's customer base hold 0871 numbers, the prospect of ICSTIS governing this particular number range is concerning particularly due to the negative publicity that 09 numbers have attracted. For 0871 numbers to be associated as a 'premium rate number' will almost certainly discourage consumers from dialling. WT is also concerned at the prospect of all 0870 customers having to migrate to a 0871 number to continue to benefit from revenue sharing.

The first question that arises is 'Are there actually enough 0871 numbers to go round?' The research suggests not and this indicates that this isn't an area that has been thought through particularly well. The second question is 'Can 0871 numbers be dialled from abroad?' Of course they cannot. How will businesses that rely predominantly on international trade continue to succeed if they are forced to migrate onto a 0871 main contact number? It will not look professional if a 0871 number is advertised internationally and callers cannot be connected.

A further concern for our customers relates to the changes that will have to be made to all of their promotional literature if they are forced to migrate to a 0871 number to continue revenue sharing. Advising all business associates of a new contact number is a costly and very time consuming exercise.

***Improved consumer information**

WT supports Ofcom's proposal that consumers need to be provided with better information surrounding the costs associated with calling non-geographic numbers. The fact that 57% of the research sample didn't know the cost to dial 0845 and 0870 numbers is of real concern.

WT feel that it is a key responsibility of Ofcom, as the independent regulator of the telecoms industry, to educate consumers in relation to call costs as best they can.

The proposal for call cost pre-announcements before the connection of each call and capped ppm charges to feature next to all advertised 0845 and 0870 numbers is probably unworkable. Whilst consumers would be clear about exactly how much each call costs, it would be a costly and time consuming exercise. Pre-announcements may have a detrimental effect on the use of the number and would actually increase the call length.

***Advertising & Marketing**

Since WT was allocated its range of numbers by Ofcom, they have always been promoted and sold in good faith as local rate (0845 numbers) and national rate (0870 numbers) respectively. At the point of every sale, our customers are also advised to advertise their numbers as being 'local' and/or 'national' rate.

To no longer allow these descriptions because they are deemed 'misleading' by the ASA seems too much of an unnecessary upheaval. As well as the costly re-printing of all promotional material to eliminate these descriptions, associations will have already been made in the minds of consumers with 0845 numbers being 'local rate' and 0870 numbers being 'national rate'. It will therefore be extremely difficult to create a 'disassociation'. WT believe that the two descriptions should remain but in order to clarify further, capped ppm charges should feature next to the descriptions.

***Use of NTS numbers by public bodies**

A relatively large proportion of WT's customers are public bodies that hold 0845 numbers. WT agree that it is inappropriate for public bodies to employ 0870 numbers as main contact numbers and always advises the public sector to consider 0845 numbers over 0870 numbers.

If WT had to agree with any of the options outlined in the proposal it would be Option 2 which would cap 0845 charges at 4ppm and 0870 charges at 8ppm yet still allow revenue sharing. Consumers would then be aware of exactly how much it costs to dial non-geographic numbers and the companies who provided the 0845 and 0870 numbers would still benefit and in turn be allowed to provide enhanced services to businesses and consumers.

Ofcom's Responsibilities to Telecom's Providers

Ofcom has allocated blocks of numbers to numbering providers on the following basis:

- BT's Standard Local Call Retail Price for BT customers (0845 XXX ranges)
- BT's Standard National Call Retail Price for BT customers (0870 XXX ranges)
- Up to 10p - non-internet (ranges 0871 2XX to 0871 9XX)

Numbering providers have acted in good faith and supplied these number ranges to end-users in accordance with the above structure. If changes are made to the current system without proper consultation and lead-times, then telecoms operators will potentially be open to legal comeback from aggrieved business users. Our only recourse will be with Ofcom. We do hope this situation can be avoided for all parties.

Revenues derived from call revenue do not simply go on the bottom line. These funds are used to fund more advanced network services and therefore provide a more sophisticated and better service to the end user.

In summary, WT believe that banning revenue sharing on 0870 numbers will not benefit anyone, apart from BT. More extensive research needs to be conducted into the use of NTS before a final decision can be reached about their future.

We would expect that our opinions are similar to that of most other number providers and that collectively these views will impact heavily on your findings.

Yours sincerely,

Neil Sherring
Director
On behalf of Windsor Telecom plc

Questions & Answers

Q. Who would benefit from Ofcom’s proposal to ban revenue sharing on 0870 numbers and who would the proposal have a negative impact on?

A.

Positive Impact	Negative Impact
BT (Only telecoms company to still benefit from 0870 revenue sharing)	Everyday Consumers (No longer benefit from the more advanced and sophisticated network services that call revenues fund at present)
Ofcom (Seen in a positive light by consumers and the government if the proposal did go ahead)	Telecoms companies established solely to provide an 0870 service (Cease trading)
Campaigners A small number of consumers	Tax Payers (Knock on effect from companies who cease trading would cost tax payers a substantial amount in benefits)
	Government (Lost revenues in tax from companies who cease trading)
	Companies who claim revenue on a regular basis (Rely heavily on this extra source of income)

Q. What further steps do WT think Ofcom need to take?

- Conduct more extensive research into the NTS industry before a firm decision is made on its future. The current research is flawed in a number of ways and therefore is invalid.
- Fully investigate the impact of banning 0870 revenue sharing on the telecoms industry. The research that has already been conducted focuses too heavily on the ‘consumer perspective’ and whilst the ‘business perspective’ has been investigated, this is not in near enough detail.
- Organise more one to one meetings with suppliers of 0870 numbers to gain a true understanding of how the proposals will affect their future trading status.
- Only once this additional research has been conducted does WT feel it would be appropriate to make firm decisions on the future of NTS.
- Extend both the consultation and implementation periods to allow number providers time to react to any changes.