

Number Translation Services: A way forward

Executive Summary

We thank Ofcom for the opportunity to comment on Number Translation Services: A way forward. The current NTS does have some shortcomings and we do agree with some of the detail of Ofcom's proposals. However the proposals are, as a whole, just further irrelevant micro-regulation, which is of little benefit to consumers, a hindrance to smaller Communication Providers (CP's) and a disaster for many SME's. The proposals have narrow-mindedly concentrated on detail and ignored the wider picture.

We believe that Ofcom have acted irresponsibly in publishing their consultation proposals, considering that they had commissioned MORI¹ and HI Europe to investigate the market. How can Ofcom reasonably put forward proposals when they hadn't even received the information? This over eagerness to publish and be damned has had a severely detrimental effect on this sector of the market already, causing consumer scepticism, business loss of confidence and a stop to some telecom companies development.

The summarised response to the Ofcom questions (1 to 10) is listed below. FleXtel's detailed response and recommendations follow later.

Question 1:

Do you agree with our proposal that revenue sharing should no longer be allowed on 0870 calls if the link between 0870 call prices and prices for 01 and 02 geographic calls is restored?

No, there are fundamental flaws with linking 0870 to 01/02 which make this infeasible (see detail later). However, restricting revenue share to premium rate 09 numbers would help clarify the UK national numbering scheme for the consumer.

Question 2:

In connection with Options B4 and B5, Do stakeholders agree with Ofcom's initial view that 0870 calls should be removed from the scope of the NTS Condition if the geographic link between 0870 calls and geographic calls is restored?

No, there are fundamental flaws with linking 0870 to 01/02 which make this infeasible (see detail later).

However, allowing Terminating Communication Providers (TCP's) to set their own rates would enable the free market and competition to work more effectively, which in the long run would be of benefit to the consumer.

Question 3:

In connection with Option C3, Ofcom welcomes comments from the industry about the costs and feasibility of extending the scope of the designations of the Plan for the 0844 and 0871 ranges so that they apply to all fixed line services excluding payphones? What period of preparation time should be allowed for should this change is introduced?

An overarching strategy detailed later will make the micro-regulation involved in this option irrelevant.

¹ HI Europe/Mori study - http://www.ofcom.org.uk/consult/condocs/nts_forward/ntsrch.pdf

Question 4:

In connection with Option C3, Ofcom welcomes comments from the industry about the costs and feasibility of extending the scope of the designations of the Plan for the 0844 and 0871 number ranges so that they apply to payphones and mobile phones as well as fixed line services? What period of preparation time should be allowed should this change is introduced?

An overarching strategy detailed later will make the micro-regulation involved in this option irrelevant.

Question 5:

In connection with Option D2, Ofcom welcomes stakeholders' views on its proposal to extend PRS regulation to 0871 numbers after a one-year period.

The singling out of 0871 for special treatment is unhelpful. A wider view of all numbering needs to be considered.

Question 6:

In connection with Option D3, Ofcom welcomes stakeholders views on its proposal to amend the Plan to clarify that sexual entertainment services must use the designated ranges (0908 and 0909) and extend Ofcom's backstop powers to include all adult services regardless of price.

We agree that having adult services in the 09 range only would be desirable and help clarify the UK national numbering scheme for the consumer.

Question 7:

Ofcom has identified a range of options for evaluation (A1 to F2). What are stakeholders' views on the options? What other options do stakeholders think Ofcom should consider and why?

An overarching strategy needs to be introduced, rather than the continued build up of unenforceable, excessive micro-regulation. For details, see the FlexTel Executive Summary that follows.

Question 8:

Do stakeholders agree with Ofcom's initial view that the package of measures proposed performs best against the evaluation criteria and should be implemented? If not, what other measures do stakeholders consider should be implemented and why?

No, the overarching strategy detailed later will remove the requirement for this excessive, micro-regulation.

Question 9:

Ofcom proposes to modify the Plan in relation to the designations for 0845 and 0870 numbers as shown in Annex 11. Do you have any specific comments on the proposals to modify the Plan in this manner?

The relationship between the national numbering scheme and BT should be broken. Trying to link prices to a single operator in a competitive, free market containing over one hundred other operators can appear discriminatory. BT prices are of little relevance to many customers and the numbering plan modifications would only add to their confusion.

Question 10:

Do you have any comments on Ofcom's proposed revised telephone numbering application form (as set out in Annex 12) for 08 numbers?

The relationship between the national numbering scheme and BT should be broken. Trying to link prices to a single operator in a competitive, free market containing over one hundred other operators can appear discriminatory. BT prices are of little relevance to many customers and the numbering plan modifications would only add to their confusion.

Our Response

1. The proposals in the consultation are narrowly focused on one sector of the NTS market.
 - Ofcom does not appear to have a wider view of how NTS is actually used in the UK market.
 - Revenue share has been a main focus of the Ofcom consultation.
 - Revenue share is inapplicable to many companies using NTS.
 - SME's are disproportionately affected by Ofcom's proposals.

2. Consumers in the UK have little idea of the cost of phone calls.
 - Ofcom, and previously Oftel, has not addressed the problem of **Price Transparency**.
 - Ofcom need to introduce regulation that would force Originating Communication Providers (OCP's) to provide this information by **Price Labelling**.
 - Knowing the cost of a product is fundamental in a free market. The telecoms market (and regulator) has failed miserably in providing this information to the consumer.
 - Most other industries now have a legal requirement to provide clear price labelling. Ofcom should be protecting the consumer by also offering this within the telecoms market
 - Many OCP's appear to create tariffs and pricing with the primary aim to befuddle the consumer.
 - Consumers cannot reasonably know how much phone calls cost them until they receive their bill.
 - Advertising showing call charges is often misleading.
 - The confusion is throughout the telecoms market and NOT only with NTS.
 - Clear **Price Labelling** would reinvigorate the competitive market reducing costs and improving quality for the consumer.

Basis for Our Response

What is a Number Translation Service?

This is very fundamental to Ofcom's consultation, yet it appears that Ofcom misunderstands **Number Translation Services**. This is backed up by the definition Ofcom gives in the glossary, compared to the definition previously used by Oftel.

Ofcom definition

NTS: Number Translation Services. Telephone services using the following numbers: Special Service numbers (including freephone, special local rate and special national rate) and Premium Rate Services numbers (PRS) (services currently provided under 090 and 091 number ranges). Within these ranges calls to 0844 04 numbers for Surftime internet access services and calls to 0808 99 for FRIACO (Flat Rate Internet Access Call Origination) are excluded

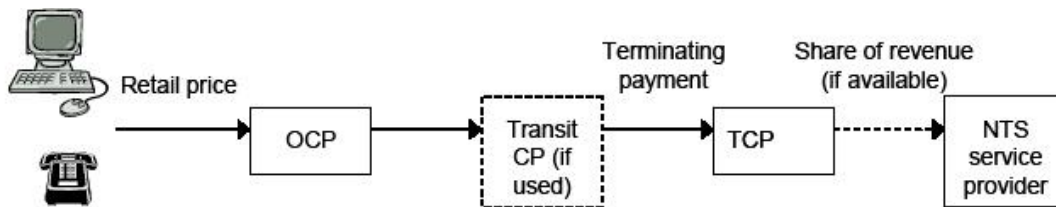
Oftel definition

Number Translation Services (NTS) - telephone services using non-geographic numbers, where that number is translated to a geographic or mobile number for final delivery to the called party

The definitions are key to the regulator's understanding of how the service works. Ofcom do not seem to know what NTS is, only that it uses particular number ranges!

This misunderstanding is exacerbated further when you look at the diagram below.

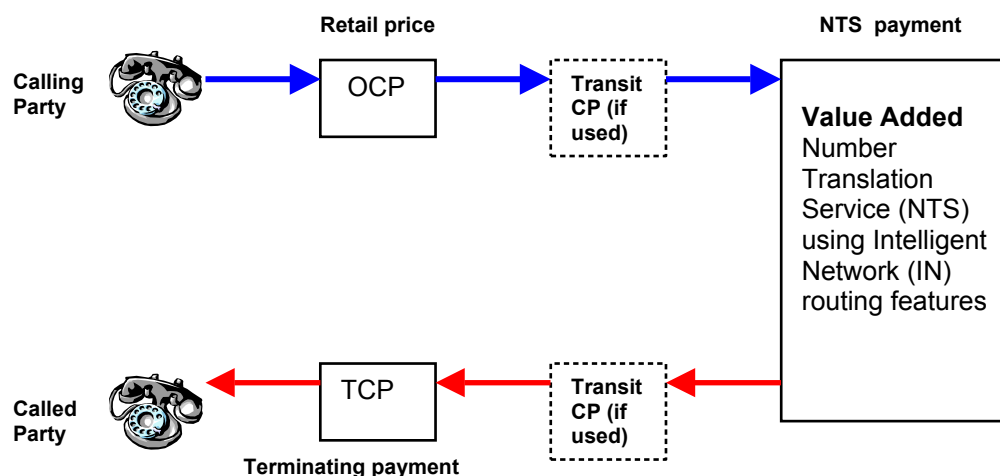
Taken from *Number translation services: options for the future* section 2.5, Figure 1: Parties involved in an NTS call



The model that Ofcom appear to be using is that for Internet Service Providers and Corporate size companies running a revenue share service more akin to a premium rate model.

Ofcom are ignoring (and penalising) the substantial number of users who are using the NTS model as it was originally conceived. The traditional NTS model, as defined by Oftel, is used primarily by small to medium sized enterprises (SME's), small office/home office (SOHO) workers, clubs, committees and charities, who cannot afford the exorbitant cost of leased lines and private circuits.

For comparison, the following diagram shows the correct model for number translation services.



In the correct model, the NTS communications provider adds value to the call by performing additional routing facilities. These facilities can include call diversions, hunt groups, load balancing, call distribution to different areas, call control and statistical information.

These additional services cost money.

There has to be a cost differential between NTS and geographic numbers to fund these value added services, so who pays?

Currently the company being called has a choice:

- 0800 – the company being called subsidises this service with a (large) pence per minute call charge.
- 0845 - the company being called subsidises this service with a (small) pence per minute call charge.
- 0870 – the company being called pays no additional charges, the calling party pays the full cost of the call. This is a “calling party pays” model.

Each option has its pro's and con's, but it is up to a company being called to decide which type of number they use, and which is appropriate for its callers. In a free market the consumer will test this decision. The consumer will compare the cost of calls against the level of service given. If they are not satisfied, they will use the services of a competing company, who may offer a cheaper call rate or

a better service. Hence, a company who makes a bad decision regarding the call type used will lose business.

This isn't the case with government departments and other public services. In this situation the consumer doesn't have a choice, they are effectively calling a monopoly.

The public service has to choose whether:

- the individual caller pays the cost of the call;
- costs of subsidised calls are spread amongst all taxpayers, through increased taxation or reduced service levels.

This may be a difficult choice and we agree with Ofcom, that guidelines can be issued, but it is unreasonable for Ofcom to dictate to other public services how they operate. Each department or service needs a telephone system to meet particular criteria that only they can assess.

For example, a government department may want a call to be charged slightly more to avoid time wasting or nuisance calls that a free call may encourage. The closest analogy to this being prescription charges, which were initially free, but because some people abused the service a nominal charge was introduced.

Only 08 NTS numbers provide a variety of tariffs offering different levels of IN service. 09 premium rate numbers will be inappropriate for many public services because they are inaccessible to some callers, who have premium rate access blocked on their lines.

Public services are accountable to Government and hence the electorate. If the call cost decision² is believed to be inept e.g. 0870 for NHS GP access, then political pressure will consequently cause a change as we have seen recently in this specific area.

How will Ofcom's proposals affect FleXtel and its users?

Ofcom will kill the "calling party pays" model that FleXtel provides. We do not have a billing platform to handle the charges that we would need to make to our customers, hence we would have no option but to close the service.

Ofcom will be forcing a number change on many SME's, SOHO's, clubs, committees and charities. This will be catastrophic for them, even more so than phONEday. The cost of advertising, stationery and livery is relatively minor compared to the true cost of changing phone numbers, which is the loss of business caused by losing touch with a customer base which have become accustomed to what may well be a truly memorable number. In addition, the value-added nature and flexibility of IN services will be lost to this sector of the economy.

What are these type of companies and establishments looking for?

- They want phone numbers that will provide them with additional flexibility and which are economic to both themselves and the caller.
- They want numbers that can be diverted, free of charge, at anytime, from anywhere.
- They want calls to be taken by different staff, at different times of the day, at different locations.
- They want numbers that can provide them with anonymity; it isn't reasonable or even safe sometimes for charity, helpline, support or home workers to give out their home phone number.
- They DO NOT want a geographic phone number because it is physically linked to a single location. A small forward thinking company will expect to grow and change premises and/or telecom systems as it grows. Each change will quite possibly require a new geographic phone number, which will cost them (as Ofcom well knows) in terms of re-advertising and loss of customers. What do Ofcom expect them to use instead? A mobile? How will that be beneficial to their callers?
- They DO NOT have large call centres with queuing systems.
- They DO NOT look to gain revenue from calls made to them.

² Who pays? ...Taxpayer or caller?

NTS numbers in the UK can meet all of these criteria. Ofcom's excessive micro-regulatory proposals not only jeopardise the CP's providing these services, but also severely restrict SME's from utilising telecoms products which historically were only available to corporates. NTS opened up telecoms for SME's. *This, surely, has got to be beneficial for the UK as a whole?* Ofcom's proposals in their current form would set the UK telecom market back 10 years. Back to the time, when only corporates and large public service departments could enjoy the benefits of Intelligent Networking.

The correct way forward

Ofcom need to take a step back and look at the problems as a whole and not just introduce excessive, reactionary micro-regulation.

What are the real issues?

- Callers are annoyed because:
 - They are being charged excessively.
 - They are held in queues of unknown length.
 - Companies they are calling are "generating revenue" from their calls.
 - Misleading pricing.
- Telecom operators cannot plan because they do not know what rates they will be receiving in the medium and long term.

What is the common factor, that cause all these issues?

Answer: **Price Transparency**

This is an area that Ofcom have touched upon when looking at NTS. However, research³ shows, that this problem is much wider. Consumers DO NOT know how much a call will cost them until they receive their bills.

OCP's and the regulator have become stuck in a time warp, back to the 1980's and the days of BT's privatisation. It is true, at that time, the technology wasn't available to provide callers with real time call pricing information. But, that is not true now. Technically it is now possible, and some companies⁴ do provide it.

Ofcom raised the issue of call price pre-announcements (which we will refer to as Call Price Labelling), back in the October 2004 consultation, and concluded that OCP Call Price Labelling would provide the best price transparency. We agree with this completely. It is the only logical solution to this problem.

However, it received confidential responses from two of the main carriers (BT and NTL). Naturally, they seemed to infer that it would be prohibitively expensive (over £100m).

Of course, they would say that, wouldn't they!

It is not in the interests of most OCP's to provide clear and open pricing, that is why they haven't done it. It is no surprise that OCP's providing Call Price Labelling, somehow have managed to provide it and still retain cheap calls... so much for all that expensive equipment!

So, we believe that Ofcom should act in the true interests of the UK consumer and indeed the British economy by implementing what is really required and not be bullied by large OCP's. Call Price Labelling should be a requirement for all operators, for all calls, anytime. We will offer a formal proposal later, which will examine the detail further.

³ HI Europe/Mori study - http://www.ofcom.org.uk/consult/condocs/nts_forward/ntsrshch.pdf

⁴ 18866 - <http://www.18866.com>

What else can be done?

Price Transparency would be a major step forward, but there are some other issues addressed throughout this consultation period, which also have merit.

We demonstrated earlier in this document that 08 numbers could cost more than normal geographic numbers because of the value-added nature of the specialist services offered. The variety and choice of both service and CP needs to be maintained for this competitive and innovative market to flourish. However, there are a couple of areas, which could be considered a hindrance.

Many of the 08 ranges have become used purely for methods of micro-payment to an end user. In this situation the CP isn't actually providing any added value or specialist service. On this basis we would agree with Ofcom that revenue share should be removed from the 08 range.

This would certainly have consumer benefits:

- Callers would know that they haven't been put in a call queue just to raise extra revenue.
- Costs for these types of call would be driven down by the competitive market.
- CP's could develop innovative products and services based on merit alone, without the squeeze created by revenue sharing pressures from large corporate customers.

The UK national numbering scheme would be simplified and more understandable with just one range of numbers having revenue share.

Revenue share should only be available on Premium Rate numbers.

However, for the above benefits to occur, TCP's need to be in control of their costs. At present they are not. BT and the regulator fundamentally set the rates and hence the revenue that TCP's receive, this should not be the case.

This would benefit both consumers and TCP's:

- TCP's could choose a tariff most appropriate for the product they are offering.
- TCP's would have greater confidence in developing and investing.

Consumers and companies will have a greater choice of value added services.

TCP's should be in control of the rates received on all 08 numbers.

Finally the National Numbering scheme continues to have a link to BT embedded within its definitions. It is over 20 years since BT was privatised yet the current numbering plan still maintains a strong linkage with BT. Ofcom need to accept that many consumers are not making phone calls with BT, so for those consumers the national numbering scheme is nonsense. Definitions such as, "*0845 - Special Services basic rate: charged (before discounts and call packages) at BT's Standard Local Call Retail Price for BT customers inclusive of value added tax (the price charged by other Originating Communications providers may vary)*" clearly show the close relationship between Ofcom's national numbering scheme and BT. The linkage between the UK's National Numbering Scheme and BT's price list should be removed, it is inappropriate in a competitive market.

Definitions for 08 services within the National Numbering Scheme need to be revised.

In Conclusion

We believe the Ofcom proposals are short-term fudges to pacify a media lobby group. Ofcom are not taking an overarching view of the industry and the proposals are contrary to Ofcom's Strategic Review of Telecommunications. In particular, quoting from the review *"Our market research and consultation suggested that businesses and consumers want much more than basic, reliable telecoms services at low prices: they also want choice, and rapid innovation and introduction of new services."* The Ofcom proposals will kill the very companies that will be able to offer these innovative new services.

Ofcom's excessive micro-regulation will be anti-competitive and detrimental to innovation. The proposals put forward by Ofcom only work in the case of primary "backbone" carriers and will force many small telecom operators out of business and also the companies, institutions and charities that they supply. *How can this be good for UK consumers and the UK economy?*

The pricing for all of the UK telecommunications industry needs to be made more transparent to the consumer. This should be the way forward. Consumers need to know the cost of the calls they make and also where that money is going. Give consumers that choice and they will make informed decisions. This should be the competitive driver that will force down prices and improve quality.

With today's technology, Call Price Labelling is straightforward. In the unlikely event that Ofcom will fail to implement this proposal, then FlexTel will lobby the Press. We will also contact the Designated Consumer Bodies⁵, (under the Enterprise Act⁶) in order to raise a Super-Complaint⁷ with the Office of Fair Trading⁸, regarding the severe lack of price transparency in the UK Telecom Market, which appears to be **"significantly harming the interests of consumers"**.

⁵ The Consumers' Association, National Consumer Council and Citizens Advice

⁶ <http://www.dti.gov.uk/ccp/enterpriseact/intro.htm>

⁷ <http://www.dti.gov.uk/ccp/topics1/enforcement.htm#super>

⁸ <http://www.offt.gov.uk/About/Aims+and+objectives/default.htm>

Proposal for Call Price Labelling

...delivering clear, accurate, call price transparency to the UK Telecom Market

Offering Consumers Protection, Innovation and Choice, whilst preserving Market Competition.

Background

Free markets only function well, when they offer good price transparency. As we will demonstrate, the UK Telecom Market (and others worldwide) exhibits extreme price opacity. With today's technology, this is no longer necessary. Today, there is more processing power in a mobile phone, than in the entire billing systems of major telecom operators in the early 1980s. Telecom Regulators worldwide should be looking to deliver this vital ingredient to drive efficient competition within their respective free markets. We expect Significant Market Players (SMPs) to challenge the feasibility of the following proposal, to protect their vested interests of market share.

The phrase *caveat emptor*, or *buyer beware* is well known, it is a fundamental principle of free markets. In supermarkets, it is applied, everyday, by millions of consumers. Buyers have choice... e.g. a cheap can of beans with a mediocre quality or a more expensive can with perhaps better flavour and texture. A critical factor in making that choice is the cost of the product clearly labelled, by law. The buyer expects to pay this price. He does not need to refer to a complex tariff table for the daytime, evening or weekend. Buyers know that at the checkout they pay the labelled price.

Consider now that a consumer decides to place a call. Here a decision is being made to purchase telecom service. How can the consumer make an informed choice, if the price of the service is obscure, or worse, misleading?

The Problem of Price Opacity – in today's Telecom Market

1. Today there are over 100 Originating Communications Providers (OCPs).
2. Many OCPs have several tariff packages.
3. Tariff packages can be complex, with inclusive minutes, the eligibility of such depending on on-net or off-net calls. E.g. A Vodafone-Vodafone call is on-net. Vodafone to Orange is off-net.
4. Off-net calls are now discriminated against in tariff packages from fixed line operators.
5. Many operators also discriminate against Personal, NTS and even Freephone⁹ numbers.

Therefore, the cost of a call can found by checking...

- a) Which package the phone/mobile is on?
- b) The type of call?
E.g. on/off-net, freephone, landline, mobile, NTS, Personal Number or international?
- c) Does the tariff have a package of inclusive minutes?
 - i) If so, is this type of call included?
 - ii) If so...
 - a. Are there any included minutes left in the package? or
 - b. Are they all used up this month?
- d) The time of day?
- e) The day of the week?

We would challenge anyone who claims that they completely understand the tariff package for their phone/mobile, except perhaps the clever designers of the package within the OCPs!

At the present time there are no guidelines, as to the form of OCP tariffs. Nor, surprisingly, has Ofcom attempted to regulate this area e.g. the quality and ease of access to this vital consumer guidance. In fact Ofcom has studiously ignored mobile tariffs in all of its recent consultations. Here is an example

⁹ Vodafone and other mobile operators charge for 0800 calls.

of the full table expanded from that given by Ofcom recently¹⁰ which only dealt with the cost from a BT Public Payphone! To make it realistic we've averaged the call cost over a typical 3 minute call.

Daytime calls, worst case pricing to show risk to consumers					
for a typical 3 minute call e.g to doctors or public services					
Operator	Landline	0844	0845	0870	0871
BT	9p	15p	12p	24p	30p
BT Payphone	30p	42p	50p	50p	50p
Orange	45p	75p	75p	75p	75p
Three	45p	45p	45p	45p	45p
Virgin	45p	30p	30p	30p	30p
O2	75p	105p	105p	105p	105p
T-Mobile	90p	120p	120p	120p	120p
Vodafone	90p	180p	180p	180p	180p

§ *Prepay mobile cited - for low income families, who cannot afford BT line rental.*

Notice how a 3 minute call to a non-landline can be as high as £1.80p from some mobiles! How can Ofcom ignore these massive price mark-ups? Such mark-up will hit the lower income families, who use pre-pay as a form of cheap phone service. Clearly this analysis shows that the potential for consumer confusion is very high.

It took FlexTel staff a number of hours to construct the above very simplified table.

We challenge Ofcom to...

1. Check the above table for accuracy.
2. Visit various OCP websites and find any simple and clear price guidelines.
3. Call OCP customer bill inquiry centres and note the quality of the response.

Naturally we cannot vouch for the accuracy of the above table and we suggest you check prices with the above noted OCPs.

¹⁰ <http://www.ofcom.org.uk/media/mofaq/telecoms/nts/>

Now consider a recent typical BT “simplified” tariff...

Pay just 25p for landline to UK mobile calls up to an hour

You could **SAVE** with low rates for shorter calls with BT Business Plan Tailored Option

BT Business Plan is a discounted calls tariff designed to give you a better deal on your business calls for up to an hour:

- **NEW** – pay no more than 25p for most UK landline-to-mobile calls for up to an hour[^]
- Pay no more than 10p for UK[^] Local and National calls for up to an hour^{^^}
- Call any one of 32 countries for up to one hour for just 20p^{^^}
- Call the USA for up to one hour for just 10p^{^^}

Spend more than £250 a year on calls and your business could also benefit from these services at no extra charge:

- 24-hour support^{*}
- Call analysis reports with Network Call Performance^{**}
- Connection/conversion to ISDN2e^{***} or Featureline Compact^{*} (see pages 18-19)
- **5% credit** on eligible calls after 12 months^{**}

BT Business Plan option	Standard option				Tailored option		
	Lite	250	500	750	250	500	750
Annual call spend commitment	X	£250	£500	£750	£250	£500	£750
UK capped call rates (up to 60 minutes)	10p	10p	10p	10p	20p	20p	20p
Pence per minute (for calls under 10p or calls over 60 minutes)	3.5p	3.1p	2.7p	2.7p	2.5p	1.99p	1.99p
Capped UK landline to-mobile calls ¹ (up to 60 minutes)	25p	25p	25p	25p	25p	25p	25p
Capped international call rates	X	X	X	✓	X	X	✓
FREE customer service number	✓	✓	✓	✓	✓	✓	✓
10% off line rental with Business Line reward ^{***}	✓	✓	✓	✓	✓	✓	✓
Regular account reviews	Online only	✓	✓	✓	✓	✓	✓

[#]Applies to Local and National calls within the UK only. Excludes mobile and non-geographic numbers (0870, 0845) Internet and premium rate. Other call restrictions apply. ^{*}Opt in required. 7p set up fee applies. Pence per minute rates apply after 60 minutes. Applies to calls to number ranges owned by the 4 main mobile operators only. Certain mobile numbers (eg original 3G numbers) excluded. Pence per minute rates apply once the total number of capped calls from any single line to any one mobile exceeds an average of 4 hours per day in any calendar month. Terms and conditions apply. ^{**}Annual minimum call spend and reconciliation fees apply (except with BT Business Plan Lite). International capped calls are only available on the BT Business Plan 750 tier. Pence per minute rates apply once the total number of capped calls from any one line to a single number exceeds an average of 4 hours per day in any calendar month. Landline calls only. Exclusions apply. Terms and conditions apply. ^{***}Available to BT Business Plan customers who register for Business Line Reward online, register to receive their bill online and to pay via Monthly Payment Plan. Minimum 12 month contract. Exclusions and conditions apply. ^{*}BT will respond within four hours of receipt of a fault report, except where the fault does not immediately affect the use of your equipment. If the fault is not cleared during this period, BT will advise you of progress being made to clear the fault. This service is available for your BT Business Plan lines (excluding Private Circuits) at no charge, within the initial one-year contract period, upon your application to BT. ^{**}Opt in required. If committed spend is under £5,000 these reports are free for 6 months and you get 1 report a month. Unlimited reports included where minimum spend over £5,000. ^{***}Subject to survey and availability. Additional equipment may be required. Additional installation charges may apply. Minimum contract 12 months. Terms and conditions apply and reconciliation fees may apply. ¹12 month minimum rental charges apply. Some lines excluded. ^{**}5% reward credit is based on your eligible call spend. To find out which calls are eligible see www.bt.com/businessplan If 90% of your annual committed call spend isn't reached, 5% will be rewarded on your commitment tier. Reconciliation fees apply if annual spend threshold is not met. ¹Applies to most UK mobiles.

All prices exclude VAT. Accurate at time of going to press, but may vary from time to time.

See how much you could save. Try our online Account Checker at www.bt.com/businessplan



We draw your attention to the small print... Need we say more?

We believe that before Consumers place calls, they should have an opportunity to check the price of that call. For advertised numbers the Consumers even of premium rate service can only get misleading guidance, as very clearly indicated in a recent response to Ofcom by the Norfolk County Council, Trading Standards Department¹¹. Only the OCP, which controls the tariff and billing process, can give an accurate price for each call.

The only way forward is to introduce call by call price labelling, now....

¹¹ http://www.ofcom.org.uk/consult/condocs/nts_forward/responses/mr/norfolk.pdf

The Detail

Using our over 20 years experience in this market¹², we have carefully considered the technical, operational and cost implications of the introduction of Call Price Labelling, we offer 3 options...

Option 1 - Every Call has Price Labelling

The caller dials the normal number and during the ringing phase of the call setup, hears a, free of charge, price announcement of the form... ***“This call costs: 5 pence plus 5 pence per minute, thereafter”***. The Caller on hearing the price chooses to either Hold for connection, or End the call.

Benefits

- No change to dialling procedure.
- No access code required.

Problems

- Early answer will stop the price announcement and charging will start before the caller decided.
- No consumer choice, every call is priced – some may find the announcement annoying.
- The changeover to every call being processed will present significant operational challenges to many, if not most OCPs.

Option 2 – Caller dials a Prefix for Price Labelling and can be through connected

The caller dials the number prefixed with 1xx and hears a, free of charge, price announcement, before call setup, of the form... ***“This call costs: 5 pence plus 5 pence per minute, thereafter”***. The Caller on hearing the price chooses to either Hold for connection or End the call.

Benefits

- Consumer choice.
- No operational impact on normal call processing.
- The changeover will present much lower operational challenges to most OCPs.
- Cost of implementation will be lower than Option 1 – only some calls use the price labelling.
- Early answer by called party cannot interrupt the price announcement.

Problems

- Through connection of call may present cost and operational obstacles for some smaller OCPs.

¹² See appendix A

Option 3 – Caller dials a Prefix for Price Labelling. No through connect

The caller dials the number prefixed with 1xx and hears a, free of charge, price announcement, of the form... ***“This call costs: 5 pence plus 5 pence per minute, thereafter”***
If the price is acceptable, then the Caller dials the number as normal.

Benefits

- Consumer choice.
- The changeover will present very low operational challenges to most OCPs
- No operational impact on normal call processing.
- Number of calls to the Price labelling system will be much lower than Options 1 and 2.
- Cost of implementation will be lower than Option 1 and 2, as the call does not need through connection and call volume will be less.
- Price announcement can be repeated until the caller hangs up.
- Potential for automatic connection to operator assistance in case of pricing queries.

Problems

- Consumer has to make two calls.
- Not easy to store labelled call number in phone/mobile memory.
- OCPs will resist implementation especially those with SMP.

Our Recommendations

Based on our operational experience we recommend Option 3 as the most cost effective and lowest risk option for delivery of price transparency to the UK Telecom Market.

We recommend Option 2 be considered for introduction only after an assessment period to gain operational experience with Option 3. Option 2 will exhibit higher cost and implementation risk to OCPs. However Consumers could store the prefix plus number in phone memories so this methodology has merit.

We feel Option 1, is costly, risks UK network stability and has a number of operational and consumer based problems too detailed to be discussed here. We do not recommend it and only include it for completeness. However, any OCP should be permitted to implement this option, in addition to the 1xx service. We recommend that it should be customer selectable, via a web interface or customer service request, as per 18866¹³ service mentioned earlier.

Public Awareness

Naturally, the 1xx prefix could be supported with a marketing campaign, but this could be expensive. Fortunately, this may not be necessary. By simply replacing the **ICSTIS**¹⁴ suggested form of words...

- *Calls cost £X per minute; calls from mobiles and some networks may be higher.*
- *Calls cost £X per minute; calls from mobiles and some other networks may cost more.*
- *Calls cost £X per minute from BT landlines.*

With...

“Calls may cost more. To check the latest price, dial 1xx followed by the number”

The public will soon become aware of the new Call Price Labelling service.

¹³ <http://www.18866.co.uk/>

¹⁴ <http://www.icstis.org.uk/> - ICSTIS Guideline No. 1 - Pricing Information

Other Impact

It is interesting to quote the objective¹⁵ of *ICSTIS* here...

“It is the Committee’s desire that the consumer should have as full an understanding as possible of the likely charge for a call to a premium rate service before dialling”.

We believe the suggested text, in conjunction with mandatory Price Labelling, meets the laudable *ICSTIS* objective.

Finally, it is no good asking the Premium rate, NTS or Personal Numbering CPs to deliver this information. Only an OCP holds accurate pricing information for its customers. Asking any other CP to deliver it is not only impractical, but also misleading. Trading Standards have already got serious problems with the current Ofcom approach and the current *ICSTIS* text.

We believe that the proposed text with Option 3 would be fully approved by many Consumer Protection Organisations, including Trading Standards, as it delivers accurate Pricing information to the consumer.

¹⁵ http://www.icstis.org.uk/icstis2002/pdf/GUIDELINE_01.PDF

Annex A – FlexTel Background

Our Experience

FlexTel's founder, Mr William Goodall, has over twenty years experience in the UK and international Telecom markets, since 1983 when BT still had a monopoly in both mobile and fixed telephony markets.

- 🏠 **1983-1989** – Head of Telecom, Vodafone – Founder member of initial team of 10.
- 🏠 **1990-1992** – Advisor to Oftel.
- 🏠 **1990-date** – Advisor to private-sector Mobile Operators, at CEO level, in... France, Germany, Norway, Poland, Sweden, United Kingdom and Ukraine.
- 🏠 **1993-date** – Founded, launched and operated first UK Personal Numbering service in 1993¹⁶
FlexTel has operated for over 10 years, without Oftel/Ofcom complaint.

Key Milestones and Customer Status in UK Telecom 1983-2005

Year	Milestone	Customer Status	Tariff	Effect
1983	BT Monopoly	BT subscriber, sign-up via paper contract.	Paid quarterly rental at fixed address, simple call-charge structure.	Telecom scams very rare, but service more expensive than other deregulated markets e.g. USA.
1984	Telecommunications Act 1984 ¹⁷	BT and Mercury subscribers, sign-up via paper contract.	Paid quarterly/month rental at fixed address, simple call-charge structure.	BT prices controlled by Regulator. Mercury competes on price.
1985	Mobile Operators licensed and launch	Cellnet and Vodafone subscribers paper sign-up.	Paid monthly at fixed address. Single tariff structure, one package for all.	Mobile compete on coverage, not price.
1991	White paper ¹⁸	Many operators to follow	Assumed competition would drive down prices	Many complex tariffs to come... ...will lead to Consumer confusion.
1993	FlexTel licensed and launches.	Launch first PN service papers sign-up. One of the first SMEs to market.	Annual fee, no call charges to user.	No call charges results in no bills and hence a much weaker contractual relationship with the consumer.
1993/5	Many new corporate and SME operators launch.	Customer sign-up made very simple with little paper work by fax.	Massive variations in both call and service tariffs.	Widespread consumer confusion over cost of calling services.
1995/6	Internet adopted for direct sales	Electronic contract. Customers are no longer subscribers of telecom services. There is no subscription fee.	Free sign-up and no service fee.	<ul style="list-style-type: none"> 🔗 Customer – CP contractual relationship weak. 🔗 Widespread consumer confusion over tariffs. 🔗 Poor OCP publication of very obscure tariffs.
2003	Communications Act ¹⁹ All licences revoked, now CP is any entity with telecom infrastructure. (E.g. PC with voice card?)	Customer of class licensed operator. Electronic sign-up via website. Free service.	Various. From 1p/min to 50p/mins, depending on application and service proposition.	Many CP, some of which disappear overnight. Increasing level of scams, relying on... Consumer confusion over call costs.
2003-2005	Ofcom takes over Oftel role	Customers turn to press ²⁰ and anarchic websites ²¹ , rather than Ofcom, for support.	Total tariff confusion. Ofcom attempts to fix the problem by increasing micro-regulation and tinkering with market.	Ofcom driven by complaints from both consumers and lobbying from significant market players ²² . Result... Confused regulation lacking overarching strategy.

¹⁶ <http://www.flextel.com/press/financial-times-1993.gif>

¹⁷ http://www.communicationsbill.gov.uk/legislation/Telecommunications_Act_1984.doc

¹⁸ <http://www.bopcris.ac.uk/bopall/ref23216.html>

and <http://www.publications.parliament.uk/pa/cm199091/cmhansrd/1990-11-13/Debate-1.html>

¹⁹ <http://www.communicationsbill.gov.uk>

²⁰ <http://www.telegraph.co.uk/news/main.jhtml?xml=/news/2005/08/06/nphone06.xml> [Cost of lucrative phone lines to be clear in ads]

http://www.thisismoney.co.uk/money-savers/article.html?in_article_id=404015&in_page_id=5 [0870's days are numbered]

²¹ <http://www.saynoto0870.com/>

²² <http://business.scotsman.com/banking.cfm?id=764772005> [BT calls on Ofcom to scrap 'rip-off' numbers]