Service Portability - (between fixed and mobile services)

ECC's current work to identify and address the technical regulatory challenges

Freddie McBride, European Communications Office

Number Portability Global Summit
London, 1 October 2013

european communications office

Contents

- ➢ **About CEPT, the ECC, WG NaN and the ECO**
- The scope of service portability
- Market developments and service portability
- Regulatory issues
- Long term evolution in numbering, naming & addressing
- Draft ECC Report – ”Impact Assessment – NP between fixed and mobile services”
- Developments that will facilitate service portability
- Challenge for NP systems, processes and procedures
- Food for thought!

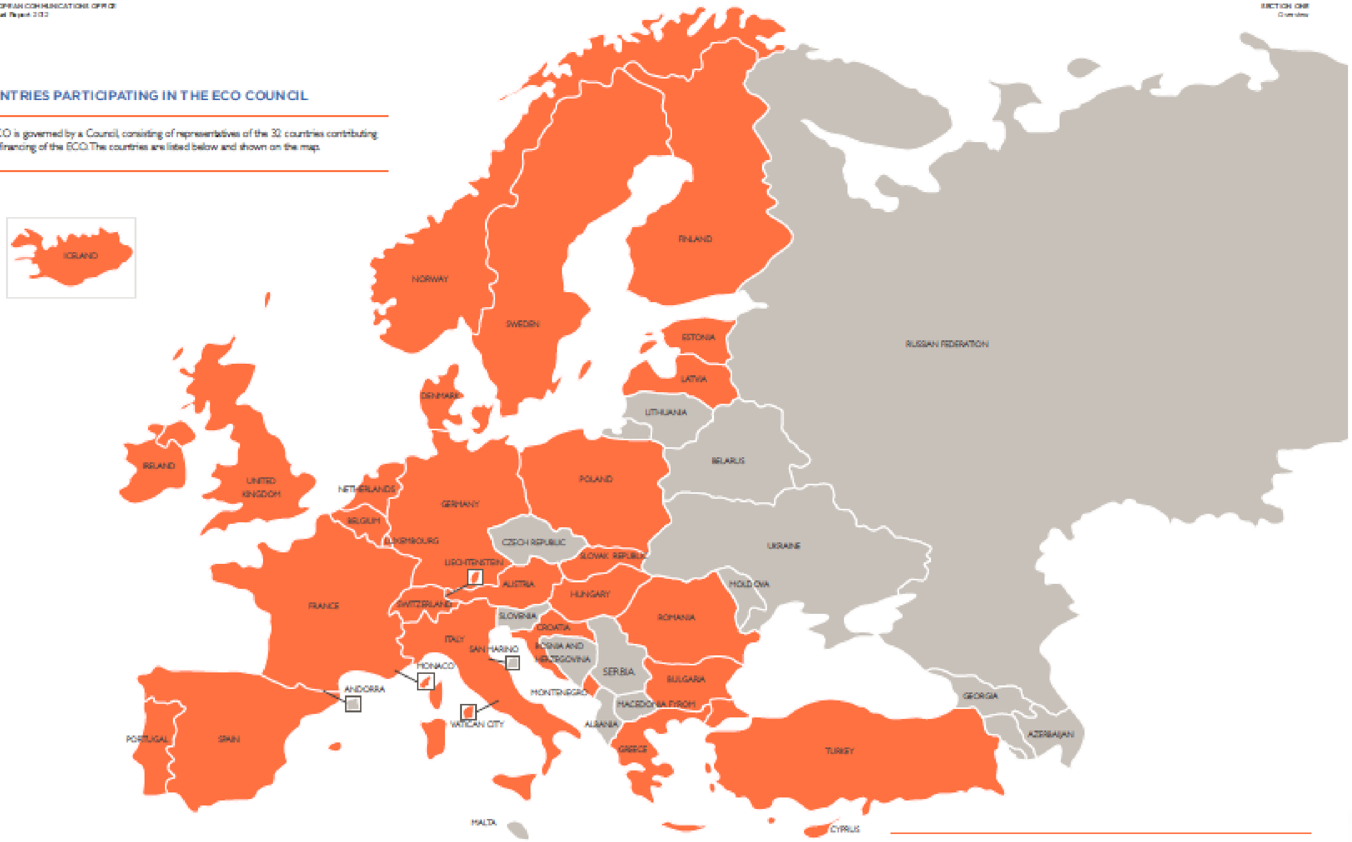
CEPT

- Conférence Européenne des Administrations des Postes et des Télécommunications – CEPT
- Established in 1959 by 19 countries, which expanded to 26 during its first ten years
- Original members - public postal and telecommunications administrations
- CEPT's activities include co-operation on commercial, operational, regulatory and technical standardisation issues
- Today 48 countries are members of CEPT
- The ECO is the permanent office of CEPT and is located in Copenhagen

CEPT Area and ECO Convention

COUNTRIES PARTICIPATING IN THE ECO COUNCIL

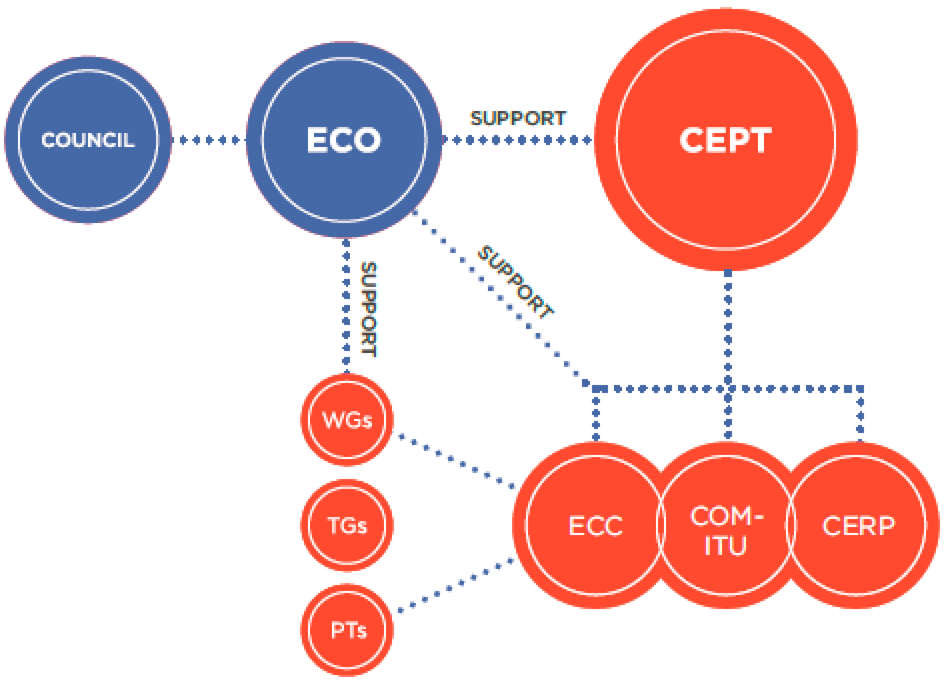
The ECO is governed by a Council, consisting of representatives of the 32 countries contributing to the financing of the ECO. The countries are listed below and shown on the map.



The following countries participate in the ECO Council: Austria, Belgium, Bulgaria, Croatia, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Luxembourg, Monaco, Montenegro, the Netherlands, Norway, Poland, Portugal, Romania, Slovak Republic, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and Vatican City.

european communications office

CEPT Structure - continued

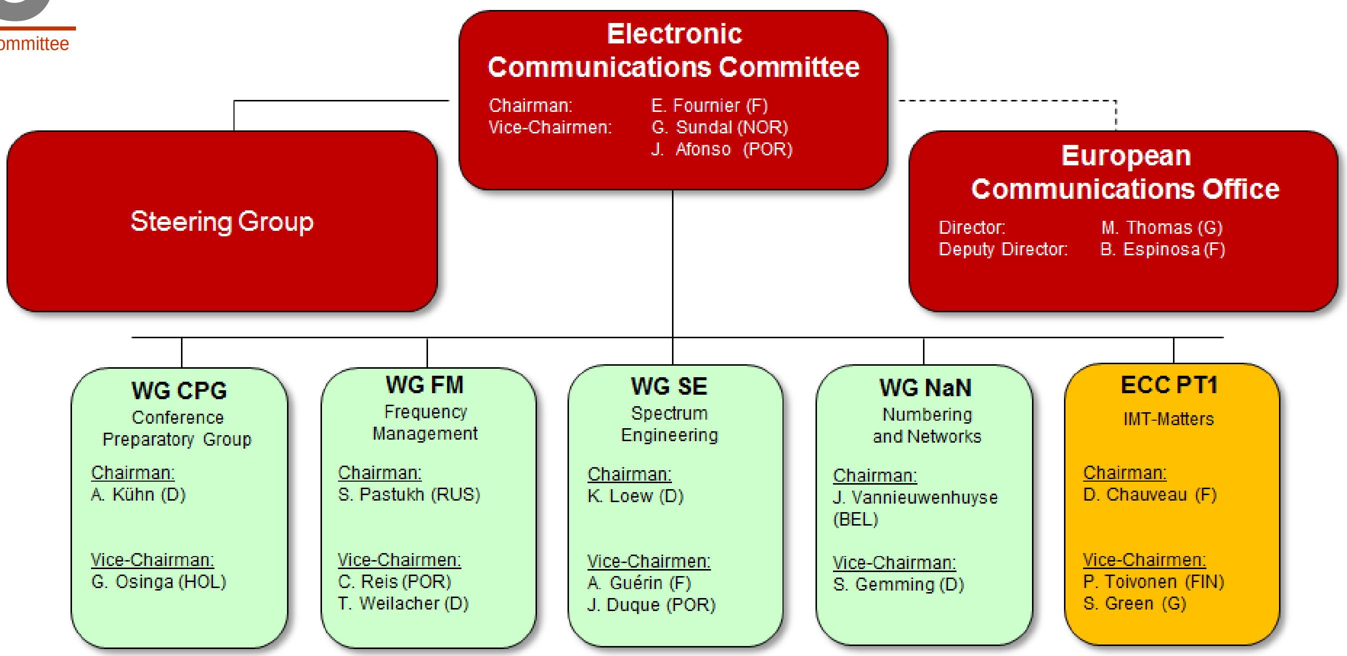


SUPPORTING CEPT

The ECO provides a Secretariat for CEPT (including its Presidency) as an umbrella organisation for its three autonomous business committees.

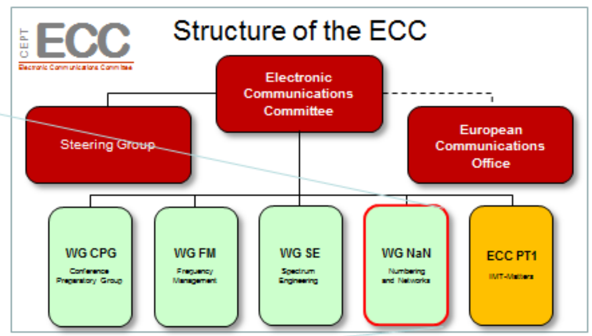
Organisation of the ECC

Electronic Communications Committee



Organisation of WG NaN

WG NaN is responsible for developing policies in numbering, naming and addressing and advising on technical regulatory matters to promote and support telecom innovation and competition



WG NaN
Numbering and Networks
Chairman:
Jan Vannieuwenhuyse (BEL)
Vice-Chairman:
Sascha Gemming (D)

PT TRIS
Technical Regulatory Issues
Chairman:
Daniel Voisard (SUI)

PT FNI
Future Numbering Issues
Chairman:
Sascha Gemming (D)

PT NP
Number Portability
Chairman:
Johannes Vallesverd (NOR)

PT ES
Emergency Services
Interim Chairman:
Florin Dragomir (ROU)

Recent WG NAN deliverables on NP

- ECC Report 196
  - Abuse, Delay and Compensation Mechanisms in Number Portability
- ECC Recommendation (12)02
  - Number Portability Best Practices
- ECC Report 155
  - Number Portability efficiency: Impact and analysis of certain aspects in Article 30.4 of the Universal Service Directive and general remarks on NP efficiency
- Ongoing work on *inter-alia* Service Portability and 3rd Party Use of NP data.
- DOCDB - http://www.ecodocdb.dk/

european communications office

Contents

- About CEPT, the ECC, WG NaN and the ECO
- **The scope of service portability**
- Market developments and service portability
- Regulatory issues
- Long term evolution in numbering, naming & addressing
- Draft ECC Report – ”Impact Assessment – NP between fixed and mobile services”
- Developments that will facilitate service portability
- Challenge for NP systems, processes and procedures
- Food for thought!

Service Portability - What are we talking about?

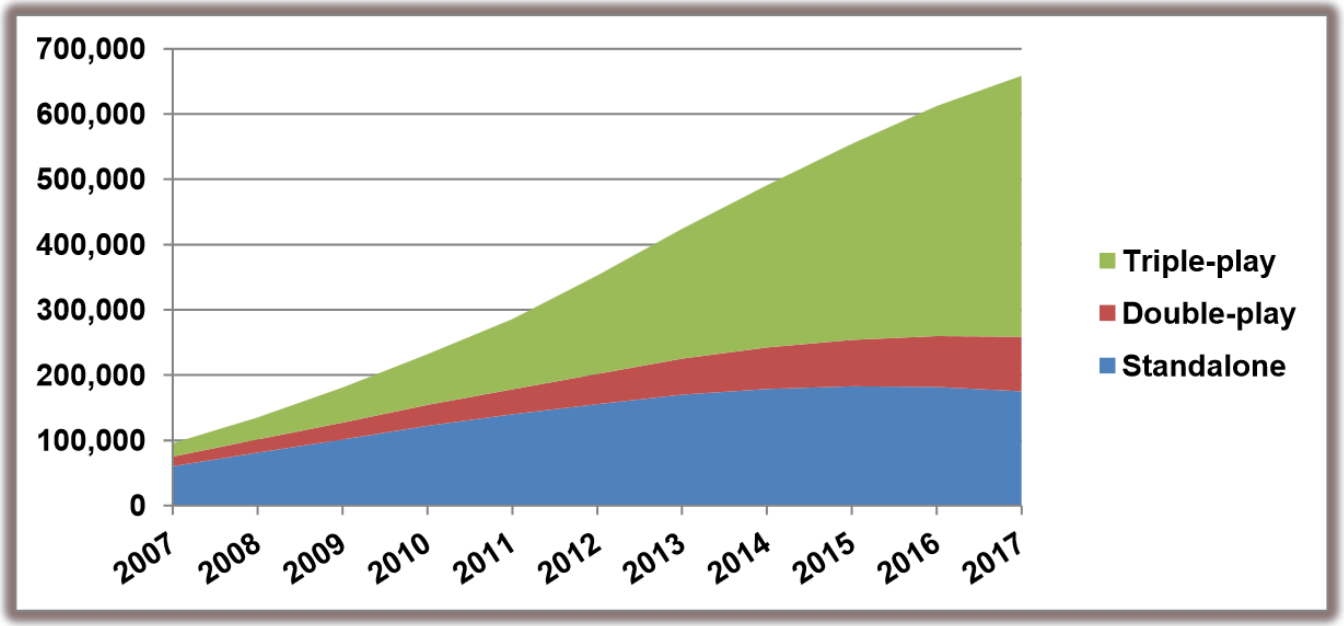
- A bundle of products. Broadband, TV, Fixed voice, mobile voice and data. (triple play, quad play)
- Strategy to expand share of customer, not just share of market
- In this context – service portability is porting one or more services from one provider to another
- Scope of Definition in current ECC work – Limited to porting a number from a fixed service to a mobile service or vice versa

Contents

- About CEPT, the ECC, WG NaN and the ECO
- The scope of service portability
- **Market developments and service portability**
- Regulatory issues
- Long term evolution in numbering, naming & addressing
- Draft ECC Report – ”Impact Assessment – NP between fixed and mobile services”
- Developments that will facilitate service portability
- Challenge for NP systems, processes and procedures
- Food for thought!

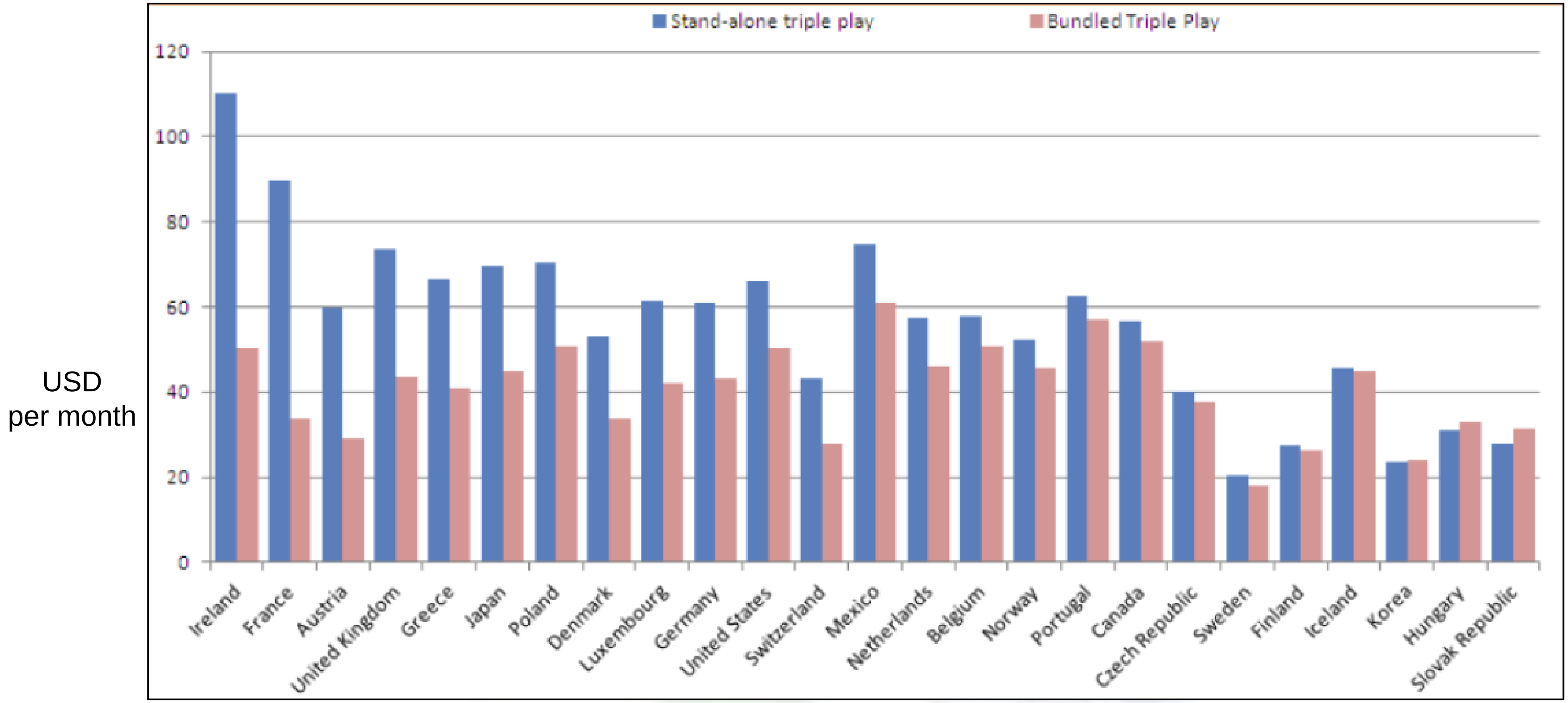
Market Developments – Uptake of multi-service offerings on the rise

Global households by bundle (000)



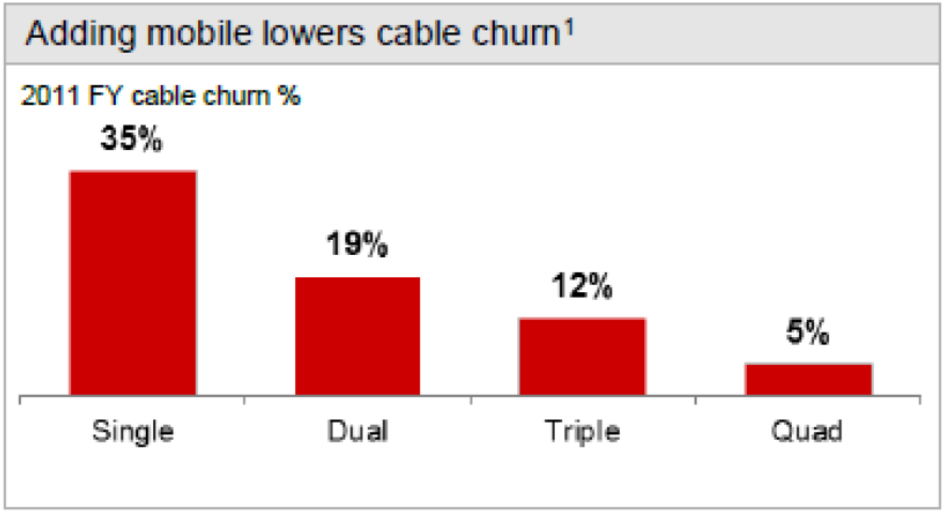
Source: Digital TV Research Ltd: August 2012

Bundles offer better value than à la carte



Source: OECD 2011a

Loyalty or Lock-In?



- 2011 - Virgin Media's reporting of churn levels for single, dual, triple and quad play products. (FY 2011)
- 2012 – 81% of Virgin Media's customers purchased triple-play or quad-play bundles. (Sorenson & Quaglione, BRG)
- 2012 – BSKYB in UK. Customers consumer on average 2.7 out of 3 services. (Ofcom Market Report 2012)

ECO european communications office

Contents

- About CEPT, the ECC, WG NaN and the ECO
- The scope of service portability
- Market developments and service portability
- ➢ **Regulatory issues**
- Long term evolution in numbering, naming & addressing
- Draft ECC Report – ”Impact Assessment – NP between fixed and mobile services”
- Developments that will facilitate service portability
- Challenge for NP systems, processes and procedures
- Food for thought!

Regulatory issues associated with multi-service offerings

- Regulated and unregulated inputs
- Sub-national geography in market review process
- Regulatory treatment of cable operators and premium content - possible emergence of a wholesale product for TV?
- Could we see a bundle of products treated as a relevant retail market?
- What about fixed and mobile voice in the same relevant retail market?
- How can ”single-service” providers remain competitive where the consumer perceives greater value in bundles?

Regulatory issues associated with multi-service offerings – cont'd

- Questions for NRAs to consider:
  - Does bundling impact negatively on a consumer's ability to switch service providers?
  - Does bundling introduce a lock-in effect?
- NP is a key competition enabler (as well as a critical component of efficient numbering plan management) and NP systems and processes must not present switching barriers in the service portability domain.
- What impact could service portability have on National Numbering Plans and NP systems in the longer term?

Contents

- About CEPT, the ECC, WG NaN and the ECO
- The scope of service portability
- Market developments and service portability
- Regulatory issues
- **Long term evolution in numbering, naming & addressing**
- Draft ECC Report – ”Impact Assessment – NP between fixed and mobile services”
- Developments that will facilitate service portability
- Challenge for NP systems, processes and procedures
- Food for thought!

ECO european communications office

NaN Green Paper 2012

- Long Term Evolution in Numbering, Naming & Addressing

- NaN Green Paper 2012

- *“The E.164 numbering plan will be less fragmented and will consist of mainly two separate number ranges – One for Person-to-Person communications and one for Machine-to-Machine Communications”*
- This trend will be driven by:
  - lower retail call costs for voice (driven by reductions in wholesale charges)
  - innovative service delivery and billing (e.g. Apps and Direct Carrier Billing)
  - a preference for mobility
  - Less emphasis on underlying technology. More focus on service and quality

NaN Green Paper - Likely impact of these trends on NP

- Consumers will continue to value their telephone number as a personal identifier and number portability will therefore remain an important competition enabler
- As national numbering plans evolve towards a less fragmented structure, consumers will demand number portability across different services e.g. From fixed to mobile and vice versa
- The impact of this type of service portability on Numbering Plan Management and on existing and future NP systems is therefore a very important area for study for policy makers and the industry
- WG NaN's PT NP - Draft ECC Report aims to assess the impact of these developments.

Contents

- About CEPT, the ECC, WG NaN and the ECO
- The scope of service portability
- Market developments and service portability
- Regulatory issues
- Long term evolution in numbering, naming & addressing
- **Draft ECC Report – ”Impact Assessment – NP between fixed and mobile services”**
- Developments that will facilitate service portability
- Challenge for NP systems, processes and procedures
- Food for thought!

european communications office

Service Portability – 'Impact Assessment NP between fixed and mobile services'

- Draft ECC Report planned for public consultation by end of October 2013. (subject to approval by WG NaN)......
- ……and your feedback is very welcome!!

  http://www.cept.org/ecc/tools-and-services/ecc-consultation
- Definition of Service Portability:

  'The term "service portability" describes a scenario where end-users can retain their telephone number when changing services (i.e. from a fixed service to a mobile service).

  'This differs from operator portability where end-users can retain their telephone number when changing operators (i.e. from one mobile operator to another mobile operator or from one fixed operator to another fixed operator)' e.g. GNP and MNP

Service Portability – 'Impact Assessment NP between fixed and mobile services'

- To assess the impact of regulatory policy to allow users to retain or choose a number from the fixed range or the mobile range regardless of the service.
- The Report puts forward several scenarios where regulatory intervention could be "reactive" or "proactive"
  - Reactive – Later intervention as a response to market developments (e.g. intervention by 2020)
  - Proactive – Earlier intervention to drive improvements in service innovation, competition and consumer choice (e.g. intervention by 2016)
- The impact of the various options on stakeholders and competition is examined

Contents

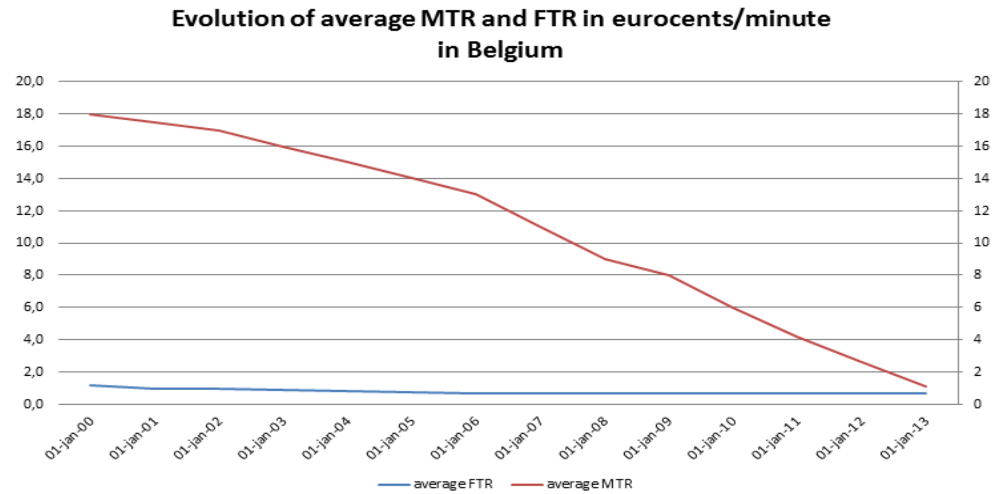
- About CEPT, the ECC, WG NaN and the ECO
- The scope of service portability
- Market developments and service portability
- Regulatory issues
- Long term evolution in numbering, naming & addressing
- Draft ECC Report – ”Impact Assessment – NP between fixed and mobile services”
- ➢ **Developments that will facilitate service portability**
- Challenge for NP systems, processes and procedures
- Food for thought!

Developments that will facilitate service portability
- Wholesale Termination Rates

- Separate number ranges have traditionally been used for fixed and mobile services. This provided a level of transparency for consumers given the large difference in retail prices for calling those numbers
- Market liberalisation introduced wholesale billing arrangements between operators - retail pricing based on wholesale pricing
- TRs, set at an efficient cost-oriented level, lead to a level playing field for operators and provide appropriate investment incentives
- In Europe , MTRs are still on average between 3 and 5 times higher than the average FTR
- In 2012, 9 European countries reduced MTRs by more than 50% (DAE Scorecard 2013).

The continued decline in Termination Rates

- It is unlikely that MTRs and FTRs will ever be the same but they will continue to decrease to such a level that they will not have a significant impact on retail pricing.



(Source, BIPT)

- This will open the door for flat rate pricing regardless of the terminating network and will further increase the demand for service portability between fixed and mobile networks.

Developments that will facilitate service portability
- Erosion of geographical significance of numbers

- In many European countries, fixed line numbers still have geographical significance. (DK 33896322, 29673099) (IE 098 26655, 086 3874334). Historically important to consumers as it provided a gauge for call costs
- Numbering ranges have evolved and have become fragmented to support tariff transparency. i.e. Consumers can estimate call costs based on area/access code or lead digits
- Incumbent networks still configured based on this legacy approach. A move to all IP networks will change this and location portability will be enabled
- There has been a trend to port geographic numbers to the IP environment in recent years so location significance is already being eroded. Porting to the mobile domain will erode geographical significance even further
- In some countries, there is no regulatory impediment to fixed / mobile service portability yet there is no unmet demand or NP systems may not be able to handle such porting requests or there is a lack of awareness that this is possible.

Developments that will facilitate service portability
- The end of local dialling?

- Ability to make local calls without the need to dial the area code

  (DK 33896322, 29673099) (IE 098 26655, 086 3874334)
- Where numbers have been ported, the local exchange will prefix the area code and porting code to route the call to the correct destination network.
- Local dialing is not supported in the mobile environment.
- If fixed line numbers are to be used to terminate calls on mobile networks then consideration should be given by regulators to the continued support of local dialing.
- From a technical perspective, closing the dialing plan is not fundamental to the support of service portability but it would significantly simplify the routing process and digit analysis in originating networks.

Developments that will facilitate service portability -In summary

- As the cost of individual calls decrease, as numbering plans become more consolidated, as geographic significance is eroded and as operators move more and more towards flat rate tariffs and bundled offerings, then the need for tariff transparency in numbers becomes redundant

- The door slowly opens for service portability between fixed and mobile services

Contents

- About CEPT, the ECC, WG NaN and the ECO
- The scope of service portability
- Market developments and service portability
- Regulatory issues
- Long term evolution in numbering, naming & addressing
- Draft ECC Report – ”Impact Assessment – NP between fixed and mobile services”
- Developments that will facilitate service portability
- ➢ **Challenge for NP systems, processes and procedures**
- Food for thought!

Challenge for NP systems, processes and procedures

- NP systems in many countries have evolved in separate eco- systems
- MNP systems typically more advanced with very short porting times
- GNP systems less so and coupled with the need for physical installations, the demand for porting has not been so intense. ‘1-day-porting’ rule is leading to improvements in porting times across Europe
- This, coupled with demand for fixed-to-mobile service porting, could see greater demand for porting fixed line numbers into the mobile domain or vice versa
- Technological changes that have been taking place in recent years have eroded the close link between services and technologies. This trend will continue. - Many network technologies, one NP solution required.
- In countries where there are separate systems, there will be a need for fixed NP systems and mobile NP systems to be integrated or merged

Contents

- About CEPT, the ECC, WG NaN and the ECO
- The scope of service portability
- Market developments and service portability
- Regulatory issues
- Long term evolution in numbering, naming & addressing
- Draft ECC Report – ”Impact Assessment – NP between fixed and mobile services”
- Developments that will facilitate service portability
- Challenge for NP systems, processes and procedures
- **Food for thought!**

Food for thought!

- NRAs should aim to synchronise processes (e.g. fixed, mobile and/or local loop unbundling [LLU]) in order to facilitate the switching of bundled services (e.g. in case of a triple play) where number portability is included; (source: ECC Report on NP Best Practices)
- NP systems must be open to alternative operators
- Reduction in porting times will have a positive impact on success of service portability between fixed and mobile services
- The speed of developments in TRs, dialling arrangements and geographical significance of numbers remain to be seen
- A watching brief for regulators is advised
- Investment in NP systems should be cost effective, forward looking and future proofed.

Thank you for your attention!

- **European Communications Office:**
  www.cept.org/eco

- **Contact:**
  Freddie McBride **BBS MSc DipRegGov**
  freddie.mcbride@eco.cept.org
  +45 33 89 63 22