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Regulation of 0871 Services
Pre-Consultation on ICSTIS Implementation
of
Ofcom Regulation over 0871 Services

NOC UK Response

The Network for Online Commerce (NOC) is a not for profit trade association that exists to promote and facilitate profitable enterprise in Telemedia markets around the world. It is the leading representative body for Premium Rate Telephony Services (PRS) in the UK and we welcome the opportunity to comment constructively on the Pre-Consultation document regarding the regulation of services using the 0871 number range through the present enforcement agency ICSTIS.

We note the primary purposes of extending PRS regulation to include 0871 services, to commence 2008, to be stated as:

- increase consumer protection for calls to 0871 services and,
- improve pricing transparency for 0871 calls

The NOC is supportive of these objectives which fit very well with our philosophy that consumers who are fully informed on the cost and content of a call are perfectly placed to exercise their freedom of informed choice. The NOC believes this to be the most effective form of consumer protection.

We appreciate the opportunity to contribute to this preliminary input to a formal consultation on the subject of applying PRS regulatory standards to the use of 0871 numbers to provide services to the public. As ICSTIS is clearly aware, the impact of

this regulatory decision taken by Ofcom will run wide and there will likely be many unforeseen issues emerging in the run up to 2008.

Response to Questions Raised

Addressing the questions raised in the pre-consultation paper in turn;

Question 1

We would welcome feedback about the distinctive characteristics of the market for 0871 numbers, including information about the market size, the main types of use for 0871 numbers and views on how this is changing, and is likely to change, as we move towards 2008 and beyond.

Answer 1

The current estimate of the market size of 0871 is approximately £100m. This will likely reduce over time, as many within industry are unhappy about this number effectively being re-branded as a Premium Rate Service. Additionally, the increased regulation and resultant overhead on the services operating on these numbers will mean a migration either to more expensive PRS numbers or away to smaller tariff NTS numbers. Predominantly the 0871 numbers are used by Call Centres or Technical Help Desk type services.

The Market for 0871 numbers can be expected to reduce over time and this has already been triggered by the untimely and unpopular abolition of content billed from an age-verified adult short-code accessed initially via 0871 numbers. Industry is uncertain regarding the experience and ability of ICSTIS to apply regulation to this arena and we are aware that alternative billing mechanisms are already being considered and introduced.

Question 2

We recognise that a considerable amount of use of 0871 numbers relates to business call centres for customer service and information. Again, we would be interested to hear from those companies and other affected organisations about how the decision by Ofcom to extend regulation of PRS to 0871 may impact on their operations and how any ensuing burden should be minimised without losing sight of the need to ensure an appropriate level of consumer protection.

Answer 2

Undoubtedly there was and still is a need to ensure that consumers who access these numbers for customer services enjoy reasonable protection. As we have previously suggested to Ofcom the simplest way for this to be achieved is to introduce published service levels for call handling management to ensure calls are processed within standards, customers are not held in queues for unnecessarily long durations and customers are fully aware of call charges.

Many call centre organisations that we have contacted are now actively considering operating 0871 services under increased tariffs in future, using PRS charges to preserve essential revenues. Previously, organisations have preferred not to be seen to be levying a premium surcharge for customer services. However, with the labelling of 0871 as a PRS, many organisations now feel that to recoup the considerable financial

investment they have made to provide call centres and associated infrastructures, and in the absence of a 0870 revenue sharing alternative, the PRS higher tariff route will be their only realistic option.

It is likely that consumers will react adversely to higher call charges but they will have no other choice if they need to access essential services. This will be explained as a regulatory change deemed necessary to bring the benefits to consumers of published call handling standards and avoidance of long call holding times.

Any new regulatory requirements should not, as a matter of principle, force a legitimate and established business, either directly or indirectly, to make significant and costly changes to the way it manages its business.

Question 3

We would welcome feedback about the likely consequences of the possible migration to or from 0871 numbers flowing from the changes announced by Ofcom to 0870 revenue share and as a consequence of extending PRS regulation to all 0871 numbers.

Answer 3

Consumers may not be able to access 0871 from mobiles as some networks have historically operated call barring to selected PRS tariff levels and may do so again in the future. Migration to higher tariff PRS is seen as inevitable for many operators and Industry perception is that ICSTIS will find it difficult to acquire the necessary experience and ability to manage the enforcement of 0871 in an economical manner by 2008. Hence additional cost will find its way into the value chain.

Operators currently relying on 0870 revenue sharing are likely to either migrate to PRS tariffs or significantly reduce costs by moving offshore.

Question 4

We would welcome feedback about consumer concerns that arise, particularly with the promotion and content of 0871 services, and we would welcome feedback about safeguards that stakeholders believe would be necessary and proportionate for the development of an effective consumer protection regime for 0871 numbers.

Answer 4

We are concerned that ICSTIS appears to consider that it has a mandate to operate as a consumer protection organisation. The recognised role of ICSTIS is to apply an Ofcom approved Code of Practice as an Appointed Enforcement Agency. Any additional consumer protection initiatives must be the responsibility of the Regulator Ofcom and should, if considered justified, be reflected through amendments to the approved Code.

However, this would not preclude industry and Ofcom/ICSTIS co-operating in an informal manner to introduce agreed safeguards for both industry and consumers and for the overall benefit of the PRS business without resorting to costly formal consultation procedures. The newly formed Industry Liaison Panel would be a

suitable vehicle for this and availability of call charging information to consumers would be good starting point.

Question 5

We would welcome thoughts on what approach we should take to formulating a Code of Practice and how far this should be separate from the current ICSTIS Code and ,if so, why. Are there additional issues relating to 0871 numbers, not covered in the current Code and distinctive to 0871, that would also need to be addressed?

Answer 5

If a separate Code of Practice were deemed to be necessary for 0871 services it would not necessarily be within the province of ICSTIS to produce it. If this route was followed any Code would require the approval of Ofcom (and probably the EU) and other organisations may wish to submit Codes for consideration and approval. It is difficult to imagine any circumstances being created by the use of 0871 that cannot be adequately handled by the application of the current Code and we wonder why such an exercise would be considered.

It would be sufficient to produce a Help Note drawing attention to those provisions in the current Code that will affect 0871.

Question 6

We would welcome feedback on how we should regulate call centre waiting time issues, recognising that being in a queue for a long time leads to consumer expense as well as generally leading to a perception of poor service. We would particularly welcome the views of trade bodies whose members are active in call centre provision about how best practice could link to our regulatory requirements once agreed.

Answer 6

As we have previously stated in this and a previous Consultation response, call centres could be required to introduce published service levels for call handling management. This document is not the place to consider the various parameters in detail but the NOC would be happy to work with a team to produce such a table. There are excellent services currently provided by BT for example that successfully operate under such management and service level controls.

Application and interpretation of performance levels would be an objective and open procedure and it would be important that ICSTIS should not attempt to make subjective assessments of performance.

Question 7

We would welcome views on the potential incentives that we could create in order to develop improved performance and consumer service in this area without the need immediately to resort to regulatory sanctions.

Answer 7

We are not entirely clear as to the intent of this question. If service levels were published and monitored it should be relatively simple to manage the various achievements in an objective manner.

Question 8

In respect of pricing transparency, we would welcome the views on how we move to a situation of compliance in time for early 2008 when we take control of the regulation of 0871 numbers. Many companies reported to Ofcom that they face long lead times to amend their promotional copy in respect of advertising for 0871 numbers. What action can we take and with whom to ensure that service providers and others in the value chain promoting these numbers fully understand the need for providing transparency in good time for any regulatory changes which may take place early in 2008?

Answer 8

It is a point of detail but ICSTIS will not “control the regulation” of 0871 numbers, only the application of Ofcom approved Code requirements. A minimum six month advanced warning of regulation change would need to be introduced in order to allow companies the opportunity to organise and, importantly, advise printers of the change of advertising copy. Many companies pay for media promotion months in advance, a fact which was overlooked, at great cost to the PRS industry, by the Enforcement Agency in January 2006.

Question 9

Pricing transparency for 0871 numbers will be affected by the fact that many such numbers, especially when used for customer services, are listed in white pages telephone directories where space for the listings is restricted to a company name and number. There is no provision to provide information relating to the likely cost of the call. How should we consider dealing with issues relating to pricing transparency in this context or in other contexts such as advertising such numbers on radio or television?

Answer 9

A paragraph at the beginning of any directory with general information on call pricing would probably suffice. However, pricing transparency needs to be applied for all access methods including calls made from a mobiles and this is an area of concern that has not been adequately addressed for some time now. As a matter of principle it will never be practical to universally advise consumers an actual figure for “the likely cost of the call” only the charging rate per unit of time.

The current Code adequately covers requirements for pricing transparency if properly applied.

Question 10

Do stakeholders have any views about our preliminary conclusions on governance arrangements for regulating 0871 numbers?

Answer 10

We agree that there is no purpose in establishing a separate organisation for the administration of 0871 Code enforcement. This would be inefficient and costly

and remove any benefit from using established infrastructure as a shared resource. However, as we have stated in many previous responses, we would like to see ICSTIS use this as an opportunity to restructure in a more commercial and effective manner and lose the bureaucratic Committee approach which, we believe, does not serve its funders in a cost effective manner.

Question 11

We would welcome any thoughts on how far the current funding model, which appears to have operated well for many years, could be adapted to incorporate 0871 numbers or whether specific alternatives should be considered. If the latter, with what justification?

Answer 11

We believe a properly and more commercially managed ICSTIS should cope with these additional responsibilities well within its current budget. Any proposed increases would need to be professionally cost justified and we would be pleased to assist in any budgeting exercises to examine this. All users of 0871 facilities would of course be expected to be contributors to ongoing regulatory funding but not necessarily any initial set up costs.

Question 12

We would welcome stakeholder comments on branding issues and how far, in the context of a re-brand of the core ICSTIS business, stakeholders consider there is need for public perception reasons, for a separate brand of 0871 numbers.

Answer 12

We do not believe there will be demand for an ICSTIS controlled and costly re-branding exercise of 0871 to avoid association with PRS as the Industry is more than capable of managing consumer perceptions in this area.

We are concerned that ICSTIS is using this opportunity to raise again its desire to re-brand itself more along the lines of a Regulatory body and to identify to the public as a consumer protection organisation. The current ICSTIS mandate is clear to the NOC. ICSTIS is the Appointed Enforcement Agency (by Ofcom) for the Ofcom approved PRS Code of Practice. Any change to this mandate will require extensive debate with the Regulator Ofcom and with the funders of PRS regulation.

For ICSTIS to claim that consumers lack understanding of “what we are and what we do” after twenty years in the role is an unfortunate reflection on twenty years achievement.

Question 13

We would welcome any comments on the proposed timetable.

Answer 13

The NOC believes any implementation programme to migrate 0871 to a Premium Rate Service regime should be published well in advance, with a minimum lead time of six months, in order to enable industry to complete and adjust contractual obligations with various media. This will also give industry the opportunity to

consider alternatives to 0871 by using other tariffs or billing mechanisms to support their services in an acceptable revenue environment and with minimal interference

Comment

While our industry has serious reservations as to the necessity and future effectiveness of moving 0871 numbers into the PRS regulatory environment the NOC will be committed to assisting in this process and working closely with Ofcom and ICSTIS in a co-operative manner to achieve a successful conclusion.

We are disappointed that ICSTIS appears to be using the 0871 Consultation to once again pursue the issue of ICSTIS branding. The NOC position on this is clear in that any change to the current ICSTIS mandate as the Ofcom Appointed Enforcement Agency for the approved PRS Code of Practice will require separate debate between all parties and particularly involving the funders of PRS regulation. A useful vehicle for this will likely be the imminent Ofcom Review of PRS Regulation.

We raised concerns in the original Ofcom Consultation regarding the ability and experience of ICSTIS to manage the extension of the PRS Code of Practice to 0871 and we are obliged to repeat our concerns here, particularly since ICSTIS are proposing the use of consultants to help deliver the project. The NOC clearly wishes to avoid further disruption to an already troubled PRS industry and we are available to assist the process in the best interests of our industry and its customers.

As ever, the NOC submits these comments in a spirit of constructive criticism and with the best interests of the PRS industry and its customers in mind. If we can be of any further assistance please do not hesitate to contact us.

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cc NOC Executive
 NOC Members
 Ofcom
 DTI