



Sure's non-confidential response to CICRA's consultation on wholesale access services

Sure (Jersey) Limited and Sure (Guernsey) Limited, collectively referred to as Sure, is submitting this response in relation to the consultation document (ref. 16/03) issued by CICRA in February 2016 regarding potential additional wholesale access services in Jersey.

We are submitting this as a non-confidential response to CICRA, which it is welcome to share with other interested parties and publish on its website. Any confidential or commercially sensitive details included in our associated confidential response are represented here by the symbol [X]. Such details are not to be revealed by CICRA to any third party without Sure's prior and express permission.

Introduction

Initially, we were somewhat surprised that CICRA had chosen to focus its proposals solely on the Jersey market, when in recent years it has generally preferred to regulate on a pan Channel Islands basis. However, after detailed consideration, we believe that CICRA has been right to look to the Jersey market first, as there is clear evidence of an appetite for fixed access competition, whereas in Guernsey it would appear that no other licensed operator (OLO) has so far proven any material interest to warrant the development of additional wholesale fixed access services there.

In the sections below we set out our position in relation to the three wholesale access services that CICRA is currently considering, along with further views on the Guernsey market and on other potential wholesale services that CICRA may wish to consider.

Bitstream Access (BSA)

We welcome the consideration of this service and note that JT itself had previously promoted it (in the form of Naked Bitstream) when it shared its fibre migration programme strategy¹ with Jersey communications providers on 21st October 2011. We are slightly confused though as to whether CICRA has changed what it had previously promoted as the clearly defined Naked Bitstream service, where not only would the broadband elements provide for the likes of differential line speeds and contention ratios, but the physical connection would no longer need to be associated with a landline. Whilst we note that it is CICRA's intention that 'a BSA service provides a service agnostic delivery method' (Section 5.4) and that 'JT could provide the access service' (Section 5.5), this appears to lead to some confusion around whether the BSA service

¹ Document 'JT Fibre Presentation to CPs 211011', issued by JT during its presentation of 'JT Fibre Plans and New Wholesale Products'.

would by default include the physical bearer, although CICRA’s final point on the scope (Section 5.6) does state that ‘this would allow customers to have a fixed broadband connection but without the need for a fixed landline’. We therefore base our consideration of BSA on the assumption that an OLO could provide a customer with a broadband and calls service either with or without a fixed line, depending on an OLO’s or its customers’ preferences.

In principle, Sure supports the introduction of a BSA service in Jersey, as there is a clear evidence of customer demand for alternative broadband services (to those currently provided by JT). At present, Sure and Newtel are only able to ‘white-label’ JT’s own broadband options for those services that it provides on its network, so the potential to be able to offer customers a wider choice of speeds and contention ratios is welcomed.

CICRA makes reference to ‘additional options such as fixed IP addressing’, which again, we would welcome. However, should the BSA service be taken forward for development we would request that consideration also be given to the likes of QoS (Quality of Service), which could help with applications such as [X]. This will become increasingly important, particularly if CICRA is also supportive of Fixed Number Portability (FNP), which could then encourage customers to switch their voice calls to be carried over the BSA service. This may require prioritisation over other data traffic, so as to ensure a reasonably similar customer experience to the current provision of voice services over PSTN and ISDN lines. Consideration would also need to be given to the wider aspects of data prioritisation, in the context of the ongoing net neutrality debate within the EU.

We have chosen to respond to Questions 1, 2 & 3, as raised by CICRA in its consultation document, in a tabular form. Table 1, below, refers to Question 1 (page 6 of the consultation) on Bitstream Access (BSA), with tables 2 & 3 (further within this document) providing our responses to Questions 2 & 3 respectively:

Table 1 - BSA		
Benefit to consumers	Estimated take-up	Types of services enabled
With ability for operators to differentiate their range of broadband services consumers would be able to select their preferred download/upload speeds and contention ratio to best suit their needs. This would bring true competition to the Jersey broadband market.	As BSA would be the natural successor to the existing wholesale broadband services that Sure (and Newtel) takes from JT we would seek to migrate our existing broadband base, whilst at the same time encouraging them and new customers to personalise their service to best suit their needs. Based on today’s position and current run	Full management of our broadband services would best facilitate [X] (in conjunction with FNP) and (subject to regulatory approval) QoS options to allow customers to prioritise calls/gaming/TV content streaming, etc. to best suit their lifestyle.

	<p>rates² we estimate our total take up as:</p> <p>End of Year 1: [X] subs</p> <p>End of Year 2: [X] subs</p>	
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Fixed Number Portability (FNP)

CICRA states that a ‘major barrier to competition in the fixed line market’ is a customer’s need to change their phone number when moving their service from one operator to another. In the context of the Channel Islands this is only true to the extent that the service would be provided on another operator’s network, rather than via the likes of a WLR (wholesale line rental) service, which continues to be provided to a customer via the incumbent operator’s network. In this case their phone number remains the same, by default, as the number is not required to be ported to another operator’s network.

It should also be noted that CICRA interprets FNP as providing the means for incoming calls to be routed directly to the competing provider, but this would only be the case for calls that have originated within the Channel Islands. For all inbound traffic from the UK (or further afield) JT would still receive each incoming call and would then have to provide a transit service to pass the call to the relevant competing provider (Sure or Newtel). [X]. In this context, JT holds all of the allocated 01534 number ranges³ apart from:

- 01534 10 – Marathon Telecom
- 01534 52 & 53 – Jersey Airtel Limited
- 01534 56 – Newtel Limited
- 01534 68 – Sure (Jersey) Limited

[X].

Looking at the benefits of FNP, Sure is generally supportive of its implementation in Jersey and it is reassuring to note that the initial indications are that JT would be able to implement FNP on its existing switching network. We are also pleased to see that consideration has been given to the benefits of using PortingXS to facilitate the management of the FNP processes for Jersey. We are currently leading discussions with PortingXS in another jurisdiction for the development of the existing MNP (mobile number portability) processes to be expanded in readiness for the planned introduction of FNP there later this year. Our assessments of PortingXS’s proposed solution have been very positive to date, with the approach appearing to offer a very cost effective solution for that region. We have no reason to believe that the benefits of the FNP processes in that jurisdiction might not be similarly available to operators in Jersey, meaning that the costs of implementation of FNP in Jersey should cause no material detriment to any operator. This should

² Noting that these are currently being constrained by JT’s limit of [X] wholesale broadband orders per day, which continues to impact on our ability to take on new customers, particularly when we run specific marketing campaigns.

³ As per www.ofcom.org.uk/static/numbering/sabcde15.xls

also encourage those operators to invest in solutions that make the most of the benefits that FNP can bring to both consumers and business customers.

Responses to CICRA’s Question 2 (page 7 of its consultation) on Fixed Number Portability (FNP):

Table 2 - FNP		
Benefit to consumers	Estimated take-up	Types of services enabled
<p>Ability to cease their current JT fixed line (or ISDN services in the case of business customers), but keep their number and use it on another operator’s network. Examples of this would include a customer being able to have their phone number and associated calls provided [X] (without the need to pay for a landline, when used in conjunction with BSA) or for business customers to be able to cease their ISDN services with JT and instead have their phone number and associated calls provided via a leased line connected to another operator (in many instances these are in place already). In both scenarios, the reliance on JT’s fixed line infrastructure would be removed, thereby facilitating cheaper, but suitably similar alternatives.</p>	<p>On its own, FNP is by no means the ‘killer product’, but in the longer term, once customers become more comfortable with their operator providing their existing phone number and [X] then take-up levels could rise fairly quickly. Whilst FNP has existed in the UK for some time there are seemingly no mainstream UK providers currently offering fixed line calls solely over a customer’s broadband service. It appears that Jersey customers often like to draw comparisons with UK providers, but in the absence of any marketing of calls over ‘broadband only’ services their awareness of this potential solution simply does not exist at present. Whilst Sure is certainly not suggesting that CICRA should wait to see how matters progress in the UK, it needs to be understood that the learning curve required to gain Jersey customers’ confidence to give up their landline is likely to be steep. Our forecast take-up, based on this being provided <u>in isolation</u> (so without BSA), is: End of Year 1: [X] subs End of Year 2: [X] subs</p>	<p>Not only would customers be able to have a materially equivalent fixed line calls service provided by another Jersey operator, [X].</p>

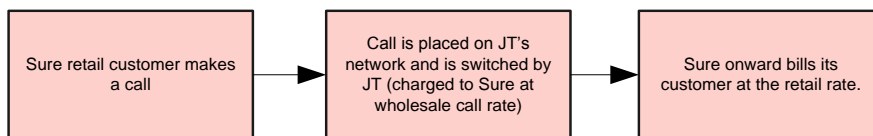
Carrier Pre-Selection (CPS)

Sure already has extensive experience of CPS and the benefits that it can bring, through its implementation in another jurisdiction. In that instance, CPS has been associated with WLR, by default, meaning that when a customer transfers their landline to Sure their calls are also automatically routed via Sure's network. Having been so heavily involved in the development of that solution we have very clear evidence of the benefits of the alignment of CPS with WLR.

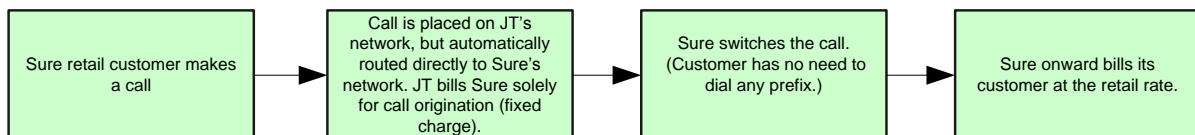
Within the current Jersey framework all calls made by WLR subscribers are switched by JT, with calls being charged to each service taker (so far only Sure) on a wholesale basis. [§<]. Were a CPS facility to be developed, all calls made by our WLR customers could automatically be routed from JT to our network, meaning that we would provide the switching facility ourselves, thereby enabling us to pass much of those cost savings onto our customers (or customers of another provider, should any other provider in Jersey wish us to provide them with a lower cost switching facility to that currently being offered by JT). In that way, both retail and wholesale customers would benefit from the competition that Sure could bring to the Jersey fixed line market.

To clarify how CPS would work so effectively with WLR the following diagrams may help.

Existing WLR service:



CPS in conjunction with WLR:



Please see the following page for our responses to CICRA's Question 3 (page 8 of its consultation) on Carrier Pre-Selection (CPS).

Table 3 - CPS		
Benefit to consumers	Estimated take-up	Types of services enabled
<p>Benefit 1: Sure currently has [X] fixed line customers taking carrier select (rather than carrier pre-select). These customers have to dial a prefix for each call, only make calls via dialler boxes, or for business customers, have their PABX programmed to dial the carrier select prefix before each call. CPS could provide for all calls to be routed automatically to Sure, with no need for any prefix.</p> <p>Benefit 2: Sure currently has 3,012 WLR customers, all of whom, when they make a call, have to do so through JT's network only. Sure would intend to switch all of these customers to the CPS service (with no disruption to customers) so that they could benefit from lower call charges.</p>	<p>Taking account of the migration of our existing fixed line customer bases ([X] + 3,012 sub) we estimate a total take up of: End of Year 1: [X] subs End of Year 2: [X] subs</p>	<p>As CPS would facilitate the automatic routing of calls onto Sure's network existing carrier select customers would no longer need to prefix their calls (either manually or using equipment to do this for them).</p> <p>For WLR customers CPS would enable lower priced fixed line calls.</p> <p>In addition, at the wholesale level, Sure and JT could then compete more fairly to provide a wholesale calls service to any other local provider(s).</p>

Guernsey Market

CICRA questions whether the matters considered in its consultation should be extended to Guernsey and from a theoretical position Sure can understand why. However, in practical terms, JT (as the only WLR service taker in Guernsey at present) has yet to demonstrate that the opening up of the Guernsey fixed line market has been a worthwhile outcome of the hugely onerous WLR project.

For example, JT has only picked up [X] Guernsey WLR customers to date, compared to Sure Jersey's equivalent of 3,012 WLR subscribers. In addition, it has become evident that customers increasingly prefer to take their fixed line and broadband service from the same operator, resulting in Sure Jersey's broadband base having increased by [X]% during 2015. Comparing that to the Guernsey market, JT Guernsey's broadband base grew by only [X]%⁴.

⁴ JT Guernsey took [X] broadband services from Sure Guernsey, compared to [X] as at the end of 2014. Sure Jersey's broadband services taken from JT stood at [X], compared to [X] at the end of 2014.

Sure has made it clear on numerous occasions that it welcomes competition and the above figures are not meant as a criticism of JT; more the fact that from a cost/benefit perspective the opening up of the fixed line market (via WLR) in Jersey has clearly demonstrated customers' enthusiasm to switch provider, whereas in Guernsey that has certainly not been borne out yet. Considering the huge amount of work that was required of Sure Guernsey to facilitate the introduction of WLR across the Bailiwick, we are extremely wary of setting aside potentially hundreds of additional man days to help bring another wholesale access service to the Guernsey market, if the likelihood is a similar outcome of such minimal interest to Guernsey subscribers. We simply cannot justify to our parent company (Batelco) such an investment of resource, expertise and system costs that would be required to develop further wholesale access services at this time.

To bring the swiftest and most material benefits to the CI telecoms market we believe that CICRA should, for now, focus on the benefits of the further opening up of the fixed line market in Jersey. There is clear demand for alternative fixed line services there, plus two other operators (rather than just one in Guernsey) keen to compete for that business.

Finally, if further evidence were needed to support our position, CICRA's most recent Telecoms Customer Satisfaction Survey results⁵ indicate that JT Jersey's fixed line customers are the most likely to switch provider in the future (with 30% wanting to do so), compared to Sure Guernsey's customers who are the least likely to switch (with only 17%). We believe that CICRA should focus its own resources and expertise on the regulatory interventions most likely to bring real benefits to the telecoms market across the Channel Islands – that being wholesale access services in Jersey.

Alternative or additional fixed access services

Sure welcomes the opportunity to comment on other potential wholesale access services, as we are particularly interested to learn how JT intends to change and develop its portfolio, having announced and started to apply its withdrawal (from sale, at this stage) of its Jersey ISDN services, where these are provided over its copper network. [§<].

As CICRA will be aware, JT was adamant that it would not be providing ISDN services at the wholesale level (so no ISDN WLR), because it had already indicated its intention to withdraw them at the retail level. [§<]

On that basis, we would request that CICRA makes an approach to JT Jersey to request:

- JT's latest plans in relation to its withdrawal of ISDN services
- Its specific proposals for any replacement service, setting out what exactly this will mean for customers
- An assurance that any newly developed fibre based physical access bearer equivalent services are made available at the wholesale level, so as to allow OLOs to fairly compete (noting that for true competition FNP would also be required).

Separately, we know that there is increasing demand from the Channel Islands business

⁵ www.cicra.gg/files/160229%20Fixed%20Line%20Report.pdf

community for access to on-island fractional Ethernet services. At present JT only offers increments of 10/100/1000 (excluding the very high capacity fibre channel circuits), whereas there is clear customer demand for the likes of 2, 4, 6, 8; 20, 40, 60, 80; and 200, 400, 600 & 800. Customers at both the retail and wholesale levels often have to purchase significantly greater bandwidth than they need, simply because JT offers such limited bandwidth increments at present. [X]

Summary

Sure is supportive of the three wholesale access services that CICRA is currently considering, but we would like to know more about its intentions for development and the order in which this might occur. From our perspective, here's how we would see their development best fitting into a Jersey wholesale access roadmap:

CPS – We know from our experience that this service fits extremely well with WLR and enhances it for the benefit of customers. It should be a fairly easy service for JT to implement, as this functionality is either already embedded in its existing switching system or should be readily available as a standard add-on (the use of CPS being widespread across the telecoms sector).

FNP – As a standalone service the benefits aren't necessarily material, but when applied to other access services (such as broadband, BSA or IP based ISDN equivalent services) the benefit to customers of being able to keep their existing number on another operator's network would suddenly come to the fore.

BSA – Successful Implementation could provide the greatest long-term benefit to the Jersey telecommunications market and could be seen as a real 'game-changer'. However, it could also be the most troublesome to implement, not necessarily from a technical perspective, but from a product and commercial scoping perspective.

Based on the above, we suggest that CICRA considers the development of new wholesale access services in the order that is most likely to be bring effective benefits to the market, being CPS, FNP and then BSA, although we believe that certainly some of the development aspects could be undertaken concurrently. We are acutely aware though of the obstructive tactics used by JT during the early stages of development of its WLR service. [X]

In addition, we would request that CICRA also gives consideration in the areas of ISDN and fractional Ethernet services.

We note that CICRA intends to formally publish the final form of any proposals as an Initial Notice, but we would be happy to discuss any of the contents of our submission (or any more general aspects) with CICRA in the meantime, should this be considered helpful.

Submitted on behalf of Sure (Jersey) Limited and Sure (Guernsey) Limited
31st March 2016