

Why Ofcom has to act now on the pricing scandal which is non-geographic numbers

Brian Hudson of Performance Telecom has had enough of the mobile networks' greed and Ofcom's paralysis. In this article he outlines his own solution to the rip-off which Ofcom does nothing about and which the mobile networks protect since it's their cash cow.

Blatant overcharging by mobile networks to call non-geographic numbers has been allowed to carry on for over a decade. Many millions of pounds have been spent by mobile networks fighting attempts from Ofcom to address this issue, leaving the market in a state of paralysis and the consumer confused, out of pocket and generally unable to decipher how much they will pay to call any given 08 or 09 number from any variety of communications providers and a plethora of call tariffs.

One of the key arguments mobile networks use to keep prices high is that they carry a significant debt risk in transiting 08 calls, a fact which was recently repeated to me and my industry colleagues by Dr Steven Miller of Ofcom. So I asked him a few questions:

1. How can a call to an 0800 number present a debt risk since it is free to connect that call to the host network?
2. Where an 0800 number is charged for there is a risk that you may not be able to collect the 100% profit charge that has been levied, but hasn't the debt risk been created by charging a fee for something that is free?
3. For higher charge band numbers, for example 0844 numbers which would cost 5p per minute from a BT line to call, is it justifiable to make a surcharge of up to 45p per minute to protect a debt risk of 5p? Would any business or consumer take out an insurance policy that cost ten times the price of the item insured?
4. How can it be justified for a pre pay mobile customer to pay an even higher fee to call an 08 number - there is clearly no debt risk since they have paid in advance for the service?

Needless to say I did not receive any coherent answers to my questions.

In the industry we know the cost to terminate a call from one network to another. A mobile network will incur a cost to deliver a call made from a mobile to a landline number and add a margin.

It is therefore reasonable to conclude that a fair mobile access levy could be cost plus 100%, allowing the mobile network to benefit from revenue generated by 08 and 09 call traffic. This access levy could be added as a surcharge to the bill of the organisation publishing the number - hey presto, we have a workable framework. How can the mobile networks not agree to that?

Numbering Framework – What a Mess

Currently our numbering framework consists of:

- 01 and 02 prefix numbers – Landline numbers
- 080 numbers – Free to call some of the time, extortionate to call from a mobile
- 0845 numbers – these used to be the cost of a BT local call, but today its anyone's guess what they cost to call and from where

- 0844 numbers – these can cost anything from 0.5p per minute to 5p per minute to call if you're ringing from a landline, or any amount above that from a mobile, but the only way to know what the price is going to be is to download the entire numbering code scheme from Ofcom's website and trawl through all the pricing variations published there. And it still doesn't make sense!
- 0870 & 03XX – Now mandated to be charged at the same rate as calls to 01 & 02 numbers, yet there is no policing of this and many offenders hide variable charges

Currently on the table from Ofcom, after several years and no doubt several million pounds worth of academic research is a proposal which offers us the following:

- a) Split up the charging mechanism so that calls to NGN's have an access charge (retained by the network from which a call is made) and connection charge which would be paid to the host network supplying the 08 number by the network from which the call has been placed, both of these charges being levied to the caller on their bill.
- b) The mandating that free to call numbers are free to call regardless of the network on which the caller places the call.
- c) Ending revenue share on 0845 numbers (although this has all but disappeared anyway), in the same way that 0870 was dismantled in 2009, forcing many businesses to change their contact numbering yet again.

In all the above, Ofcom has failed to address the critical factor - price transparency. If Ofcom goes ahead with implementing this proposal, the caller will still not know what the cost of the call will be before making a call and there will still be no control over the level of 'access charge' a mobile network may make to connect that call. Not only does this laughably weak proposal fail to address the fundamental issues, but were it to be implemented it would create an enormous billing headache for all communication providers.

OFCOM - A force for making changes without any real understanding of or appreciation for the knock on effects

I believe we have the right to expect better, or at least for there to be a real appreciation of and some genuine communication with those in the industry.

The numbering scheme has the potential to greatly impact on how businesses interact with their customers to deliver positive experiences. I would like to make public the proposal that I put forward to Ofcom a couple of years ago and which remains ignored to this day.

The Solution

Clearly when making changes to a numbering scheme you need to do so with a long term view as change is both expensive and time consuming. Therefore this solution has the long game in mind.

I believe the key things that the numbering scheme needs to achieve are:

1. Price Transparency
2. Easy to understand
3. Offer publishers a wide range of tariffs to apply to the call
4. That all free to call numbers are always free to call
5. That the caller is actually charged the per minute rate intended for the numbering band
6. That any network surcharges are met by the publisher of the number and not by the caller
7. That sufficient quantity of number ranges are made available to meet long term demand

1. Price Transparency

This is very easily addressed as per the following table with the highlighted part of the number range denoting the cost of the call to the caller.

Number Range	Cost of Call to Caller	Volume of Numbers Available to Allocate
080	Free	100 million
081	1p per minute	100 million
082	2p per minute	100 million
083	3p per minute	100 million
084	4p per minute	100 million
085	5p per minute	100 million
086	6p per minute	100 million
087	7p per minute	100 million
088	8p per minute	100 million
089	9p per minute	100 million
09010	10p per minute	1 million
09015	15p per minute	1 million
09020	20p per minute	1 million
09025	25p per minute	1 million
09030	30p per minute	1 million
09035	35p per minute	1 million
09040	40p per minute	1 million
09045	45p per minute	1 million
09050	50p per minute	1 million
09055	55p per minute	1 million
09060	60p per minute	1 million
09065	65p per minute	1 million
09070	70p per minute	1 million
09075	75p per minute	1 million
09080	80p per minute	1 million
09085	85p per minute	1 million
09090	90p per minute	1 million
09095	95p per minute	1 million
09100	100p per minute	1 million
09105	105p per minute	1 million
09110	110p per minute	1 million
09115	115p per minute	1 million
09120	120p per minute	1 million
09125	125p per minute	1 million
09130	130p per minute	1 million
09135	135p per minute	1 million
09140	140p per minute	1 million
09145	145p per minute	1 million
09150	150p per minute	1 million

2. Easy to understand

The above table is also so clear and easy to understand that I cannot see any reason why the publisher of a number would need to state the price of a call or announce it at the start of a call.

3. Wider Range of Tariff's

The above structure increases the number of tariffs available to the publisher, meaning they are able to follow a numbering strategy that is appropriate for the service they are providing.

4. That all free to call numbers are always free to call

For this to work there must be a reverse charging mechanism, whereby the network on which a call is placed is paid a levy for connecting the call and these fees are paid at interconnect level as part of the interconnect charging mechanism. This does not 'guarantee' a free call, as the mobile networks could continue to charge for free calls, however it does take away the argument they have for imposing additional charges and one would hope that continuing to charge in the face of such a change would either be addressed by a 'fairplay' change of heart, or much easier for Ofcom to pass into law so that surcharging would be illegal.

5. That the caller is actually charged the per minute rate intended for the numbering band

This is covered by the same reverse charging mechanism as an originating network access levy paid out via the interconnect revenue mechanism.

6. That any network surcharges are met by the publisher of the number and not by the caller

The publisher has a wide range of price bands to choose from so is able to decide freely which numbering band suits their business drivers, in the full knowledge that the caller will absolutely know, prior to making the call, what the call is costing them. They will either choose to subsidize that call, break even or earn revenue, depending on their individual business drivers in order to meet and manage the expectations and demands of their respective customers and compete in their market place.

7. That sufficient quantity of number ranges are made available to meet long term demand

Currently the most commonly used numbers are almost exhausted, 0844 charging bands now also include 0843 and 0871 includes 0872, all at the various charge bands! Confusing!! The above table would release 100's of millions of new number ranges into the number allocation pool, enough to meet demand for several decades at least.

Conclusion

Whilst the economy is suffering so badly it cannot be justified to spend years on academic studies, tests and fighting legal challenges from mobile networks before action is taken. The NGN industry has a significant part to play in assisting UK businesses whilst they strive to service their customers and succeed in their market places. I believe that service providers across the nation wish to treat their customers fairly and strive to deliver the best service they possibly can, yet they are not only being hamstrung in their efforts but they are also carrying the can for a blatant rip off culture that is being defended extensively by the mobile networks.

The industry is in limbo while Ofcom procrastinates, and ignores a solution that is staring them in the face. Ofcom has the power to make changes now without needing to effect changes in the law. The industry has the potential to fundamentally impact the performance of the businesses who buy NGN services to the benefit of the consumer and to provide a lift to the UK economy and we need Ofcom to empower us in this respect. The only winners in this current paralysis are the mobile networks - to the tune of £400 million each year and growing. How long will Ofcom stand by and let this crazy situation continue?

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