



Directory Services

Comments on BEREC Draft Work Programme 2011

The Number welcomes the opportunity to comment on the Draft BEREC Work Programme for 2011 (hereafter “WP2011”).

A. PROPOSED AMENDMENTS TO ITEM 3.6

The Number would like to add the following specific comments relating to item 3.6 in the draft WP2011 and corresponding deliverables identified by BEREC (*our proposed additions are underlined – deletions are marked in strikethrough*):

3.6 Wholesale Access originating to value added services with social relevance

Providers of shared cost, premium rate or freephone number services often pay an ~~an~~ wholesale originating fee to the operator of the originating network, that is to the network to which the user that calls the information service is connected, at a wholesale level or in the form of an origination surcharge collected from consumers by the operator. Sometimes ~~these~~ these originating fees seems excessively high compared to the cost. This seems especially the case for the wholesale fee for mobile originating traffic that is destined to freephone numbers/services and other socially relevant services such as directory enquiries. This kind of voice or SMS ~~originating~~ originating seems to have similar features as voice or SMS termination in the sense that there is no alternative for the provider of the information service. This provider can choose either to pay the fee (in case of freephone), allow the caller to pay the fee in some Member States (in case of directory services) or disconnect from the originating network, in which case ~~his~~ the service can not be reached by customers of the network. However, often the provider of services may not be able to choose an alternative originating network or may be mandated to be reachable on all networks (and hence has no bargaining power) as is the case for directory services in some Member States.

The objective of this BEREC project would be first to investigate the situation and market forces regarding these services in different member states, notably through a benchmark of prices and



access costs finalised end of Q1 2011. Depending on these first results, there could be a follow up to assess whether there are competition problems regarding ~~these originating services~~ access to these services and to give guidance on how to address these problems.

B. JUSTIFICATION OF SUGGESTED CHANGES

We believe BEREC has rightfully identified the issue of access to value-added services (VAS) as a problem area that requires regulatory scrutiny and possibly remedies.

Our proposed amendments are aimed to address the following concerns:

- **“Socially relevant”**: Looking at all VAS may prove to be a daunting task so The Number considers that BEREC could usefully limit its scrutiny to those services that are considered to deliver a socially valuable service to consumers, namely directory services (which are part of the scope of the Universal Service Directive¹) and freephone (which often offer access to services such as train schedules, banking services, etc.). We furthermore believe that this inclusion of directory services in item 3.6 is further justified by the fact that these services have been specifically referred to in the Explanatory notes to the Relevant Markets Recommendation².
- **“Access”**: Models differ from one Member State to another as regards how fees are collected by access operators: whilst in some cases it may be through straightforward wholesale origination schemes, in other cases, the access operator adds a surcharge to the retail price for end-users. Our edits therefore aim at encompassing both scenarios.
- **“SMS”**: Information services are increasingly becoming available both by voice and SMS. The latter option is especially important for disabled users, but is also relevant to many young people who prefer texting to voice calls. The Number therefore believes both voice and SMS merit BEREC’s attention.

¹ The EC regulatory regime recognises DQ as an “essential tool for telephony services”, and it is currently one of the four elements of universal service.

² “Some NRAs have defined a distinct market for wholesale call origination to non-geographic numbers in order to address the conditions of competition for calls to value-added services (in particular, directory enquiries). Others have relied on Article 5 of the Access Directive or the Universal Service Directive, or indeed on specific national regulatory provisions concerning premium rate services to address the issue. In these instances the NRAs have sought to address concerns they had about mobile operators imposing high prices in relation to specific services within the retail offer, or about restricting the ability of service providers to control their retail prices.” (FN 42, pg 41)



- **“Benchmarking”**: The Number believes that in order to spot if the fees charged for access by operators bear any relation to costs, an initial step would be to conduct a thorough benchmarking exercise across the EU, not only to allow a comparison between Member states but more importantly to compare fees charged by operators which are part of the same Group in different Member States. For directory services, such a benchmark is especially important in light of Recital 30 and Art. 25 (3) of the reviewed Universal Service Directive, which requires access to directory services specifically to be reasonable. We have put in Annex 1 some suggested metrics to benchmark specifically directory services. Such a benchmark should however only constitute a first step. The deliverable of item 3.6 should reflect not only the collected data but also include guidance on how NRAs can achieve the objectives put in place by the revised Universal Service Directive.

We thank you in advance for taking consideration of these views. Feel free to contact Nik Hole, Executive Director, Government and Business Affairs – Europe for The Number, by phone (+44 7973 748952) or email (nik.hole@118118.com) should you need further information.

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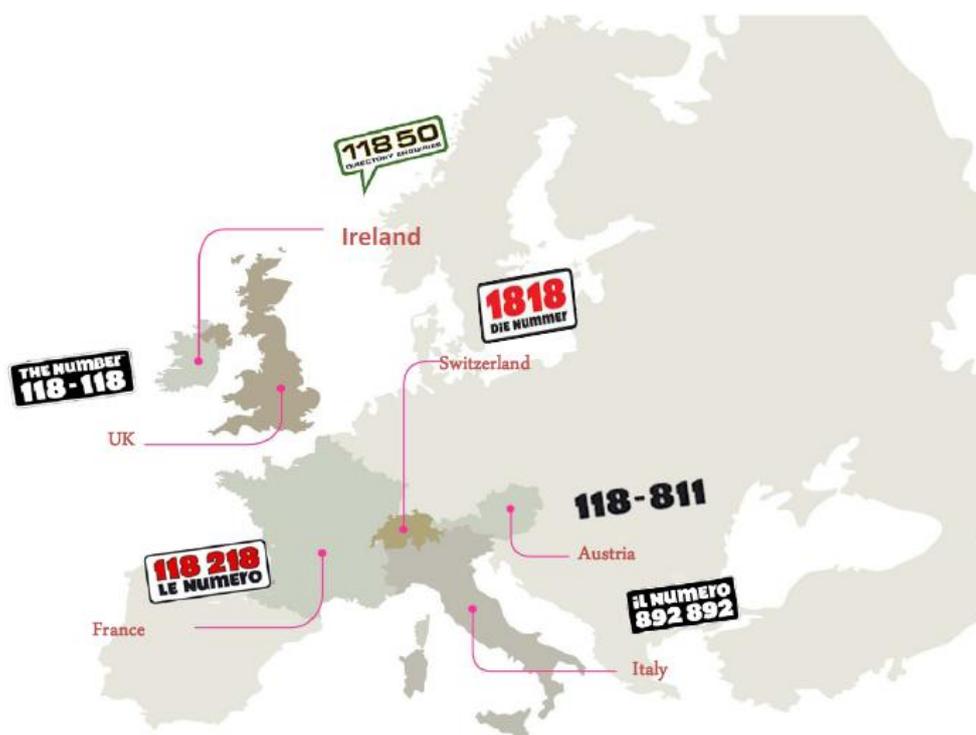


ANNEX 1 – EXAMPLE OF BENCHMARK DATA COLLECTION RE DIRECTORY ORIGINATION AND RETAIL MARK-UPS FOR VOICE

		Details for most popular independent (off-net) DQ service for calls made from your network		Details for 2nd most popular independent (off-net) DQ service for calls made from your network	
		Prepay	Contract/postpay (if different)	Prepay	Contract/postpay (if different)
A	Call volume				
B	1 minute call – retail price to customer (ex VAT)				
C	2 minute call – retail price to customer (ex VAT)				
D	3 minute call – retail price to customer (ex VAT)				
E	Retail price of SMS-based question to DQ service				
F	1 minute call – net outpayment paid to DQ provider				
G	2 minute call – net outpayment paid to DQ provider				
H	3 minute call – net outpayment paid to DQ provider				
I	Is there a 'bad debt' charge applied as part of the costs retained by the MNO? If so, what amount or %				
J	Can DQ providers choose their own preferred retail rate for their service?				
K	How many tariff levels/bands are available to DQ providers to select from?				
L	Are customers charged an 'airtime' charge in addition to the pricing above?				
	<i>Total revenues kept by network for 1 minute call (= B-F)</i>				
	<i>Total revenues kept by network for 2 minute call (= C-G)</i>				
	<i>Total revenues kept by network for 3 minute call (=D-H)</i>				



ANNEX 2 - ABOUT THE NUMBER



The Number and its group companies are the largest independent providers of directory enquiry (DQ) services in the world. In Europe, the group has entered six markets (UK, France, Italy, Austria, Switzerland and Ireland) offering new, competitive and high quality services to end users. We use live operators to handle enquiries and today employ thousands of people in our European operations. The companies have invested heavily in the development of enhanced databases and innovative new services (such as two-way SMS services).