



**Contribution of Orange France Telecom Group
to the Consultation
on the ERG Report on the regulation of access
products necessary to deliver business
connectivity services**

ERG Business Services

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Executive Summary

Orange France Telecom Group (“OFTG”) welcomes the opportunity to comment on the ERG’s report on the regulation of access products necessary for delivering business connectivity services and wishes to thank the ERG for the work that has been done, notably through their interviews with NRAs and end-users in this sector.

However, OFTG considers that the ERG report has missed the main issue of the business connectivity market which is the technological transition from leased lines to modern DSL and Ethernet access, as the one occurred in the French market. It would therefore be advisable for the ERG to take actions which further increase the process of harmonizing the implementation of remedies and the diversification of business-grade quality wholesale offers all over Europe.

OFTG considers that business connectivity market analysis must take into account the availability of business grade unbundling and bitstream access as fully proved substitutes to leased lines and partial circuits.

On market definition issues, the analysis shows that there is no case for identifying a high-end business market: its definition and scope would be unclear and its usefulness would be doubtful.

OFTG supports systematic publications of rigorously defined KPIs. KPIs should, as a priority, concern quality of service of wholesale and retail products and their publication is an efficient means of deterring non price forms of discrimination.

OFTG supports harmonisation as a relevant objective per se, because harmonised access products throughout Europe lead to streamlined access procurement and operations for operators providing seamless VPN products to multinational companies having activities all over Europe.

OFTG considers that NRAs may mandate wholesale offers on the ground of reproducibility of retail offers of regulated undertakings. Besides this case, mandating wholesale offers should not be considered as reasonable. The only exception could be for up to date wholesale products already available in most Member States but not yet in the concerned domestic market, under the condition of technical feasibility.



Introduction

In 2009, Orange France Telecom Group (OFTG), one of the world's leading telecommunications operators, served 3 750 multinational customers and more than 400 000 small medium and large companies, in 220 countries under the Orange Business Services brand (OBS). To provide its services to Multinational Companies, it uses the world's largest seamless voice and data network, 300 000 IP VPN access points world wide, and as well as its customer centres present in 166 countries and territories.

OBS offers a full range of telecommunication services:

- Business VPN, which focuses on end to end network management from WAN to LAN on a global basis,
- "Business Talk" and Telephony, which includes voice over IP and IP telephony as well as contact centre expertise,
- "Business everywhere", which enables remote users to connect to corporate systems, applications and resources securely, reliably and easily,
- "Business acceleration", which improves application visibility, management and performance,
- "Business Together", which integrates collaborative offers into a single user interface to improve team efficiency.

In France, as far as regulated wholesale access for business connectivity is concerned, OFTG provides the following products to its competitors on a non discriminatory basis:

- Local loop unbundling and Bitstream Access, both with business class SLAs, allowing competitors to address the business retail market,
- Partial circuits,
- Leased lines (which belong to the retail market, but are notably used by mobile operators to connect some of their antennas)
- ISDN access resale and wholesale analog line rental.
- "Collecte Ethernet Optique Opérateurs (CE2O)" regulated access on fibre with Ethernet interfaces.

In France, the access infrastructure which serves the business market has almost completed its technological transition from classical leased line products to modern DSL and Ethernet solutions as shown in Figure 1 below.

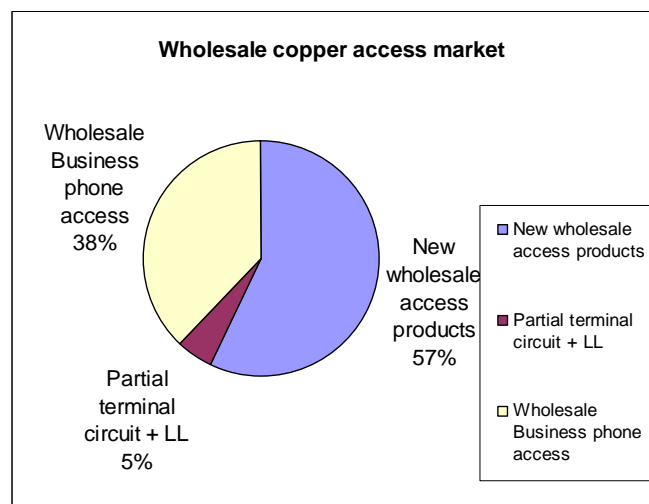


Figure 1

The pie chart above, concerning wholesale access, illustrates how leased lines have become a marginal proportion of the business access market¹.

This technological transition and the obsolescence of classical leased lines are the major characteristics of business connectivity which should be considered as a priority issue by the ERG in its working program.

In this respect, to better serve national and international markets, the ERG should continue to focus on the process of harmonizing the implementation of remedies throughout Europe, fostering the enhancement of regulated access products necessary to deliver Business connectivity services.

In the following sections we will comment on:

- Market definition issues,
- Why harmonization is needed,
- Necessity of KPIs and their tracking,
- Reproducibility as the foundation for mandating wholesale access products.

1 – Market definition issues

No case of a specific high-end business market

ERG wonders if it is relevant to create a specific market for high-end business activities. Considering the diversity of needs mentioned by the end-users and the fact that offers are very often tailor-made, the basis for defining such a market becomes blurred. As stated in the ERG Report, the majority of NRAs has not defined a separate market. OFTG supports this position.

Substitutes for leased lines and partial circuits to be taken into account in the analysis of market 6

The boundaries of the current market were discussed at length during the review of the Framework-Recommendation on Relevant Markets. Whatever the formal boundaries of market 6, market 6 analysis must account for the existence of business grade local loop unbundling and Bitstream Access services, whenever they are available, as substitutes for leased lines.

¹ Wholesale business telephone line rental has been included in the wholesale statistics because if these products had not been available, alternative operators would have used leased lines or partial circuits to meet their customers' demand. Numerical figures correspond to the access market measured in France in August 2009.



The substitution of Ethernet or IP services on xDSL dedicated connections for leased lines is indeed well advanced in many countries at the retail and wholesale level.

Deutsche Telekom, for example, has announced the withdrawal of all the leased lines at speeds lower than 2 Mbit/s by end October 2010, the alternative solutions being xDSL or MPLS (IP VPN).

Orange Business Services has also announced the withdrawal of all the leased lines at speeds lower than 2 Mbit/s by end 2011, Ethernet or IP dedicated connections on xDSL access being the substitute.

Such new offers suit the needs of the end-users better. They offer a wider range of functions and speeds and allow better solutions to multi-site architectures, with lower implementation costs and greater ease of use.

In France, a range of wholesale access products has replaced the partial circuits such as: unbundling with a guaranteed 4-hour repair time-7 days a week; DSL Enterprise, bitstream offers for businesses offering a wide range of guaranteed symmetric or asymmetric bit rates on up to 4 copper pairs, with a guaranteed 4-hour repair time-7 days a week; Ethernet services on fibre access and ATM conveyance (IP/MPLS conveyance on GigaEthernet Dslam being implemented).

These offers are available all over France (standard offers for copper, standard or tailored for fibre).

Likewise, the ERG should favour a policy fostering the migration of the current access offers to one that is more complete and up to date.

2 – Why harmonisation is needed

Regulated access products for business connectivity are still quite different from one European domestic market to another. In order to enhance market efficiency, harmonisation has been requested for a long time from the operators providing business services:

- A harmonization of the reference offers between the various countries would not only open the market, in countries where it is not as opened as it is in France, but would also foster competition as well as benefit the end customers.

- A homogeneous implementation of remedies and offers which take the international nature of the business service offers into account, is also necessary to better serve the market, particularly Multinational Companies present in different countries of the European Union.

With this objective, the ERG could play an important role by stimulating NRAs and stakeholders, in particular, through the process of market analysis by NRAs.



3 – Necessity of KPIs and their tracking

OFTG agrees with the necessity of setting up a list of efficient KPIs to be followed and published by the SMP operators. They should be KPIs dedicated to wholesale and retail services concerning Business connectivity. Performance results must be regularly updated and KPIs must be assessed from time to time to take into account the evolution of access products.

It is critical to focus KPIs on actual performances in the field rather than on contractual commitments. Reliable and public KPIs are a very efficient tool for achieving non discrimination.

Regular meetings with all the stakeholders, under the supervision of the NRA, should be used in order to fine-tune each item and adapt it, if necessary, to the environment and the technical or marketing evolutions. In France, such a meeting takes place every 6 weeks with business service providers under the supervision of ARCEP. This method has proven to be efficient.

The publication of KPIs should be generalized all over Europe. However, their primary role is to check non discrimination in each country. They cannot be used to make comparisons between countries unless identical KPIs with common measurement processes are defined in different countries.

4 – Reproducibility is the foundation for mandating wholesale access products

The Report states that “Some NRAs take the view that SMP players cannot be required to deliver services other than those which are the same as – or substantially equivalent to – the services which they supply to themselves. Others take the view that SMP players can, subject to a test of costs and benefits or a more general test of proportionality, be required to provide “new” wholesale services. The rationale for this is to prevent the SMP player from gaining absolute control over the pace of innovation downstream “(Page 12).

The second option, in practice, appears incompatible with non discrimination and efficient network operation, and therefore should not be accepted.

If a specific access is required by an alternative operator which does not correspond to any retail service proposed by the regulated operator, this request must be proved to be proportionate and reasonable. The Report acknowledges that these conditions are very difficult to assess, and can lead to hazardous decisions.

Moreover, the condition of an operator’s request to be proportionate and reasonable cannot be sufficient in itself, considering that each of the other operators could easily require its own specific access product. Non discrimination, by definition, implies that if one operator obtains a tailor-made access product, then other operators may demand and obtain their own.

However, it becomes unreasonable to allow an accumulation of several requests for different access products.



Therefore, no wholesale product development dedicated to alternate operator retail products should be mandated.

The only case that could be considered more positively would be when a wholesale offer were to be generally available over Europe, in such a case a request in the countries where it is not available could be considered as reasonable. In a sense, this is still a form of reproducibility. Obviously, this reasoning does not apply to obsolete products: a country where technological transition happens in advance should not be obliged to keep its obsolete products just because others countries are behind.



ANNEX 1: The French Orange Business Service offer

France : marché de gros cuivre pour les Entreprises: Une richesse d'offres sans équivalent en Europe

57 % du parc vendu aux opérateurs servant les entreprises est représenté par le dégroupeage avec GTR, et par le bitstream ADSL et SDSL, 38 % par la vente en gros d'accès de base Numéris ou d'accès analogiques avec GTR 4H.

Les LL ne représentent que 1% du parc des accès vendus aux opérateurs servant les entreprises

	déc_07	sept_08	août_09
Dégroupeage avec GTR 4H	36%	30%	26%
ADSL_SDSL	51%	40%	31%
Liaisons partielles terminales	7%	5%	4%
Liaisons louées	3%	1%	1%
Vente en gros d'accès Numéris de base avec GTR 4H	3%	13%	20%
Vente en gros de lignes analogique avec GTR 4H	0%	10%	18%
Total	100%	100%	100%

France : marché de gros cuivre et optique pour les Entreprises : une variété d'offres et des tarifs sans équivalent en Europe

Et sans rapport avec les tarifs de LL non pertinentes sur ce marché

		Tarif abonnement (Euros/mois)				
		FAS accès	Accès	GTR 4H HO	TOTAL	Autres GTR
Dégroupeage		50	9	8	18	GTR 10H, GTR 4H 24h/24, 7j/7
ADSL_SDSL, mono et multipaires	ADSL (débit non garanti)	49	9,3	GTR J+1	11	J+1 Best effort incluse
	ADSL (débit garanti)	300	40	Incluse	48	GTR 4H 24h/24, 7j/7
(SDSL multipaires proposé)	SDSL 1 paire	300	43	Incluse	51	GTR 4H 24h/24, 7j/7
Liaisons partielles terminales ? 2 Mbit/s	LPT 2 Mbit/s sur 2 km	1 106	119	45	195	GTR 4H 24h/24, 7j/7
VGA T0 (accès de base)		9	25	Incluse	25	GTR 8H, GTR 4H 24h/24, 7j/7
VGA ligne analogique		4	11,7	2,45	14	GTR 8H, GTR 4H 24h/24, 7j/7
BITSTREAM Ethernet sur fibre (accès de 6 à 100 Mbit/s, troncs de 100 à 500 Mbit/s)	Accès fibre (6Mbit/s garantis)	Fibré : 1500 A fibrer : 4500	604	Incluse	Fibré : 646 A fibrer : 729	GTR 4H 24h/24, 7j/7, doublement du parcours optique et/ou GC
Liaisons partielles terminales 34 Mbit/s et 155 Mbit/s (1 à 300 km)	LPT 155 Mbit/s sur 5 km	6 118	1003	100	1103	GTR 4H 24h/24, 7j/7

DSL AO

Fibré 646
Non fibré 729

TOTAL avec FAS mensualisés sur 36 mois



ANNEX 2: List of KPIs followed and published on a monthly basis by OFTG

INDICATEURS DE QUALITE DE SERVICE POUR LE DEGROUPEMENT ET LES MARCHES AVAL

Résultats du mois de

			A	B
Offres résidentielles, service téléphonique commuté			Revente de l'abonnement	Abonnement F
Délai pertinent de livraison			8 jours calendaires, ou RV client	
Délai pertinent de relève des dérangements			48h jours ouvrables	
Ligne existante				
1	Délais moyen de livraison	jours	1,2	5,0
2	Taux de respect du délai de 8 jours calendaires	%	95,9%	88,5%
3	Nombre de commandes livrées en plus de 30 jours calendaires	nb	107	3 164
Ligne avec construction				
5	Délais moyen de livraison	jours	19,5	15,5
6	Taux de respect du délai de 8 jours calendaires	%	0,0%	55,1%
7	Nombre de commandes livrées en plus de 30 jours calendaires	nb	0	12 175
8				
Ligne existante ou avec construction				
9	Taux de signalisations sur les parcs livrés depuis moins d'un mois - cause FT	%	0,5%	2,8%
10	Taux de respect des délais contractuels de relève	%	46,3%	55,4%
11	Taux de signalisations sur le parc par ligne et par an cause France Télécom	%	5,0%	8,0%
12	Taux de signalisations sur le parc par ligne et par an autres causes	%	2,9%	2,7%
13	Nombre de dérangements de resp FT non relevés en moins de 3 jours ouvrables	nb	980	59 106

		A	B	C	
Offre résidentielle, accès DSL pour ligne avec RTC		Dégrouper partiel	Offre régionale résidentielle DSL access	Détail DSL résidentiel Orange	
Délai pertinent de livraison		7 jours ouvrés		8 jours calendaires	
Délai pertinent de relève des dérangements		J+1 (jours ouvrables)			
14	Délais moyen de livraison	jours	3,1	4,6	2,7
15	Taux de respect du délai de 7 j ouvrés ou 8 j calendaires	%	95,5%	88,8%	94,7%
16	Nombre de commandes livrées en plus de 30 jours calendaires	nb	184	815	39
18	Taux de signalisations sur les parcs livrés depuis moins d'un mois - cause FT	%	2,2%	2,2%	ND
19	Taux de respect des délais contractuels de relève	%	45,3%	26,8%	31,1%
20	Taux de signalisations sur le parc par ligne et par an cause France Télécom	%	2,7%	2,8%	7,0%
21	Taux de signalisations sur le parc par ligne et par an autres causes	%	5,1%	7,2%	5,8%
22	Nombre de dérangements de resp FT non relevés en moins de 3 jours ouvrables	nb	587	847	14 136



Offres résidentielles, accès DSL pour ligne sans RTC sans GTR 4h		Dégroupage total	Offre régionale résidentielle DSL access Only	Détail Orange DSL nu
Délai pertinent de livraison		7, 8 jours ouvrés (ou RV client en construction)		8 jours calendaires
Délai pertinent de relève des dérangements		J+2 (j ouvrables)	J+1 (jours ouvrables)	
Ligne existante				
Délais moyen de livraison	jours	3,3	4,2	4,3
Taux de respect du délai de 7 jours ouvrés, ou 8 j calendaires	%	95,9%	90,7%	88,3%
Nombre de commandes livrées en plus de 30 jours calendaires	nb	1 018	1 448	39
Ligne avec construction				
Délais moyen de livraison	jours	14,5	16,2	nd
Taux de respect du délai de 8 jours ouvrés ou 8 j calendaires	%	24,1%	17,2%	nd
Nombre de commandes livrées en plus de 30 jours calendaires	nb	1 148	27	nd
Ligne existante ou avec construction				
% de respect de réalisation de livraison avec portabilité dans la même journée	%	60,2%	nd	
Taux de signalisations sur les parcs livrés depuis moins d'un mois - cause FT	%	3,2%	3,6%	ND
Taux de respect des délais contractuels de relève	%	65,8%	26,8%	33,1%
Taux de signalisations sur le parc par ligne et par an cause France Télécom	%	6,7%	10,7%	23,1%
Taux de signalisations sur le parc par ligne et par an autres causes	%	10,6%	16,0%	12,9%
Nombre de dérangements de resp FT non relevés en moins de 3 jours ouvrables	nb	4 659	2 389	7 537

	A	B	C	D	E	
Offres professionnelles, accès à toute la paire de cuivre avec GTR 4h	Revente de l'abonnement - marché PRO avec GTR 4h	Dégroupage Total avec GTR 4H	Offre Numéris avec GTR 4H	Offre régionaleDSL pro avec GTR 4H	Détail DSL pro avec GTR 4H	
Délai pertinent de livraison	8 j calend ou RV client	7, 8 j ouvrés ou RV client	8 j calend ou RV client	14 jours calendaires ou RV client		
Délai pertinent de relève des dérangements	4 heures					
Délais moyen de livraison	jours	21,1	13,2	22,6	22,2	25,3
Tx de respect du délai de 7, 8 j ouvrés, 8 j calend (col A,B,C), ou RdV client (col D,E)	%	15,9%	43,6%	28,3%	91,1%	92,7%
Nombre de commandes livrées en plus de 30 jours calendaires	nb	16	261	2 429		
Taux de signalisations sur production de moins de 30 jours pour cause FT	%	0,8%	2,6%	ND	3,9%	1,2%
Taux de respect des délais contractuels de relève	%	66,7%	69,3%	22,5%	90,0%	81,1%
Taux de signalisations sur le parc par ligne et par an cause France Télécom	%	2,6%	6,7%	ND	23,9%	13,5%
Taux de signalisations sur le parc par ligne et par an autres causes	%	4,2%	7,8%	ND	20,1%	5,9%
Nombre de dérangements de la responsabilité FT non relevés en 4 heures	Nb	1	105	1 989	122	284

