

FCS response to the Interim Digital Britain Report

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Summary

FCS supports and encourages the Digital Britain initiative and asks that the requirements of SME suppliers and their customers are included in the future framework by recognising their need for a competitive retail environment and access to radio spectrum.

We recommend that:

- **Action 1-** the Government-led strategy group develops a subsequent phase looking at effective delivery of services, incorporating the requirements of SME and other retail suppliers, such as ease of customer migration and number portability, co-ordinated and regulated in support of this supply chain.
- **A new action** is adopted to ensure that there is continued and secure access to radio spectrum to deliver essential critical national and mission critical services into the future.
- **Action 5** - takes into account access to mobile services on fair terms for community broadband co-operatives, and others in the mobile supply chain, and the optimum way of delivering them.

Introduction

1 The Federation of Communication Services, FCS, is the communications services trade association for the UK with over 300 members delivering fixed, mobile, IP, wireless and radio products and services. The majority of our members are well established businesses which have been trading between 5 and 20 years and have 50 or fewer employees. Our member companies have sustained the fluctuations in the economy over the years and continue to thrive and deliver service. In a recent membership survey FCS members demonstrated cautious optimism about their survival in the economic downturn. Although their customers, which are mainly in the enterprise and SME sector, may react to the worsening economic climate and lack of investment funds, telephony is an essential economic input to all businesses and the majority of our members plan to grow their businesses in the next 12 months.

More in formation on our members and their products and services can be found on the FCS website – www.fcs.org.uk

2 FCS welcomes the publication of the Interim Digital Britain Report as a pragmatic approach by Government to supporting the UK economy and keeping Britain working. We would like to comment on the telephony and spectrum proposals and offer our own views on how the sector we represent can contribute to economic recovery. We welcome the intention to retain a competitive market and caution against introduction of regulatory holidays or the promotion of vertical integration amongst telephony providers

National strategy

3 While the immediate focus of Digital Britain is on delivering Next Generation Access and networks the programme will also need to look at how services are delivered to benefit the economy, since whichever networks are built it is the delivery of services based on those networks which will support economic regeneration.

4 We recommend that the strategy group announced in **Action 1** develops a subsequent phase looking at effective delivery and where regulatory measures need to be introduced to maximise the delivery opportunity.

5 The Interim Report stresses the value of competition and competitive services and we would like to refer to the success of Wholesale Line Rental, WLR, and its impressive growth rate based on services supplied by competing companies of varying sizes from large domestic suppliers to SMEs. This developing sector is well placed to support the delivery of services from next generation networks. The overriding characteristic of the WLR evolution has been access to regulated product at regulated prices on an equivalence basis, leading to significant financial gain for Openreach and the BT Group.

6 The SME supplier to SME customer relationship, such as those delivering WLR, endures because of the flexibility of offerings and excellent customer service from the supplier. The SME community is a generator of innovation and is able to adapt to introduce new services. As Internet Protocol [IP] networks grow, SME IP suppliers of telephony and other services to business will offer quick service set up and short term contracts tailored to end user customer requirements, removing the need for customers to be tied up in long term contracts.

7 We recommend that the SME-to-SME supply chain is included as an essential element for the delivery of future services and that processes, such as ease of customer migration and number portability, are co-ordinated and regulated in support of this group and others in the supply chain.

Upgrading networks

8 The Digital Britain report highlights the public telephony and broadcast networks, but UK enterprise also relies on private networks and services delivered by business radio. This sector underpins wide swaths of the economy to provide emergency services, supporting critical national and mission critical infrastructure The FCS report- [Value of business radio](#)- demonstrates the scope of the services supplied.

9 There has been a quiet revolution in the technology supporting business radio as digital products, based on Tetra and digital mobile radio technologies are being delivered to the UK marketplace. Such services aid spectrum and operational efficiency for end user customers and contribute to economic stability. Access to suitable spectrum to deliver these services is essential and we welcome the tenor of the Digital Britain report that recognises that spectrum auctions are not always the most effective way of allocating radio spectrum in all circumstances.

10 The UK approach to spectrum management in the past few years has effectively excluded SMEs from acquiring spectrum in favour of larger multinational organisations. Where auctions are in play we recommend that regulators ensure that the spectrum packages can accommodate small as well as large players. We believe that it is in UK's long term interest that spectrum is accessible for economic and social benefit, including SMEs

11 Commercial public telephony enterprises do not have the economic incentive to deliver the extremely high quality of service and the universal footprint required by the critical sector and regard has to be given as to how these services are delivered. Continued and secure access to radio spectrum to deliver essential services will be a continuing feature into the future and we recommend that the final Digital Britain report sets out how this may be achieved under a new action point.

Rural broadband

12 We support initiatives such as the Community Broadband Network and welcome Government's recognition of their value in **Action 5**. [Our members](#) in the Network report that they are able to effectively provide fixed line services to co-operatives but that there are barriers to accessing mobile services on similar terms. Regulation to facilitate access to mobile networks may be the sole solution to ensuring full rural development and we recommend that Action 5 takes into account access to mobile services on fair terms and the optimum way of delivering them.

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