

26 January 2012

Gibraltar Regulatory Authority
Attn. Mr John Paul Rodriguez
Head of Regulation
Suite 603
Europort
Gibraltar

Dear *John Paul,*

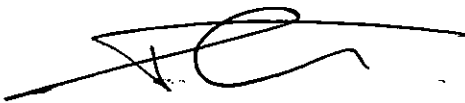
Number portability – draft direction

I am writing further to your email of 11 January 2012, enclosing a draft direction proposing to amend the Authority's previous direction A01/2010 of 9 November 2010 on number portability.

Enclosed please find Gibtelecom's comments on the contents of the draft direction. These revolve around some technical issues, but also on Gibtelecom's continued reservation with there not being a requirement to host key facilities in Gibraltar. As has always been the case, the Company believes that allowing the offshoring of vital communication services could have wider implications. For instance, if it is permissible for the statutory regulator to host key telecommunications facilities overseas then presumably the same logic could be applied by licensed operators, such as Gibtelecom?

Please do not hesitate to contact me should you require further information.

Yours sincerely,



Dwayne Lara
Regulatory Manager

Enc.

Gibtelecom comments on the GRA's draft direction A01/2012

General comments

1. Gibtelecom is grateful for being allowed to provide comments on the Authority's proposed draft direction A01/2012. Can the Company take it that in the interests of transparency, all contributors' comments will be published in the public domain once these are collated? Additionally, the Company would appreciate some clarity from the Authority on the queries being raised within this submission prior to any final decision being taken.
2. With this draft direction, the Authority intends to reverse their previous decision set out in direction A01/2010 of 9 November 2010 to host the number portability database in Gibraltar. This constitutes a sea change to the Authority's previous position and the Authority does so on the basis that a location condition is no longer considered to be a matter of public policy.
3. The Authority states that the main reason for removing the requirement to host the database in Gibraltar is to save on costs. By having the database remotely operated, the Authority believes there will be "...substantial costs savings..." to the industry. Based on PortingXS' prices (without taking into account other costs that can be directly attributed to the migration of the database, such as now having to make international calls to validate a fixed line port (see point 12 below)), the cost of hosting the database overseas would be about £50k a year. It would seem that moving the database abroad would benefit PortingXS' economic model as it would now probably be able to service more than one customer using the same hardware and space. The cost of keeping the database in Gibraltar, with its advantages of quicker technical and administrative problem resolution; superior customer satisfaction (see points 5 and 9 below respectively); and ultimately being of benefit to the local economy, would be c£77k. The Company does not believe that the difference in cost (to be shared between all operators) would warrant having a key telecommunications facility located offshore, particularly when considering the wider implications of doing so (see point 4 below).
4. Gibtelecom believes that allowing the offshoring of facilities could potentially establish a precedent, the effects of which could reverberate across the industry and beyond. As a precedent would be set, it could now become easier for locally based organisations, many with an international presence, to argue for having some or all of their key operations remotely operated. This would not only be true of telecommunication-centric services, such as the move away from Gibraltar of hosting facilities, but also the migration of setups such as call centres; billing platforms and the like. The Company therefore believes that the wrong signals are being projected by the Authority, as a statutory body, in removing the requirement to host the number portability database in Gibraltar.
5. Gibtelecom is of the view that the hosting of the database platform, being a business critical system, outside of Gibraltar would possibly increase the chances of technical and administrative complications. Since the database will be hosted remotely, Gibtelecom cannot assure that connectivity to the site will be consistently available. It would also make the troubleshooting and satisfactory resolution of any issues more complicated and lengthy. The Authority should also note that Gibraltar telecommunications operators would be totally reliant on the hosted services being transmitted remotely by any number of third parties involved along the way from here to where the database is located. This would include being subjected to different service level agreements, fault reporting mechanisms etc. Although this is not to say that hosting the database in Gibraltar would not result in any problems, technical or otherwise, it would be logical to think that any such issues could be resolved expeditiously; with fewer resources and cost; and to the greater satisfaction of customers than if the database were hosted overseas.
6. What guarantees will the operators receive on the quality, integrity and reliance of any new remote hosting facility, and what additional steps does the Authority intend to take to ensure the safeguarding of the porting and routing data being moved between the operators in Gibraltar and the remotely located database? Has the Authority given some thought to any data protection issues that may arise as a result?

7. Has the Authority considered the effect that any move overseas will have on current contractual agreements? Gibtelecom was openly selected by PortingXS to host its equipment locally. As such, PortingXS and the Company entered into a hosting agreement for the reservation and use of valuable data centre space at a Gibtelecom data centre. In an effort to be accommodating and save on costs, Gibtelecom waived its hosting fees whilst final discussions on number portability took place. The Company had to turn down other clients that were willing to collocate and start paying fees immediately. The database hardware has been at our datacentre since May last year, meaning that Gibtelecom has now foregone around £20,000 of hosting fees to date. The Authority should therefore note that Gibtelecom reserves the right to seek payment for these fees at some point.

Fixed line number portability validation

8. Gibtelecom assumes that, in the event the draft direction goes through in its current format, will this mean having an overseas fixed line automated validation (IVR) mechanism being brought back into the fold? As the Authority may be aware, there were discussions with PortingXS on the availability and operation of an IVR for fixed line porting. Whilst the running of such a mechanism for mobile number portability was relatively "straightforward", it came to light well down the line that having an automated validation solution for fixed services (as proposed by PortingXS) would be fraught with problems. Not only could PortingXS not provide the solution locally as required by the Authority in accordance with the policy at the time, but there were also questions raised as to the technical feasibility of an offshore mechanism.

9. For instance, under an overseas IVR arrangement, there could be no guarantee that the calling line identification (CLI) of the fixed line porting customer would be successfully transported to the overseas location of the IVR. As previously explained, this is as a result of the way international calling traffic is handled and was dependant on each carrier along the way honouring conventions and forwarding the CLI to the next link in the chain. In Gibtelecom's experience the CLI is missing from much traffic. If the CLI is not received by the IVR, this will mean the porting request from that customer being rejected by the system. Gibtelecom understands that if this happens, then the IVR system will prompt the customer to manually enter his/her telephone number. Surely this defeats the purpose of having an "automated" system, as it will cause additional input and inconvenience to the customer. What would happen if the customer types in his/her number incorrectly, as could very well be the case? Whilst Gibtelecom would prefer having an automated validation solution over a manual one (not only as the latter would conceivably be more prone to human error and continual operator querying of porting requests, but also because presumably the costs of the IVR are already included in PortingXS' prices) it cannot say that an overseas IVR solution will be positive to customers due to the risks outlined above.

Additional costs

10. The Company notes that the Authority is of the view that "...substantial cost savings..." will be achieved due to not having the database in Gibraltar. Gibtelecom does not agree with the sentiment of this statement as any savings could be negated by the longer term economic costs Gibtelecom believes may result from other companies using the GRA precedent to host equipment and services overseas. Further information on the potential extra costs are found in the points below.

11. Has the Authority considered the effects on PortingXS of having to relocate its equipment, which is already collocated at Gibtelecom's data centre? The Company would like to make clear its position that any probable additional costs should be borne entirely by PortingXS and not filter down to Gibtelecom or any other operator in any way.

12. Furthermore, since indications are that the IVR will now be overseas, it is assumed that calls to the IVR will be treated as international calls. It is our understanding that the Authority requires that validation calls/texts are made free of charge to the porting customer. With this in mind, who will now pay the additional costs of making international calls to wherever the IVR is located?

Timing

13. Gibtelecom would also like to comment on the revised timings being put forward by the Authority for the introduction of number portability. It is assumed that there would now need to be discussions between PortingXS and the operators on the way forward as a result of the Authority's planned location changes. Gibtelecom feels that such discussions could, from experience, take more than the month or so the Authority indicates will be needed to get the database agreement signed by all operators and in place.

14. Gibtelecom is also concerned with the level of engagement, cooperation and commitment from the other operators. The Company cannot say that it has received such engagement, cooperation and commitment to date and would like to highlight that if this approach from other operators persists, the new deadlines may not again be met. The Authority should also note that to this day, direct mobile interconnection with the one other "live" operator for number portability— CTS, has still not been completed – despite Gibtelecom's proactive approach in endeavouring to resolve their technical issues and queries. With regards Eazitelecom, they have yet to sign onto an interconnect agreement with Gibtelecom. The Company therefore feels it is imperative that the Authority press other operators on putting in place all necessary underlying infrastructure by a specified time in order to make number portability a reality.

Summary

15. Gibtelecom is concerned, on a number of fronts, with the Authority's about turn on the location of the central database. Primarily, the Company continues to believe that opening up the possibility of remotely hosting key facilities sets a precedent which Gibtelecom and others in the local telecoms market may seek to follow on cost savings grounds. There are also technical issues which the Company believes may have a negative impact on the whole process and number portability experience in general, to the detriment of customers. Finally, the Company does not agree with the Authority's view that there will be "...substantial cost savings.." as a result of relocating the database. It is Gibtelecom's view that any overseas hosting savings could be negated by the additional costs of migrating the database; troubleshooting any problems from a distance; amending current processes and agreements; as well as any longer term impact resulting from other companies using the Authority's new stance as a precedent to move some of their facilities away from Gibraltar. The Company therefore urges the Authority to review its draft decision to reconsider the case for a locally hosted database.

16. For other comments surrounding the introduction of number portability, Gibtelecom refers the Authority to its previous substantial correspondence on this subject.

End of submission