



Equality of Access Board

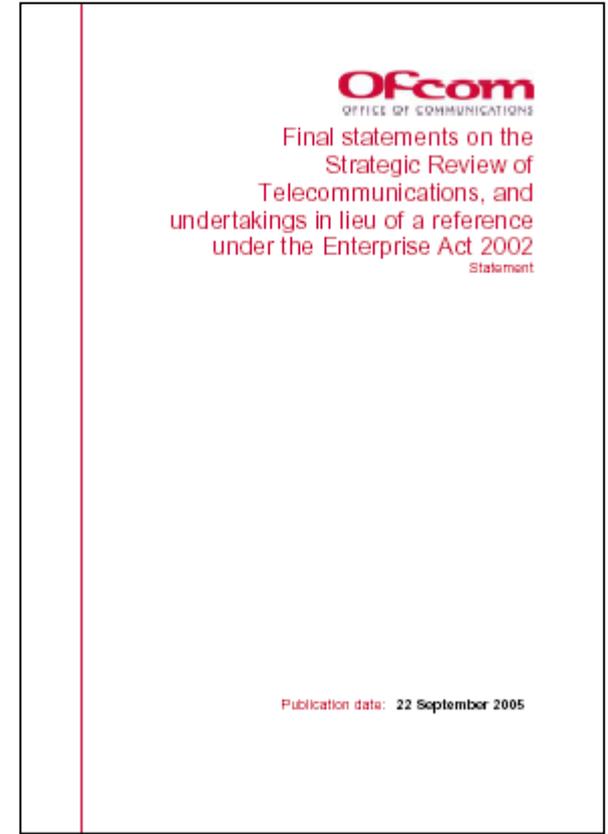
The EAB and UK functional separation

Jon Furmston, EAO Director
23rd February 2010

22 September 2005:

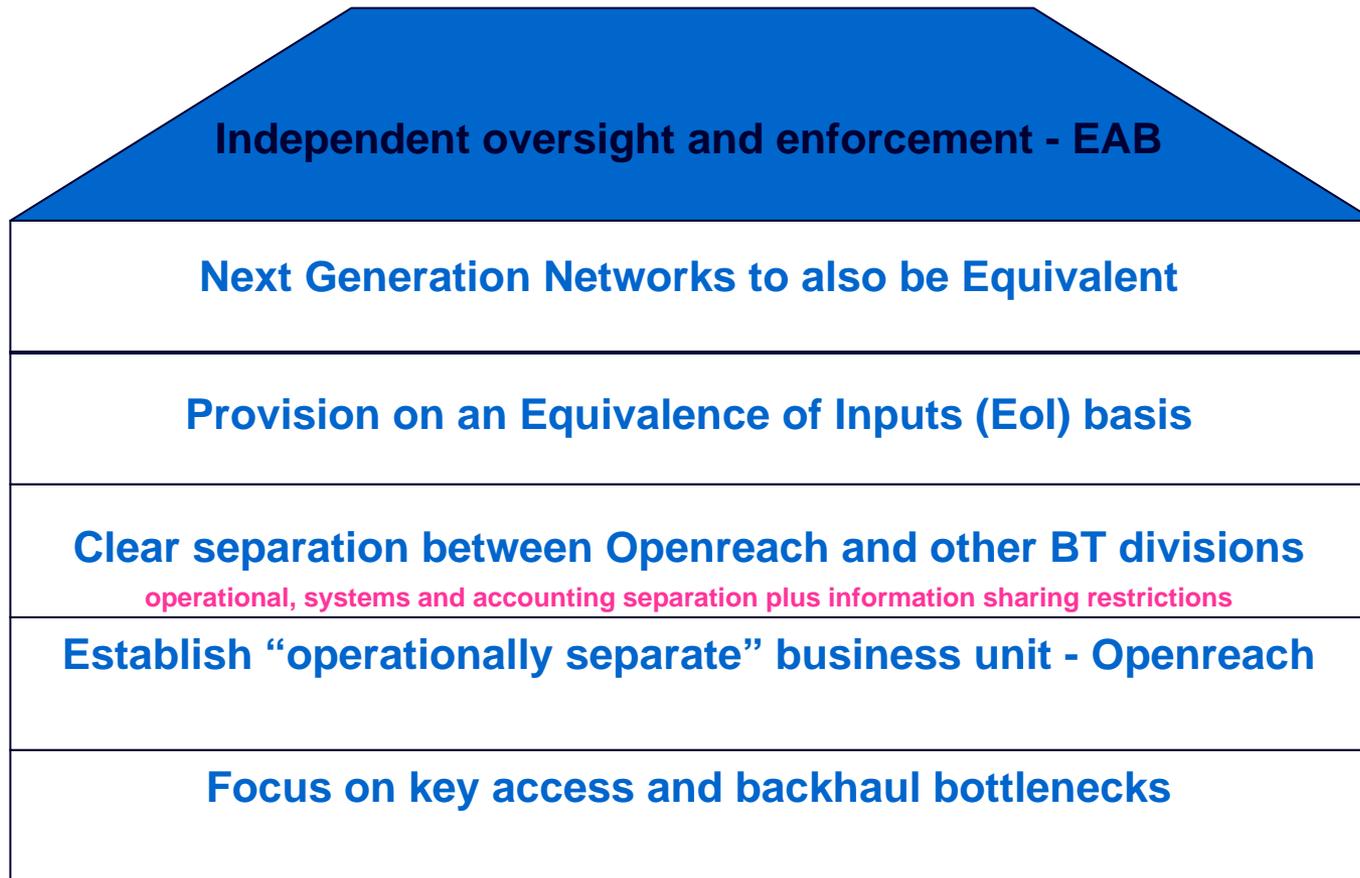
A defining moment for the UK telecoms Sector

- Ofcom commenced its 'Strategic Review of Telecommunications' in Jan 2004 and found:
 - Competition is restricted in **Access** and **Backhaul** markets (not the Core network)
 - BT has substantial wholesale market power and is a vertically integrated provider in directly related retail markets
 - Ofcom believes this combination gives BT the **ability** and the **incentive** to **discriminate** against its downstream (retail) competitors who are also wholesale customers
- Concluded by agreement of BT's Undertakings to Ofcom 22 Sept 2005
 - In lieu of Enterprise Act reference
 - containing a series of commitments made voluntarily by BT but legally binding
 - Supported by industry
 - in addition to existing regulation/competition law



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Key elements of BT's Undertakings



Role and position of the EAB

- The September 2005 Undertakings state that the role of the EAB is:

“A general one of monitoring, reporting and advising BT on BT’s compliance with these Undertakings and the Code of Practice, with a specific focus on the provision of products on an Equivalence of Inputs basis and the operation of Openreach”

- EAB can’t make executive policy for BT or any part of the company.
- ...and it has significant public responsibilities to Ofcom and industry.

Introducing the EAB



Carl Symon,
Chairman



Himanshu Raja
BT senior manager



Sir Bryan Carsberg
Independent



Stephen Pettit,
Independent

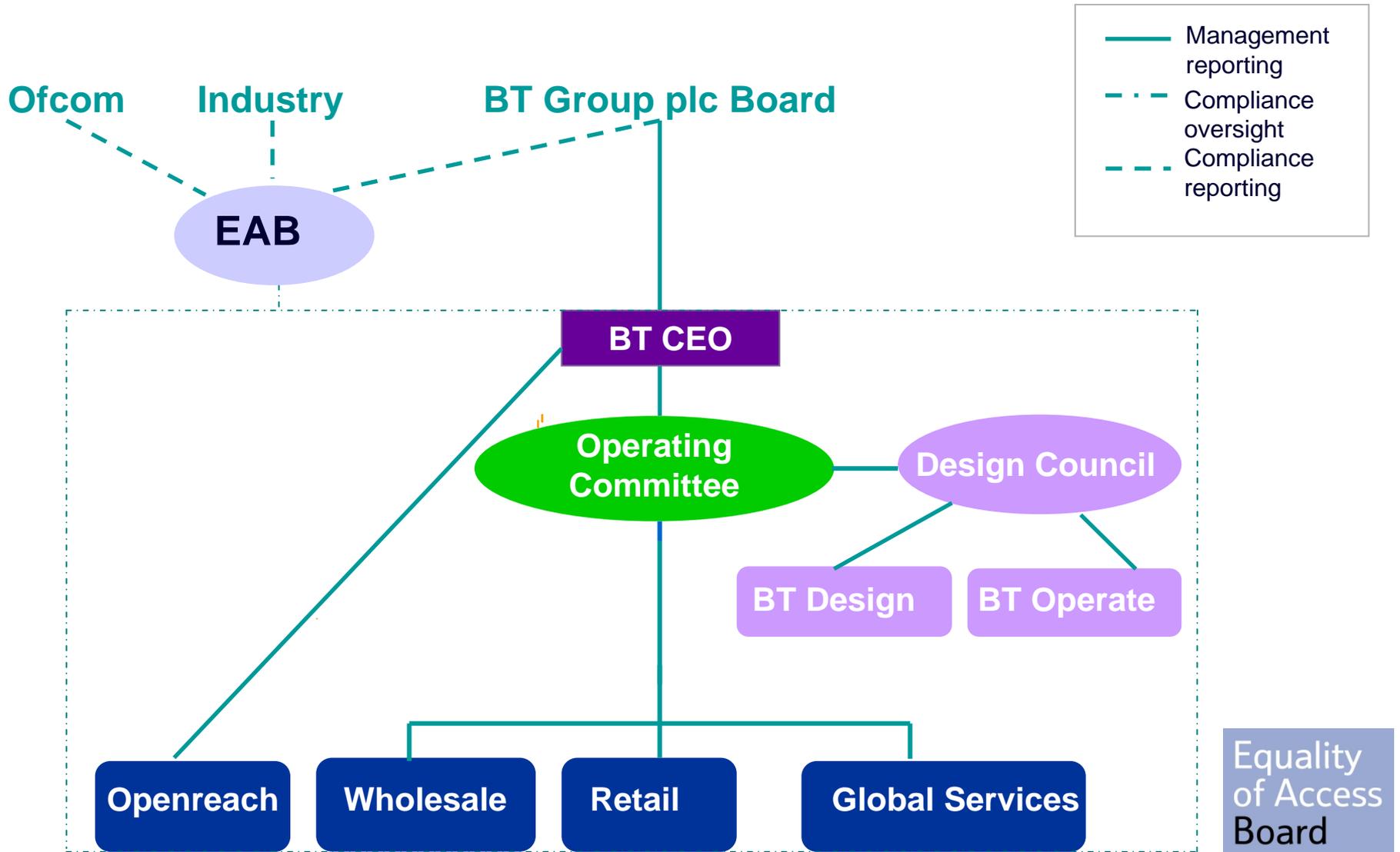


Peter Radley
Independent

Supported by the Equality of Access Office (EAO)

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The EAB's position in BT



Key Undertakings events 2005-2010

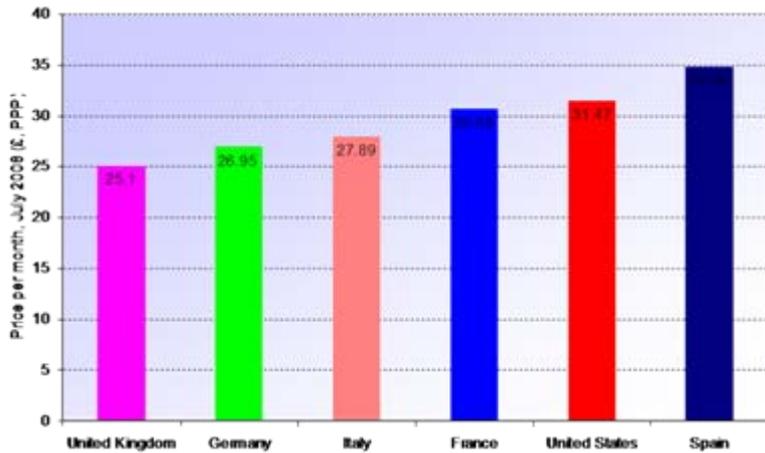
- Separation of Openreach from the rest of BT
- Development and launch of the Openreach 'Equivalence Management Platform'
- All required products now available on equivalent basis
- Low levels of non-compliance and few formal complaints from industry
- Behavioural change supporting Undertakings delivery
- Delivery of first NGN and NGA products on an equivalent basis

Impact of the Undertakings five years on

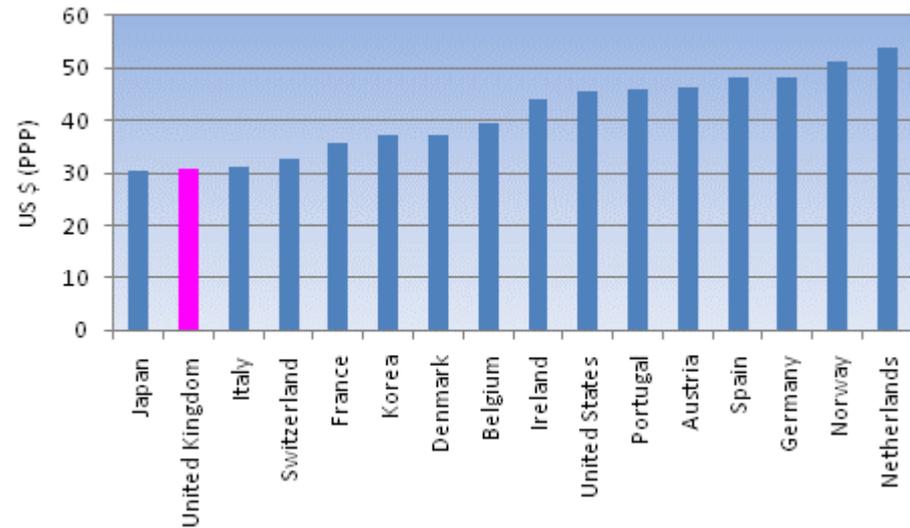
- Number of unbundled lines by end of 2009: 6.4m (was 0.1m at start)
- Deregulation on price for some wholesale products and further market reviews planned
- Increased competition in the fixed-line market
- Ofcom and industry satisfied that equivalent products and services are being offered
- Better service delivered by focused Openreach management

UK Market compares well internationally

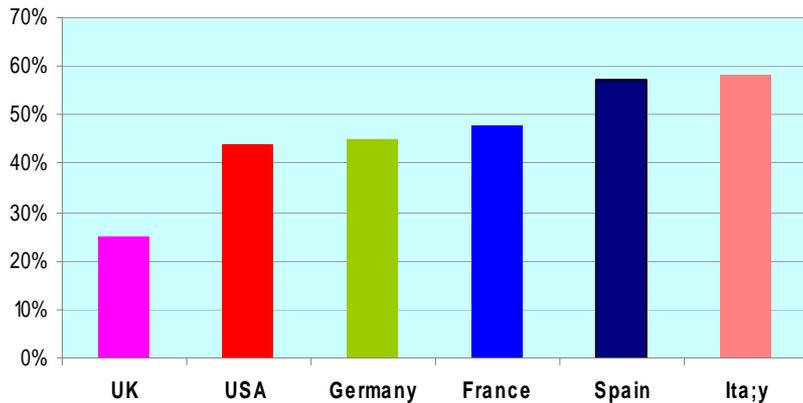
UK – lowest landline prices amongst major countries



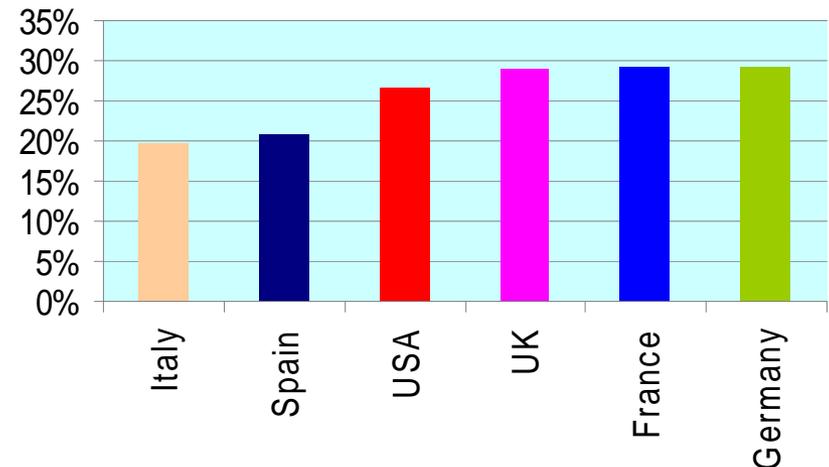
UK – among lowest retail broadband prices



UK – lowest incumbent share of retail broadband market



UK – among the highest broadband penetration rates



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The EAB five years on

- Now that major milestones have passed, focus shifting to ‘principles-based’ monitoring
- A variation to the Undertakings delayed full ‘physical’ systems separation until 2014
- NGA becoming a focal point for industry and Ofcom, and the EAB given new responsibilities with regards to FTTC and FTTP
- Ongoing compliance work continues to expand – exchange space monitoring and information sharing.

Thank you - any questions?