



JT's Response to CICRA Call for Information
Wholesale Broadband Services – 50 and 100 Mbps

8th April 2019

1. Introduction

This response is made by JT (Jersey) Limited. JT is pleased to respond to this important consultation on changes to JT's wholesale broadband portfolio and the proposed re-introduction of a 50Mbps and 100Mbps wholesale broadband product.

2. Answers to Consultation Questions

Question 1: Does the respondent agree that the States of Jersey Policy is clear in its statement requiring *"that wholesale access seekers get access to wholesale products, which allow access seekers to compete based on differentiated retail services"* and that a wholesale Bitstream service could address the States of Jersey policy? If the respondent has alternative views or evidence the respondent is asked to explain those and provide all of its analysis and assessment relating to this matter to inform the Authority's considerations and next steps.

1.1 The statement is clear in that it requires JT to offer wholesale products that allow retail providers to offer differentiated retail services. However, it is the definition of differentiated retail services that is open to interpretation. Retail broadband products can be differentiated by the addition of many different elements such as an email account, storage space for photos / documents, security settings eg firewalls, additional content / TV packages, gaming package, managed router, wifi extenders, contract length, data usage/caps, bundled together for a fixed monthly price.

1.2 JT differentiates its retail broadband products by adding a number of elements including data usage allowances, parental controls, access to FON wifi hotspots, managed router (updated remotely by JT), contract length (12 or 24 months), bundle of services (JT One and JT One Lite) see <https://www.jtglobal.com/global/fibre/>, <https://www.jtglobal.com/jersey/jt-one/>

1.3 CICRA and Sure seem fixated on speed being the only differentiating factor when there are many other elements that can be added to the package of services that customers buy from their telecoms provider. Additionally, it is JT's experience that the vast majority of consumers now wish to purchase a bundle of services at a set price per month and their choice is made

based on price, service and overall package value for money. This is evidenced by 42% of JT's consumer base subscribing to a bundle of services (broadband/landline/mobile).

- 1.4 It is JT's opinion that speed has been (and continues to be) used as a differentiator in markets where broadband services are delivered using a mix of legacy broadband technologies. This is because speed is the limiting factor with these technologies and therefore has been used to differentiate the offerings. For example, in the UK market there is a mix of ADSL, ADSL2+, VDSL, Cable, Fibre to the Cabinet, GPON and FTTH networks. With the exception of FTTH networks, speed is always the limiting factor due to the use of copper/COAX cable in at least the last part of the connection to the customer premise. In Jersey, we are in the enviable position of there being no such network limitations. Speed is only limited by the equipment connected to the end of the fibre (currently 1Gbps). It is our view that because the island of Jersey benefits from a world class FTTH network and all consumers in Jersey, irrespective of their broadband service provider, have access to a network with the fastest speeds possible, they should all benefit from the highest speeds. This should be their right and there should be no digital divide on speed.
- 1.5 In markets where they have adopted a migration approach of moving legacy customers to fibre, they have seen high take up rates and the entry level speed has increased as the fibre base has increased. For example, SingTel (Singapore) and Ooredoo (Qatar) are moving their entire legacy base of customers to fibre.¹ The Jersey FTTH network is now comparable to jurisdictions such as Singapore where the majority of services provided are at 1Gbps. The slowest speed option in Singapore, as of February 2019, was 500 Mbps from StarHub². In fact if you look at a Singaporean broadband comparison website³ there are 5 fibre broadband retail providers offering a variety of packages and speed is not the differentiating factor, as all bar StarHub offer 1Gbps as the entry level offering.

¹ http://www.adlittle.com/sites/default/files/viewpoints/ADL_RacetoGigabitFiber.pdf

² <http://www.starhub.com/personal/for-your-home/home-broadband/fibre-broadband-plans.html>

³ <https://www.enjoycompare.com/broadband/>

Singapore Broadband Offerings (Source: https://www.enjoycompare.com/broadband/ - March 2019) Exch Rate: £1 = S\$1.78					
Company	Offering	Contract Term	Speed	Retail Price per mth	
				S\$	GBP equivalent
ViewQWest	ViewQwest 1Gbps Fibre Broadband 3 months freedom DNS 1 Static IP Modem Rental Delivery & Self Installation Free Netgear AC1600 Smart Wifi Router	24 months	Up to 1 Gbps	42.5	23.88
MyRepublic	My Republic Free PlayStation 4 Pro Gamer Bundle Free home phone and unlimited local calls Free termination point installation for new customers Free PlayStation Network prepaid voucher Exclusive Game Perks - Gamer hotline, live latency monitoring, Razor discounts and customer routing Free Playstation 4 Pro 1TB + 1 dual shock controller	24 months	Up to 1 Gbps	69.99	39.32
ViewQWest	ViewQwest 1Gbps Raptor Gamer 3 months free Freedom DNS Free Static IP address ON-demand custom routing Delivery and installation Free 6 months gaming subscription Free hardware including Free ASUS RT-AC5300 or Free Arozzi Verona V2 gaming chair	24 months	Up to 1 Gbps	59.9	33.65
Singtel	Singtel 1 Gbps Broadband Promotion Free registration Weekend or weekday service installation Free termination point installation 10% of your monthly mobile subscription Free 4G mobile broadband plan (500Mb per month) Free Askey Wifi Mesh Free 3 months security suite Singtel Wifi Hotspots Free landline	24 months	Up to 1 Gbps	54.9	30.84
Singtel	Singtel 2 Gbps Broadband Promotion Free registration Weekend or weekday service installation Free termination point installation 10% of your monthly mobile subscription Free 4G mobile broadband plan (500Mb per month) Free Askey Wifi Mesh Free 3 months security suite Singtel Wifi Hotspots Free landline	24 months	Up to 2 Gbps	69.9	39.27
Singtel	Singtel 10 Gbps Broadband Promotion Free registration Weekend or weekday service installation Free termination point installation 10% of your monthly mobile subscription Free 4G mobile broadband plan (500Mb per month) Free 3 months security suite Singtel Wifi Hotspots Free landline	24 months	Up to 10 Gbps	189	106.18
Singtel	Singtel Fibre Pro Gamer 1+1 Gbps Bundle Free registration Weekend or weekday service installation Free termination point installation 10% of your monthly mobile subscription Free 4G mobile broadband plan (500Mb per month) Free 3 months security suite Razer Sila Wifi mesh gaming router Free landline Gamers private network service	24 months	Up to 2 Gbps	69.9	39.27
ViewQwest	ViewQwest 2Gbps Fibre Broadband 3 months freedom DNS Free modem rental Free delivery and installation Free 24 months OneVoice Free 6 months subscription from 25th month onwards Free Netgear Orbi TriBand Wifi System	24 months	Up to 2 Gbps	59.9	33.65
MyRepublic	MyRepublic NewGamer 1Gbps Fibre Broadband Free termination point installation Free home voice subscription Exclusive Game Perks - Gamer hotline, live latency monitoring, Razor discounts and customer routing Free ROG Rapture GT-AC5300 (gaming router) and AC88U plus Halo	24 months	Up to 1 Gbps	59.99	33.70
ViewQwest	ViewQwest 1Gbps Fibre Broadband Free 3 months freedom DNS Free 1 x static IP Free modemrental Free delivery and self installation Free 6 month subscription from 25th month onwards	24 months	Up to 1Gbps	42.5	23.88
StarHub	StarHub 1 Gbps Fibre Broadband Free service installation Free parental controls for 6 months Free home contents insurance for 12 months	24 months	Up to 1Gbps	39.9	22.42
ViewQwest	ViewQwest 1 Gbps Fibre Broadband (no contract) Free modem rental Free delivery and self installation Guaranteed bandwidth 99% of time	No contract	Up to 1 Gbps	69.9	39.27
MyRepublic	MyRepublic 1 Gbps Fibre Broadband (no contract) Free home voice subscription Waiver of S\$48.15 cancellation fee after 3 months	No contract	Up to 1 Gbps	59.9	33.65

- 1.6 As you can see from the broadband offerings in Singapore, they are all based on a bundle of services and are differentiated by the elements of the bundle, not by speed. It is JT's view that CICRA should be more concerned with affordability and should ensure that all Jersey consumers have access to an affordable fibre broadband service. In Ofcom's recent consultation on "Delivering the Broadband Universal Service"⁴ they have proposed an affordability safeguard of £45 per month (incl VAT) for a minimum of a 10Mbit/s download speed and at least 1 Mbit/s upload speeds. JT believe a safeguard cap would also be appropriate in Jersey to ensure that those on low incomes can afford access to a fibre broadband service. The funding of such a subsidy should be discussed separately to this consultation however this type of subsidy is not unusual in full fibre markets such as Singapore⁵ where they offer subsidised fibre broadband connectivity to ensure there is no digital divide.
- 1.7 PwC briefing note on FTTH attached at Appendix 1 provides further evidence that speed is not the differentiating factor in fibre networks.

Question 2: Does the respondent agree that JT should be required to reinstate the 100 Mbps wholesale broadband service? If the respondent has alternative views or evidence the respondent is asked to explain those and provide all of its analysis and assessment relating to this matter to inform the Authority's considerations and next steps.

Question 3: Does the respondent agree that JT should be required to reinstate the 50 Mbps wholesale broadband service? If the respondent has alternative views or evidence the respondent is asked to explain those and provide all of its analysis and assessment relating to this matter to inform the Authority's considerations and next steps.

Question 4: Does the respondent consider that, if JT includes (a) the 100Mbps and (b) the 50Mbps in its wholesale broadband product portfolio, this would be the respondent's requirements for wholesale products in order to effectively compete in the market with differentiated retail services? If the respondent has alternative views or evidence the respondent is asked to explain those and

⁴ https://www.ofcom.org.uk/_data/assets/pdf_file/0024/129408/Consultation-Delivering-the-Broadband-Universal-Service.pdf

⁵ <https://www.mci.gov.sg/en/portfolios/digital-readiness/get-digitally-ready>

provide all of its analysis and assessment relating to this matter to inform the Authority's considerations and next steps.

Answers to Q2, Q3 and Q4

2.1 As stated in our answer to question 1, JT believes that in a full fibre world, broadband providers cannot rely on speed as the primary non-price source of competitive differentiation.

2.2 JT has followed a carefully considered path to increase speeds as it migrated its services from copper ADSL to Fibre to the Home (FTTH). This migration has moved Jersey consumers from a place where speed was limited by the copper infrastructure to a full fibre 1Gbps capable line.

2.3 Speed was a factor when JT was migrating copper services to fibre but it is not an appropriate differentiator in a full fibre network. When JT started to roll out its FTTH network in 2012 it introduced speeds that mirrored its ADSL broadband services at the same wholesale price, as detailed in the table below.

Product		Line Profile settings			Monthly charge per end user connection
Speed	Type	Download speed	Upload Speed	Contention	
2 Mb	Standard	2 Mbit/s	384 Kbit/s	40:1	£10.80
4 Mb	Standard	4 Mbit/s	512 Kbit/s	40:1	£13.80
8 Mb	Standard	8 Mbit/s	640 Kbit/s	40:1	£16.80
16 Mb	Standard	16 Mbit/s	768 Kbit/s	40:1	£21.03
100 Mb	Standard	100 Mbit/s	20 Mbit/s	40:1	£31.50
1 Gb	Standard	1 Gbit/s	100 Mbit/s	40:1	£48.00
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2 Mb	Superior	2 Mbit/s	384 Kbit/s	20:1	£21.60
4 Mb	Superior	4 Mbit/s	512 Kbit/s	20:1	£30.00
8 Mb	Superior	8 Mbit/s	640 Kbit/s	20:1	£45.00
16 Mb	Superior	16 Mbit/s	768 Kbit/s	20:1	£51.03
100 Mb	Superior	100 Mbit/s	20 Mbit/s	20:1	£69.99
1 Gb	Superior	1 Gbit/s	100 Mbit/s	20:1	£239.99

2.4 Over time the product offering evolved to include an entry level 50Mbps service which was introduced on 30th March 2014:-

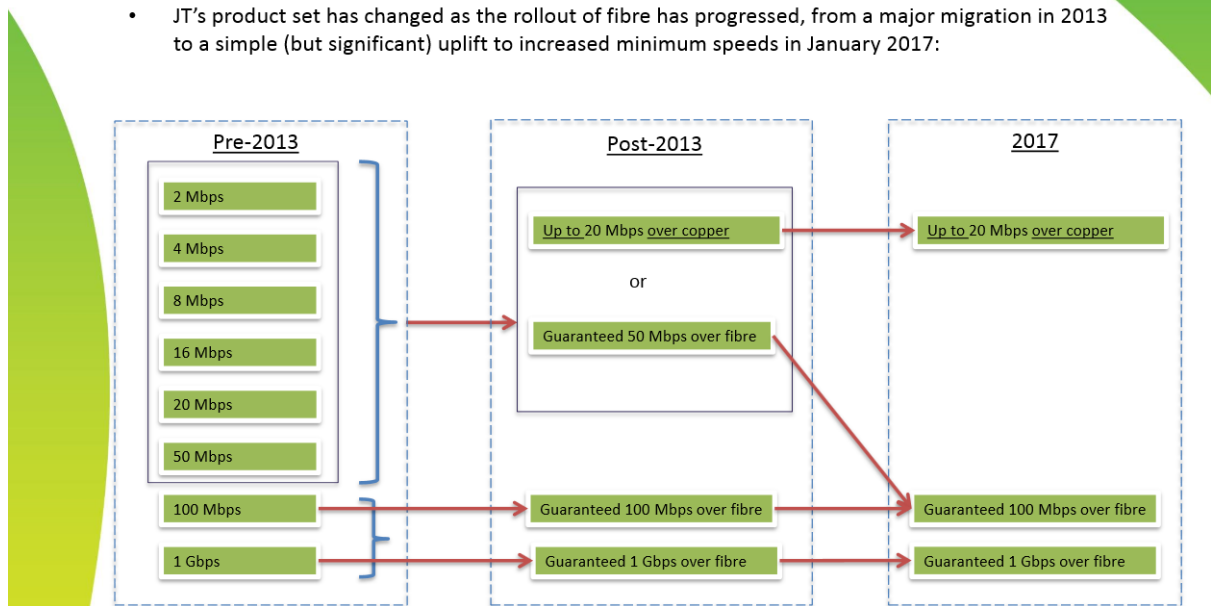
Product		Line Profile settings			Monthly charge per end user connection
Speed	Type	Download speed	Upload Speed	Contention	
50 Mb	Standard	50 Mbit/s	1 Mbit/s	40:1	£19.49
50 Mb	Superior	50 Mbit/s	1 Mbit/s	10:1	£51.99

2.5 In June 2014, JT collapse the ADSL product down from individual speed choices to an up to 20 Mbps product and removed lower speeds from its fibre broadband portfolio, with the entry speed on fibre becoming 50Mbps.

Wholesale Broadband Portfolio Change over period 2013 - 2017

Wholesale broadband speed uplifts 2013 - 2017

- JT's product set has changed as the rollout of fibre has progressed, from a major migration in 2013 to a simple (but significant) uplift to increased minimum speeds in January 2017:



- 2.6 In January 2017, JT changed the wholesale broadband portfolio once again, increasing the fibre entry level speed from 50Mbps to 100Mbps and held wholesale pricing for the remaining copper provided ADSL broadband customers at the lower £13.80 price point.

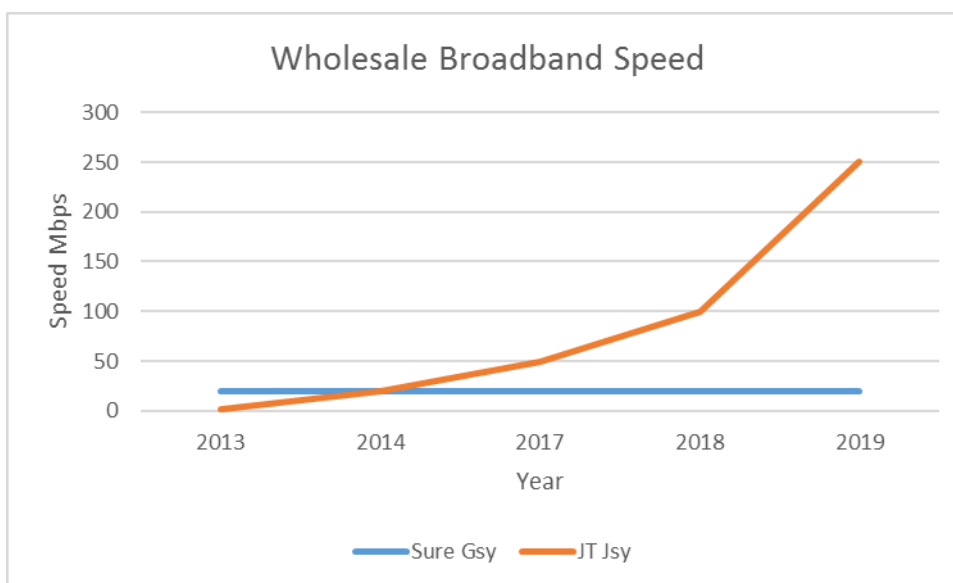
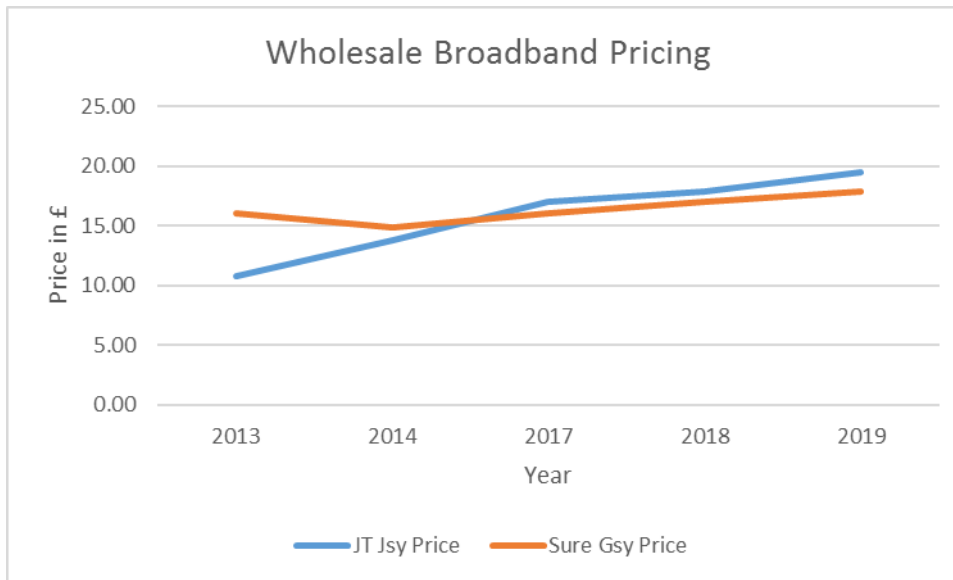
Standard Fibre Service	Price
ADSL up to 20Mb/s	£13.80*
100 Mb/s down & 10 Mb/s up	£16.99
1 Gb/s down & 100 Mb/s up	£48.00
Superior Fibre Service	Price
ADSL up to 20Mb/s	£26.99
100 Mb/s down & 20 Mb/s up	£26.99
1 Gb/s down & 100 Mb/s up	£183.99

* held at £13.80 until 30th June 2018 for existing copper customers

- 2.7 The next speed uplift for the entry level fibre product took place in May 2018, at this point JT had migrated its final copper broadband services onto fibre and Jersey became the first jurisdiction in the world to only provide broadband on fibre.
- 2.8 At every point during the migration of copper to fibre, JT ensured that the price of the entry level products remained affordable to consumers. This remains the case today, with the current pricing for a wholesale 250Mbps FTTH broadband product at a similar level to the entry level up to 20Mbps ADSL wholesale broadband product in Guernsey.

2.9 Comparison of Wholesale Pricing and Speed – Jersey and Guernsey

The charts below show the entry level wholesale product price and speed in Jersey and Guernsey during the period 2013 to 2019



2.11 It has been JT's experience that the key differentiating factor for the majority of customers is a package of services at a fixed price per month. This is evidenced by 42% of JT's consumer base subscribing to a bundle of services (broadband/landline/mobile).

2.12 Differentiation of retail broadband services is down to the retail operator and their investment decisions. Real differentiation requires retail product investment in areas such as content,

storage, router management, etc. To date we have seen no investment from Sure in additional elements that could allow it to differentiate its product set.

2.12 It is our view that Sure's request for lower speed wholesale broadband products is not driven by customer demand but is fundamentally down to two Sure decisions:-

- (a) Sure's decision not to invest in fibre in the Bailiwick of Guernsey, and the Jersey's FTTH network is highlighting the inadequacy of the Sure Guernsey broadband offering in terms of both speed and price. This decision is in contrast to most jurisdictions and most notably Sure's owner Batelco, which is investing in FTTH in its home market of Bahrain.
- (b) Sure's decision to provide 100Mbps routers to its Jersey customers when their broadband service was migrated from copper to fibre, when it should have used the full router subsidy provided by JT, to provide all of its customers with 1Gbps compatible fibre routers. The Sure decision to try and benefit financially from a router subsidy instead of purchasing 1Gbps routers for its customers, has left a number of Sure customers with a service limited to 100Mbps when the wholesale service provided by JT is 250Mbps at a minimum.

Question 5: Does the respondent agree with the Authority's conclusion that the potential introduction of (a) a 100 Mbps and (b) a 50 Mbps service does not require any product development and impacts only on systems ? If the respondent has alternative views or evidence the respondent is asked to explain those and provide all of its analysis and assessment relating to this matter to inform the Authority's consideration and next steps.

5.1 The introduction of a 100Mbps and/or 50 Mbps service will require JT to carry out the following development:-

- addition of new wholesale tariffs in its billing system;
- addition of new offers to its wholesale portal (this requires external development resource);
- addition of new profiles in the provisioning system;
- billing testing / revenue assurance (2 months);
- margin squeeze assessment on the new offers;
- issue Licence Condition 33 wholesale notice 30 working days in advance of products being introduced; and
- Issue Licence Condition 33 retail notice 30 working days in advice of products being introduced (assuming that JT wish to offer these retail products).

Question 6: Does the respondent consider that if a decision were made by the Authority to direct JT Wholesale to introduce (a) the 100 Mbps and (b) the 50 Mbps wholesale broadband services, this should be undertaken within 3 months of the completion of the Authority's statutory process on this matter? If the respondent has alternative views or evidence the respondent is asked to explain those and provide all of its analysis and assessment relating to this matter to inform the Authority's considerations and next steps.

6.1 JT considers that new lower speed services could be provided within 3 months, however JT has committed to offering a wholesale bitstream service which would allow retail broadband providers to develop their own retail products including slower speed options. JT believe it can develop a bitstream product in a 6 month timeframe and therefore we do not believe there is any requirement to introduce a 50Mbps or 100Mbps product as an interim solution.

Question 7: Does the respondent agree that the potential 50Mbps wholesale broadband service should be priced at £16.23 per month? If the respondent has alternative views or evidence the respondent is asked to explain those and provide all of its analysis and assessment relating to this matter to inform the Authority's considerations and next steps.

7.1 JT does not agree that a 50Mbps product should be reintroduced with the pricing proposed of £16.23 per month. It is JT's view that if it is directed to introduce a 50Mbps product the pricing should be based on a benchmark with Guernsey wholesale prices. The pricing in Guernsey for the wholesale broadband up to 20Mbps product is priced at £17.69 per month. This pricing method has been used by CICRA when pricing wholesale products in the past and is therefore a tried and tested method.

Question 8: Does the respondent agree that the potential 100Mbps wholesale broadband service should be priced at £17.84 per month? If the respondent has alternative views or evidence the respondent is asked to explain those and provide all of its analysis and assessment relating to this matter to inform the Authority's considerations and next steps.

8.1 JT does not agree that a 100Mbps product should be reintroduced however if it is directed to introduce a 100Mbps product the pricing should be based on a benchmark with Guernsey wholesale prices. The pricing in Guernsey for the wholesale broadband up to 100Mbps product is priced at £36.68 per month. However, the corresponding wholesale price for the entry level 250Mbps broadband service in Jersey is £19.45, therefore the Guernsey 100Mbps price would not be appropriate. The wholesale price set should be somewhere between £17.69 and £19.45.

Question 9: Does the respondent agree that it is appropriate that the potential wholesale prices included in this Call for Information should remain fixed for a period of three years? If the respondent has alternative views or evidence the respondent is asked to explain those and provide all of its analysis and assessment relating to this matter to inform the Authority's considerations and next steps.

9.1 JT should be allowed to recover the cost of its fibre investment and fixing pricing for 3 years dependant on the price point chosen may not allow this to happen.

9.2 There is no price control currently for wholesale broadband products and it would be inappropriate to fix the price of some products but not others. Additionally, Sure Guernsey has actively increased its xDSL wholesale broadband prices on annual basis in line with JT's Jersey wholesale price changes, on a depreciated copper network. If CICRA is minded to fix wholesale broadband prices in Jersey it should also consider fixing the price of wholesale broadband prices in Guernsey.

Question 10: Does the respondent agree that JT Wholesale should enter into a consultation process to remove the 50, 100 and 250Mbps service only following the successful introduction of a Bitstream service? If the respondent has alternative views or evidence the respondent is asked to explain those and provide all of its analysis and assessment relating to this matter to inform the Authority's considerations and next steps.

10.1 It is JT's intention to introduce a bitstream within the next 6 months. That being the case we see no need for the re-introduction of speeds of 50Mbps and 100Mbps, as the retail operators will be able to set their own speeds and will not be beholden to JT's wholesale roadmap. Therefore the removal of these product will not be relevant.