

MABG 105

Guidance on the Interworking aspects of The Ofcom Metering & Billing Direction, 2008

This document has been produced to assist with the interpretation of the [Ofcom Metering and Billing \(M&B\) Direction 2008](#) ("the Direction"). The Direction shall prevail in case of conflict between this guidance document and the Direction. This document is applicable to the Direction and as such is numbered in the series MABG 100 onwards. It replaces MABG 5 for applications for Approval against the Direction.

The Direction, published on 15th July 2008, is an update on the [OFTEL Metering & Billing Direction 2003](#). A key area of the new Direction is that of "Interworking" i.e. where an End-User receives a bill from a Communications Provider (CP) who is not a Network Operator, who uses one or more "Partner" CPs / sub contractors to provide the service to the End-User. There are many variants on this basic theme.

Demonstrating Compliance with the Ofcom Direction in an Interworking Situation

The new Direction emphasises that the CP owning the contract with the End-User is the overall Total Metering and Billing System (TMBS) owner and therefore responsible for ensuring that the overall service meets the accuracy standards within the Direction. This is equivalent to the Sale and Supply of Goods Act 1994, where (in overview) the consumer addresses any complaints to the retail shop rather than the manufacturer. The shop has responsibility for providing goods of "satisfactory quality".

In the context of M&B accuracy, and taking the above into consideration, the CP having the contract with the End-User needs to be aware of and address the accuracy performance of the chain of CPs and/or subcontractors forming the TMBS.

The Direction makes clear that it is applicable to both Wholesale and Retail CPs. This is covered by the Scope statement in Clause A3.3.1, it is also clear that the end-to-end TMBS (for definition of TMBS see [General Condition 11.9 \(i\)](#)) must comply with the accuracy standards, but no individual party is to be expected to operate free from error. The Direction leaves flexibility as to how the permissible errors can be apportioned.

The ideal aim is to reduce, to zero, the number, volume and impact of errors appearing on the End-User's Bill. The performance of any CP, exceeding the £40m per annum threshold and operating a TMBS, must be compliant with the Direction, see [General Condition 11.3](#).

There are many degrees of complexity to a multi-party TMBS. The Direction in Clause A3.4.5 gives some generic examples and describes the basis for demonstrating compliance.

A wholesale approval may be more readily understood if the basis on which the approval was granted were disclosed in related approval documents.

Compliance may be demonstrated by an agreed division of the permitted error rates between the parties in the end-to-end TMBS, by a joint or consecutive measurement strategy directly monitoring end-to-end performance, or an alternative technique as agreed between the CPs and Approval Body(ies) involved.

The end-to-end performance can be considered as the sum of the charging errors introduced by CP1 (E1) minus any corrections (C2) applied by CP2, plus any charging errors introduced by CP2 (E2), therefore the sum total of errors occurring may be greater than:

- a. those appearing on the End-User's bill and
- b. the tolerances permitted by the Direction

This approach is permissible as long as the total errors (E1 – C2 + E2) presented through billing are less than the value permitted by the Direction.

In general, the Measurement Strategy adopted will need to define the areas to be monitored and the nature of the measurements to be made, e.g.:

- Customer¹ requirements: data capture and management
- Provisioning: start of rentals, installation / CPE purchase charges, moves & changes, also cessations with end date considerations
- Tariff: creation, management, publication
- Network Elements: incidents, clock accuracy (inc GMT / BST), management processes, CDR creation completeness, data transport completeness and timeliness
- Mediation: data completeness, steering and transport, timeliness
- Pricing : identification of correct tariffs, bundles and discounts
- Billing: application of correct pricing options; aggregation of usage, recurring and non-recurring charges, rejects, suspense, re-working of rejects, gross billing error traps, timeliness, application of taxes such as VAT
- Customer¹ complaints: root cause analysis, corrective actions, recoveries
- The Interface and Feedback Loops: Error correction and prevention

Approvals Bodies will examine the related accuracy levels expected of each party within the Measurement Strategy. The High Level Description and any other relevant documentation will be reviewed to determine the responsibilities and any relevant contractual arrangements or SLAs for fitness-for-purpose, and monitor that they are complied with.

Having now set down the basic principles of guidance, there follows some possible approaches. Every situation will be different, and it is likely to be necessary to draw upon more than one of the examples in order to handle any specific real-life situation. The approach adopted will need to be agreed with the Approvals Body or Bodies involved.

Outline of possible Approaches

These examples are not an exhaustive list, and can be applied singly or in combination as may be appropriate to a particular situation where the Retailer is seeking TMBS Approval as part of an end-to-end TMBS.

a. Wholesaler / Retailer Model, where Wholesaler holds “TMBS Approval for its Wholesale operation”:

This Model is covered by Figure 1 in A3.4.5, where “CP2” holds Approval, and the two subcontractors in that diagram are not used. It relates to situations where there is a single well-defined boundary over which billing data is passed from the Wholesaler to the Retailer.

The Retailer needs to demonstrate that his performance from the interface with the Wholesaler to the End-User bill meets the remainder² of the error allowances in the Direction. Care needs to be taken to ensure that Rentals and Fixed Charges are adequately handled as well as Usage, and also that Timeliness is taken into account for each type of charge.

b. Wholesaler / Retailer Model, where the Wholesaler does NOT hold “TMBS Approval for its Wholesale operation”:

This Model is represented by Figure 1 in A3.4.5, where “CP2” does NOT hold Approval, and the two subcontractors shown are not used. In this case, the Wholesaler may be judged by Ofcom to be in breach of the Direction (clauses A3.3.1 and A3.4.5) unless he is in the process of obtaining such an Approval. The contract shall include explicit requirements that would result in the Wholesaler demonstrating compliance with the Direction, this being a requirement of clause A.3.4.5 of the Direction.

i. Retailer seeks Approval for the end-to-end TMBS

Figure 2 in A3.4.5 indicates that in these circumstances the contract between the Retailer and the Wholesaler should specify the explicit reporting arrangements. A possible approach might involve Test Call Sending / “Mystery

¹ In this context, for a wholesale CP the customer is the retail CP or reseller, for a retail CP the customer is the End-User.

² The remainder is that portion of the allowable error not used by the wholesale CP.

Shopping” conducted by, or on behalf of, the Retailer to determine the actual accuracy achieved by the end-to end TMBS.³

ii. Retailer seeks Approval for his own operation in isolation

The Retailer may need to demonstrate that irrespective of the error level in the data received from the Wholesaler, no data causing overbilling from any source is allowed to reach any end-user bill. In the process it is likely that some data may be written off, resulting in undercharging. The revenue leakage aspects of this approach are outside the scope of the scheme, but should be taken into consideration before selecting this option.

c. Wholesaler / Retailer Model with “Live Measurement Data” reporting down the value chain

This model could have application whether the Wholesaler does, or does not, hold Approval. The Wholesaler / Network Operator will supply to the Retailer monthly Measurement Reports on a basis agreed with the Approvals Body(ies) concerned. This is to enable the Retailer to calculate the end-to-end performance of the TMBS. Where there are more than two parties in the TMBS, similar principles can be applied. Note that the Measurement Reports passed down the value chain will need to cover Usage, Non-Usage Recurring and Non-Usage Non-Recurring billing events. Timeliness will need due care.

d. Wholesaler / Retailer Model, with Integrated Systems

This Model is represented by Figure 2 in A3.4.5, where “CP2” also carries out the Billing so that Subcontractor 1 shown in Figure 2 is not used. This situation is complicated by the fact that there is no clearly defined interface over which Billing data is passed and where it can be assessed for accuracy. Typically, the entire systems for providing and operating the service, plus carrying out Billing may be provided by the Network Operator CP, with the Retailer managing client accounts remotely using secure access to the systems. In these circumstances, it may be necessary to devise bespoke Measurement arrangements, based upon Risk Assessments carried out by both parties in accordance with Clause A3.4.2. The resulting Measurement Strategy or Strategies will then need to be agreed with the Approvals Body(ies) involved. In the past, a “Basket of Calls” approach has been used to verify the accuracy of charging for Usage. If the products and services offered are exclusively pre-pay, so the only charges relate to usage, this approach may be satisfactory. Further thought may be needed to demonstrate compliance in respect of any non-usage chargeable events. Because of the division of responsibilities in this kind of situation, due care will be needed in respect of the handling of errors and End-User complaints (A3.4.8.2 of the Direction).

e. Retailer purchasing services from multiple Wholesalers

This Model is represented by Figure 3 in A3.4.5, the Measurement Strategy Document should stipulate the appropriate arrangements for each interface between the Retailer and a Wholesaler. Usually this situation will mean that differing models, products and services may apply for each Wholesaler. Some may hold Approval and some may still be working towards obtaining such, or the nature of the products and services supplied may be such as to make differing arrangements more appropriate. Straightforward Wholesale Line Rental with Wholesale Calls may, for example, require a different approach from Number Translation Services etc. Although there is no materiality requirement in the Direction, if a sub-contractor / supplier network forms a small fraction of the whole such that his contribution carries negligible risk to accuracy, then assessing that aspect may be made a low priority on the grounds of risk assessment rather than materiality.

Attribution of Incidents

When two or more CPs are involved in the provision of services to End-Users and an incident occurs that will impact the measurement reporting under the Direction then a root cause analysis should be undertaken to determine the cause of the incident.

Once determined, the metrics associated with the incident will be attributed to the CP responsible or CPs where joint responsibility is determined. If attribution cannot be agreed by the CPs this will initially be escalated to the Approval Body(ies) of the CPs involved, if agreement still cannot be reached it will be escalated to Ofcom for resolution.

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³ In this case due thought needs to be given to the question of who pays for the calls made and the products and services purchased and provided as part of this Measurement Strategy. There may also be attendant VAT implications.