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European Regulators Group (ERG)

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Vonage Group: Key Metrics

	2002	2003	2004	2005	2006
Employees (year end)	57	77	247	828	1,600
Subscriber Lines (year end)	7,781	85,717	390,000	1,269,000	2,224,000
Calls Completed	5m	107m	539m	2 Bn+	6 Bn+
Mthly ARPU	\$30.16	41.27	31.70	26.13	28.2 (Q4)

Vonage UK

The Vonage logo, featuring the word "Vonage" in a stylized orange font with a blue dot above the 'V'.

- **Launched Vonage UK phone service in May 2005.**
- **Vonage UK currently offers ALL national geographic codes 625+**
- **Bundled pricing; no minimums, no connection charges**
- **Simplified, low UK mobile rates that are operator agnostic**
- **UK consumers can sign up for Vonage with any dialling code or select virtual phone numbers from a range of countries**

Basic Offer

€11.19

Single User *Unlimited calls to anywhere in UK and Ireland, US, Canada + selected European countries (e.g. France, Spain, Italy)*



- Available Anywhere
- Easy Self-Install
- 999/112 Emergency Calling
- Never Change Your Number Again
- Retrieve Voicemail by Phone, Email, Web, Text (forthcoming)

Standard Features Included:

- Voicemail Plus
- CLI
- Call Waiting
- Call Diversion
- Call Transfer
- 3-Way Calling
- Ringback
- Withhold Caller display
- Call Hunt
- Ring List
- Outlook Integration

€11.19

Vonage WiFi *Unlimited calls to anywhere in UK and Ireland, US, Canada + selected European countries (e.g. France, Spain, Italy)*



- Fixed-line geographic numbers
- Free Vonage to Vonage calls
- Available in all Open Hot Spots anywhere in the world
- Partnership with The Cloud (UK) – no user-name required to access 7,500+ hotspots in the UK
- Integrated talk/messaging (forthcoming)
- Dual/multi-mode (GSM-VoIP) Q4 2007/Q1 2008



Vonage blurs the distinction between fixed and mobile

Fragmented Regulation

- **VoIP is same as any other “plain old telephone service” (POTS)**
- **Regulation across Europe is fragmented and inconsistent**
- **Not possible to roll out services seamlessly across Europe**

Take up of new innovative services being hampered to detriment to consumers and EU economy

Common Approach to VoIP

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- **Clear case for NRAs to agree a common EU position on VoIP**
 - **Risk that VoIP will be treated as a separate telephony service subject to separate rules**
 - **Regulation must not be disproportionate or discriminatory**
 - **Regulation must be technology neutral**
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Issues to Address

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- **NRAs should be responsible for implementing national regulation consistent with a pan EU approach**
 - **Main areas where a pan EU approach to regulation would be appropriate:**
 - Numbering
 - Number Portability
 - Naked dsl and services competition
 - Migrations and Switchings
 - Open Access
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Numbering

- **Inconsistent approach to the allocation and use of geographic numbers**
- **Increasing demand amongst consumers to use geographic numbers out of area**
- **Some member states permit out of area use and allocation while others do not**
- **Ofcom's approach to numbering is consumer focused**
- **Non-geographic numbers not an option because consumers do not understand them**

Number Portability

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- **Number portability should be a consumer right not an operator privilege**
 - **Number portability ensures the continued availability of numbers**
 - **Availability of consumer information to understand differences between service types**
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Services Competition

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- **Investment in infrastructure alone has not promoted services competition and consumer choice**
 - **Naked dsl promotes services competition and enables consumer choice**
 - **Naked dsl provides an important consumer protection mechanism through ensuring that a consumer's broadband connection is not lost when porting a telephone number**
 - **Naked dsl should be mandated across Europe**
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Migrations and Switchings

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- **Migrating and switching between products and services is unduly complex**
 - **Consumers are unable to pick and choose services from different providers**
 - **Bundled services lock consumers into lengthy contracts to their detriment**
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Open Access

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- **Port blocking:**
 - overt
 - covert
 - **UK approach - Consumer protection through availability of consumer information**
 - **Access to mobile networks**
 - **No right of access to mobile networks**
 - **VoIP providers require a right to mobile numbers and a right of access to mobile networks for the origination of VoIP calls**
 - **The issue will become more prevalent as VoIP is perceived as a greater threat to MNOs**
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Summary

- **VoIP offers a whole range of benefits to European consumers**
- **Inconsistencies in regulation mean that consumers are being deprived of choice**
- **ERG should introduce a common framework based on best practice that ensures services are available to consumers as of right regardless of the technology and the platform over which they are delivered**
- **Vonage response to the EU Review:**
“A consistent pan European cross border electronic communications market is not emerging. It is very difficult to implement pan-European strategies and commit to cross-border investment when NRA rules vary so widely. Restrictions imposed by some NRAs (registrations for example) mean that effectively we have reverted to individual licensing regimes in some Member States.”