



2007 is a Rational Deadline for Wireless Number Portability

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Cell phone companies have recently come under attack by critics, who claim that the September 2007 deadline for wireless number portability (WNP) – that is, the ability to keep one's phone number when switching providers – is unreasonably far in the future. Despite the criticism, in Yankee Group's view, the Canadian Wireless Telecommunications Association (CWTA) proposed 2007 deadline for launching nationwide WNP is actually a rational and realistic deadline, and one that the CRTC should expeditiously support. Maintaining the high quality of phone services for Canadians should take precedence over an unreasonably accelerated time to market.

Three key elements of the plan make the CWTA's proposal one of the better WNP plans worldwide to date. Specifically, it suggests: a simultaneous nationwide WNP launch available to all customers; an average porting time period of 2.5 hours; and a rational two-year deadline.

The simultaneous nationwide launch of wireless number portability is one of the main consumer benefits. It allows all subscribers, whether of Virgin Mobile, or an enterprise customer, or even a wireline customer, to take their number to another wireless carrier. It also treats subscribers in Kenora, ON the same as customers in Toronto, ON. Unlike in the U.S., rural customers will not have to wait for a phased approach to reach them.

Further, this single nationwide launch satisfies one of the main guiding principles behind implementing WNP: it promotes competition. The larger the "splash", the more public interest and press attention it will generate and the more consumers will be aware that they can switch carriers but keep their numbers. Lack of customer awareness was a critical missing component in the U.S. market and it blunted the introduction of WNP. If the CRTC wants WNP to increase market competition, then asking for a single, nationwide launch is crucial.

Second, the CWTA's plan would mandate that cell phone companies complete a porting request within an average of 2.5 hours. This is a competitive standard, equivalent to the U.S. and Australian markets. In many other countries around the world, such as the U.K., porting can take numerous days.

Third, the CWTA's deadline of September 12, 2007 is a fair and realistic deadline. Deploying WNP so that it works nationally and correctly on launch date requires significant upfront preparation, investment and testing. As was clear in the U.S., WNP is not a switch that can be flipped on overnight – there is precedent for it taking years to achieve.

For example, the U.S. began planning for WNP in 1996. At that time, regulators asked for a two-year deadline with a prospective launch on December 31, 1998. But several court challenges and problems with compliance continuously pushed back that deadline. As a result, the U.S. was only able to produce a partial launch of wireless portability in November 2003, with a complete nationwide launch in May of 2004 – eight years after WNP planning had begun.

Within those eight years, U.S. operators invested millions of dollars and many years on upgrading their network, implementing key software, testing internal and external systems, and launching customer retention plans. Although Canada can learn from the U.S. example, Yankee Group estimates that it will still take at least a year and a half to plan, implement, and upgrade networks, the back-end systems, and software that are required for number portability. Companies will also have to conduct extensive testing to maintain customer service levels and satisfaction. Two years is not an exaggerated timeline. What little leniency there is provides a buffer against delays and allows the operators some room for unforeseen complications, so that Canada does not repeat the US' mistake of expanding a two-year deadline into an eight-year odyssey.

Critics of CWTA's plan want WNP before 2007. In response, the CRTC has asked the CWTA to consider five different scenarios for launching number portability that could decrease this two-year timeline. None of the CRTC's suggestions do much good for either the consumer or the wireless industry. In each, the single biggest flaw is a call for a phased launch rather than a single-day national launch.

The idea of a phased launch hurts consumers because they are treated unequally – some customers in a few cities will be able to port their number initially, with the rest of the country following a few months later. In particular, Virgin Mobile and other reseller customers will have to wait until the second phase of the launch.

Second, the CRTC's suggestion of a phased approach will not help improve competition as much as a single national approach. The lack of a "big splash" and the subsequent press attention surrounding a single-day event will lower consumer awareness and in turn depress competition between carriers.

If the CRTC wants to act in the public interest then it should forgo short term rewards for greater long term benefits. A phased approach such as the CRTC's may move up the initial launch date of WNP by six months, but quality of service can't be assured. Consumers will be treated unequally, awareness levels of WNP will be lower, and the possibility of increased competition will diminish.

On the other hand, the CWTA's proposal emphasizes quality over rapid deployment. To achieve this level of quality took the U.S. eight years – the CWTA is proposing doing it in exactly 24 months. The CRTC and outspoken critics should recognize the benefits of quality over a rush-to-market and support the CWTA's plan before it is too late to do so.