

The Federation of Communication Services (FCS) response to the CMA's consultation on new digital markets competition guidance

The FCS represents companies which provide professional communications solutions to business users. Our members deliver telecommunications services via mobile and fixed line telephony networks, broadband, satellite, wi-fi and business radio. Our members' customers range from SMEs, home-workers and micro-businesses up to the very largest private enterprises and public sector users. The FCS is the largest trade organisation in the professional communications arena, representing the interests of circa 350 businesses which supply B2B services nationwide.

The FCS believes that competition is key to the efficient functioning of markets and delivers the best outcomes for customers, so welcomes both the provisions of the new Digital Markets and Consumer Act and the opportunity to comment on the CMA's proposed competition guidance.

We are pleased to see that the CMA guidance not only focuses on consumer outcomes, but also on the indirect benefits of competitive markets. As a trade organisation that represents smaller communication companies, we particularly champion effective access to wholesale products and services. This forms the bedrock of choice to many 1000s of customers, who benefit from the bespoke and personalised offerings and services that smaller communication companies provide. We wholeheartedly support the need for additional pro-competition remedies for companies which have Strategic Market Status (SMS) in digital markets and believe that these markets will become increasingly important as technologies develop and converge.

Whilst supporting the aims of the legislation in general and the CMA competition guidelines in particular, we do have a number of points that we hope will be of use to the CMA as they develop their guidance:

1. One area of concern for smaller communication companies and resellers is the ability to access wholesale products on fair and reasonable rates. The positive impact of the BT Undertakings and Commitments on the communication reseller market is an example of the power of equality of inputs, at both the commercial and process level. The FCS believes that equality of input should be regarded as a default remedy whenever SMS is present. This is particularly important where the SMS company is vertically integrated.
2. Difficulty in switching is another key inhibitor to effective competition, in both consumer and wholesale markets. The FCS strongly recommends that the CMA guidance ensures that barriers to switching are identified as part of any SMS review and that appropriate remedies are put in place to ease retail and wholesale switching.
3. The process for identifying an SMS is, quite rightly, rigorous and transparent. However, the FCS is concerned that, given that the legislation contains novel concepts, and that the CMA does not have to define a market in the traditional way, there is a danger that the process will get mired in legal challenges (at least initially), which could greatly extend the already lengthy timescales to identify SMS. The FCS believes that SMS identification needs to take place as quickly as possible and that, if it transpires that the process is taking too long, the guidance should be reviewed to see how the process could be speeded up.

The FCS is very happy to discuss this response further if it would be helpful and can also facilitate discussions with our members if it would help the CMA to understand the potential impact of the Act on smaller communication companies and resellers