



Making Calls in the Deregulated Market

The last monopoly in the German telecommunications market, the voice telephony monopoly, was lifted on 31 December 1997. This enabled new entrants to offer services on a competitive basis. Many companies have since been granted national or regional licences for the operation of transmission paths (Licence Class 3) or for the provision to the public of voice telephony services (Licence Class 4) by the Regulatory Authority for Telecommunications and Posts, whose job it is under the Telecommunications Act – enacted on 1 August 1996 – to see to fair competition in the market. Hence service providers and licensees are now free to provide publicly available telecommunications services in a competitive environment.

In the newly deregulated market, telephone customers can choose the provider whose services and prices best meet their requirements. Customers who change their phone company but stay in the same location can keep their number. The operators' networks are connected with each other in such a way that customers are able, via the preselection mechanism, to have their calls routed over the lines of their chosen provider and billed at the rates charged by that provider.

What is **preselection**, actually? Preselection stands for the choice, by the customer, on a permanent basis, of one phone company to carry all the customer's calls beginning with the digit "0". All such calls are then routed automatically over the network of the preselected operator with whom the customer has signed a contract for this service. For the technical provision of preselection, Deutsche Telekom AG now charges DM10 (inclusive of 16 percent VAT), as from 2000, down from the DM20 (inclusive of 16 percent VAT) it was entitled to charge until the end of 1999. However, most phone companies pay this charge for their customers.

Customers who have opted for preselection receive two bills. One is from Deutsche Telekom AG for the phone line, for local calls and for any calls to special numbers, while the second is from the operator the customer has signed up to.

However, customers also have the choice every time they make a long-distance call of having the call carried over a competitor's network by prefixing the competitor's code when dialling (**call by call**). This is a useful option when the customer wishes to take advantage of,

say, lower prices at certain times of day, or cheaper rates to particular destinations. The area codes and the subscriber's number remain the same, no matter which provider delivers the call. Specifically, the customer dials the code of the chosen operator (010xyz), then the area code (eg 030 for Berlin), followed by the actual number of the person they wish to speak to (eg 12 34 56). Nothing more is needed.

Two types of call by call have developed in the German market since 1 January 1998, call by call with registration and call by call without registration. **Call by call without registration** is easily the more consumer-friendly option. No registration of any kind is required. All of these calls are delivered by the chosen provider and listed separately on the Deutsche Telekom bill.

Call by call with registration is always required when the provider wishes to know who his customers are and to send the bill himself. Here, the relationship with the customer is what the provider is interested in. As a rule, registration is done over the phone. The customer dials

the operator code (010xyz), putting them through directly to customer service. After this initial phone contact, however, it can take anything from two days to a matter of weeks before the customer can make calls with the new provider under this procedure. Customers choosing this procedure are sent two (or more) bills. They receive the "usual" bill from Deutsche Telekom AG and one (or more) from the call by call provider(s), as the case may be.

And what happens when the customer **switches provider completely**? In some regions in Germany it is possible to do without Deutsche Telekom AG entirely. In these places, the new entrants provide a full service offer, in other words the telephone line and a complete range of voice telephone services. Anyone switching completely is sent one bill only, from the new operator with whom they have signed a contract. All calls are then carried solely over this operator's facilities.