

**Volume commitment special offer on GEA-FTTC, Gfast and GEA-FTTP**

Available from Tuesday 21 August 2018

Last updated: August 2018



# Volume commitment special offer on GEA-FTTC, Gfast and GEA-FTTP

## Offer overview

- Offer runs from **Tuesday 21 August 2018**.
- This offer provides Communications Providers (CPs) discounts for hitting two targets:
  - 1) Volume and Bandwidth Mix target** - containing targets on total fibre base, mix of end customers on higher tiers (80Mbps and over) and mix of end customers on Ultrafast technologies (GEA-FTTP and Gfast). The targets on Ultrafast will commence only in the second year of the deal and will be linked to a minimum build commitment provided by Openreach.
  - 2) Forecasting accuracy target** - CPs will have to provide 6-month forecasts and will be paid a portion of the rebate based on this metric.
- It is open to all CPs, including smaller CPs and new entrants, and contains options for CPs to choose a 3-year or 5-year term to sign up to in exchange for discounted pricing on five available tiers.
- It applies to all variants of GEA-FTTC products (including Gfast) across the country and in some GEA-FTTP locations (mainly New Sites and BDUK areas, excluding Fibre First cities). However all GEA-FTTP volumes will continue to count towards the offer targets.
- CPs must decide which volume discount tier they'd like to sign up to, and then sign the special offer terms and conditions, where a start date will be agreed.

This offer will **benefit** our CPs and their customers

Drive an **increase** in the **take-up** of **superfast** and **ultrafast services** across the UK

**Raise** the average **speeds** received by end customers across the UK

Please speak with your sales and relationship manager who'll be happy to talk you through how this offer can benefit your business.

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## Tiers Structure

Yrs	Tier	Qualification Criteria	Discounts			Volume and Mix Target Calculation Method				Forecasting Accuracy		Graduation of Discount														
			Discounted Rental Prices		Additional Option 1 <sup>1</sup>	Additional Option 2 <sup>1</sup>	Volume <sup>2</sup>	80-20 Mix <sup>3</sup>	Ultrafast (Gfast and GEA-FTTP) Mix	Volume and Mix Weighting	Forecasting Accuracy Range		Forecasting Accuracy Weighting													
5 years (10% Month Periods)	T1A	Available to CPs with <50% Current Take-up of Fibre with Openreach	Base and New Adds		'80/20 Limited Volume Try Before You Buy' Offer  OR 80/20 VDSL Target Protection	Limited offer on Ultrafast Connections	Option 1: 84% Fibre Take-up of Current Broadband Base by Y4, subject to a min fibre growth of 1.2m net adds over 4Yrs	25% of Fibre VDSL Base by Y5	12.5% of Current Broadband Base by Y5 <sup>5</sup>	85% of Eligible Discounts	Submitted forecast for each period within a -10% to +25% range	15% of Eligible Discounts														
			40-10	£4.99 <sup>4</sup>																						
			55-10	£5.99																						
			80-20	£5.99																						
	T1B	Available to CPs with >50% Current Take-up of Fibre with Openreach	Base New Adds					OR					80/20 VDSL Target Protection	OR	43% of Fibre VDSL Base by Y5											
			40-10	WLA £4.99 <sup>4</sup>																						
			55-10	£6.49 £5.99																						
			80-20	£6.49 £5.99																						
	T1C <sup>7</sup>	Available to CPs with <500 Fibre Orders per Week with Openreach Additional Flexibility: - No forecasting requirement - Optional UF Mix Overlay Commitment	Base New Adds												OR					80/20 VDSL Target Protection	OR	30% of Fibre VDSL Base by Y5	UF Mix Overlay Commitment (not mandatory but required to access UF Discounts): o 12.5% of Current Broadband Base by Y5 <sup>5</sup> o 1 year to activate the UF commitment	100% of Eligible discounts	No forecasting accuracy requirement	
			40-10	WLA £4.99 <sup>4</sup>																						
			55-10	£6.99 £5.99																						
			80-20	£7.49 £5.99																						
3 years (6% Month Periods)	T2A	Available to CPs with <50% Current Take-up of Fibre with Openreach	Base New Adds		80/20 VDSL Target Protection	Limited Offer on ADSL to Fibre Regrades of Existing Base <sup>10</sup>	Option 1: 70% Fibre Take-up of Current Broadband Base by Y3, subject to a min fibre growth of 600k net adds over 3Yrs		20% of Fibre VDSL Base by Y3	5% of Current Broadband Base by Y3	90% of Eligible Discounts	Submitted forecast for each period within a -10% to +25% range										10% of Eligible Discounts				
			40-10	WLA £5.49 <sup>4</sup>																						
			55-10	£8.40 £7.49																						
			80-20	£8.40 £7.49																						
	T2B	Available to CPs with >50% Current Take-up of Fibre with Openreach	Base New Adds				Ultrafast Target Protection		OR				43% of Fibre VDSL Base by Y3													
			40-10	WLA £5.49 <sup>4</sup>																						
			55-10	£8.40 £7.49																						
			80-20	£8.40 £7.49																						
	160-30	£10.99 £10.49																								

1 - The details of each additional discount are defined in the following slide. See contract for full details.  
 2 - CP-CP Migration thresholds will apply. See contract for detail.  
 3 - The 80/20 mix target is indicative as it will be part of the 80/20 + Ultrafast target in the contract which would allow over performance on Ultrafast to reduce the 80/20 requirement.  
 4 - Pegged to price at 3<sup>rd</sup> year of charge control, subject to inflation adjustments under WLA.  
 5 - Subject to minimum requirements. The run-rate uplift must be achieved in the first year and maintained up until the end of year 4.  
 6 - There will be no Ultrafast Mix Targets set for the first year of the offer.  
 7 - Tier 1C will also be made available to new entrants who contact Openreach to express interest.  
 8 - The minimum will be dependant upon the size of the CPs broadband base.  
 9 - For smaller CPs we may consider calculating the Ultrafast target as a percentage of the Fibre Base., for example: 15% of Fibre Base by Y5.  
 10 - Subject to CPs working with Openreach to realise efficiencies.

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## Key offer principles and terminology

**1 Volume and mix target:**  
This comprises of three separate elements, all of which have to be met to achieve this criteria:

- i. **Total Fibre Volume Target<sup>1</sup>** – this will be included in the contract as an absolute net adds volume target for each 6 month period, calculated either as percentage of the CPs Current Broadband Base or as a percentage uplift of the CPs Current Fibre Run-rate.
- ii. **80/20 Mix Requirement** – a percentage of the Fibre Base is required to be on the 80/20 bandwidth speed. This will be measured by a combined 80/20 and Ultrafast volume target for each 6 month period, so that any overachievement on Ultrafast can reduce the 80/20 element required.
- iii. **Ultrafast Target** – a specified percentage of the Fibre Base is also required to be on Ultrafast (any Openreach G.Fast and qualifying FTTP customers<sup>2</sup> will count towards the Ultrafast target irrespective of bandwidth speed). In the contract, we will link the targets to the Openreach build.

**Review** - Performance against targets will be assessed at the end of each Period and CPs are eligible for full or partial discounts if they have met their full or step volume targets as laid out in each CP contract.

**Volume Target Relief** – If a CP acquires fibre connections with a qualifying alternative network provider<sup>3</sup> and the connections are in Openreach's fibre network footprint then the CPs volume commitment will reduce by the same number of connections.

**2 Forecasting Accuracy:**  
Where relevant to the tier, a proportion of the discount is dependant on forecast accuracy. The discount is achieved if the cumulative net demand (orders received by Openreach minus cancellations) for the Period falls within a range (-10% to +25%) of the forecast submitted by the CP in line with the following process:

**Forecasting Process:**

- **Timing of Submissions** – Initial forecast submission is due within 10 working days of the contract signature date. Subsequent forecast submissions are due on the closest forecast date as specified in the GEA forecasting manual (not less than 30 days before the start of each period).
- **What needs to be submitted** – Forecast of the Net Demand for each of the products for the next 12 calendar months, broken out on a monthly basis – Note: Only the cumulative forecast for the first 6 months within that 12 month forecast will be used in measuring the Forecasting accuracy portion of the target.

Term	Explanation of Offer terms
<b>Current Broadband Base</b>	The total of the CPs Openreach broadband customers (both Copper and NGA) <sup>4</sup> .
<b>Current Fibre Base</b>	The total of the CPs Openreach fibre customers (VDSL, G.Fast and FTTP) <sup>4</sup> .
<b>New Adds</b>	Any new Openreach fibre (VDSL, G.Fast and qualifying FTTP <sup>1</sup> ) customers that the CP adds post the contract signature.
<b>Fibre Take-up</b>	The percentage of the CPs Current Broadband Base that is on fibre.
<b>Fibre Run-rate</b>	The net growth of the CPs Openreach Fibre Base. Initially calculated based on up to the previous 12 months net growth of the Current Fibre Base.
<b>Fibre Base</b>	The total of any Openreach fibre customers (VDSL, G.Fast and qualifying FTTP <sup>2</sup> ) that the CP has at the end of any given Period.
<b>Fibre VDSL Base</b>	Calculated as the Fibre Base of the CP excluding customers on Openreach Ultrafast technology such as G.Fast and FTTP.
<b>Period</b>	Each successive 6 month period during the term of the contract, the first such period starting on the contract signature date.

Term	Explanation of Offer terms
<b>'80/20 Try Before You Buy' offer</b>	This option if chosen would allow the CP a 6 month period from the start of the contract term to identify up to 50% of their current VDSL customers <sup>5</sup> (excluding existing 80/20 customers) to modify up to 80/20 for 12 months at the discounted price of the original bandwidth speed the customer was on (those customers on 40/2 will be charged at the 40/10 price). In a subsequent 3 month period those customers who do not wish to continue on 80/20 will be eligible to bandwidth modify back to their original bandwidth speed or higher.
<b>80/20 VDSL Target Protection</b>	This option if taken would allow the CP to make-up any shortfall on the 80-20 mix target by paying the ARPU differential.
<b>Ultrafast VDSL Target Protection</b>	This option if taken would allow the CP to make-up any shortfall on the Ultrafast mix target by paying the ARPU differential.
<b>Limited Offer on Ultrafast Connections</b>	This offer gives the CP up to a £34 connection discount on PCP Only or Managed Install Ultrafast connections (G.Fast and FTTP <sup>6</sup> ) in years 2 and 3 of the contract, for up to 7.25% of their current broadband base.
<b>Limited Offer on ADSL Regrades</b>	This offer allows the CP to choose up to 10% of their current broadband base (up to a maximum of volume of 40,000) to be regraded to fibre (VDSL, G.Fast, FTTP <sup>6</sup> ) with a £15 discount in years 2 and 3 of the contract.

1 - If the CP fails to meet a minimum volume in years 1 to 3 then it may incur an Early Termination Charge (ETC). See contract for full details.

2 - All Openreach GEA-FTTP volumes will count towards the volume and mix target, however those within the Openreach 'Fibre Cities' footprint will not be eligible for rental discount and/or any other discounts under this offer. See Contract for full details.

3 - Defined as a provider of fixed-access broadband internet services which are available to no more than 10% of premises in the UK, excluding Kingston-Upon-Hull.

4 - This will be as set out in either of the two most recent Openreach invoices to the Communications Provider that are issued closest to the signature date of the contract.

5 - Current VDSL customers at the time of notification.

6 - The Ultrafast Connection discount is not available for FTTP within the Openreach 'Fibre Cities' footprint.

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### More information

- This offer is subject to terms and conditions. These, together with full pricing information, are contained on the Openreach Price List. Pricing notice [OR542](#) applies.
- The related customer notification brief is [GEN036/18](#).

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**Raise** the average **speeds** received by end customers across the UK

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If you have any questions please contact your sales and relationship manager who'll be happy to help.

# openreach

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