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IN THE COMPETITION
APPEAL TRIBUNAL

Case No: 1381/7/7/21

Salisbury Square House
8 Salisbury Square
London EC4Y 8AP

Monday 29th January – Friday 22nd March 2024

Before:
The Honourable Mr Justice Waksman

Eamonn Doran

Derek Ridyard

(Sitting as a Tribunal in England and Wales)

BETWEEN:

Justin Le Patourel

Class Representative

v

(1) BT Group PLC

Respondent

(2) British Telecommunications PLC

A P P E A R A N C E S

Ronit Kreisberger KC, Derek Spitz, Michael Armitage, Jack Williams and Matthew Barry (On behalf of Justin Le Patourel)

Daniel Beard KC, Sarah Love, Daisy Mackersie, Natalie Nguyen and Ali Al-Karim
(On behalf of BT Group PLC and British Telecommunications PLC)

Jennifer MacLeod (On behalf of the Competition & Markets Authority)

Wednesday, 7 February 2024

1
2 (10.30 am)
3 THE CHAIRMAN: Good morning. Some of you are joining us
4 live stream on our website, so I must start with the
5 customary warning: an official recording is being made
6 and an authorised transcript will be produced, but it is
7 strictly prohibited for anyone else to make an
8 unauthorised recording, whether audio or visual, of the
9 proceedings, and breach of that provision is punishable
10 as a contempt of court.
11 Yes, Mr Beard.
12 MR JONATHAN BUNT (continued)
13 Re—examination by MR BEARD (continued)
14 MR BEARD: Good morning.
15 Good morning, Mr Bunt.
16 A. Morning.
17 Q. I am just going to go back to a few more of the
18 documents that Ms Kreisberger went to, just to provide
19 a little bit more context in relation to them.
20 So if we could go to {F/469/1}. This is a Financial
21 Factbook, and you were taken to slide {F/469/13}, if you
22 remember that?
23 A. Yes, I remember that.
24 Q. If we could just go back to slide {F/469/10}. So if you
25 just read the headline there?

1

1 A. "Voice line —"
2 Sorry ...
3 Q. Sorry, read to yourself. Apologies.
4 A. In my head. I should have learnt after two days.
5 (Pause)
6 Q. If we could just focus on the top couple of boxes on the
7 left—hand side.
8 A. Yes.
9 Q. So could you just explain what we are seeing in relation
10 to the "Voice Active Lines" box through into "BT brand"
11 there, Mr Bunt?
12 A. So we are seeing a year—on—year reduction in actuals and
13 in budget in the volume of customers we have. We see
14 over the course of the year that the base for line
15 customers, that includes all customers with line only,
16 and also broadband customers and triple pay customers,
17 has declined by roughly 14% year—on—year.
18 Q. Are these numbers all in — I do not know if you ... Are
19 these numbers in thousands?
20 A. Yes, these numbers are in thousands.
21 Q. So the opening base at the top is the best part of
22 9.5 million?
23 A. Yes.
24 Q. Then what is the next row down?
25 A. That is the number of new lines we acquired during the

2

1 year, so 1 million or so lines acquired.
2 Q. Then the next line down?
3 A. Is the number of losses, so 1.3, 1.4 million lines lost.
4 Q. Right. Then closing base. Then, as you say, the bottom
5 is the churn rate?
6 A. Yes.
7 Q. So can we then go to slide {F/469/14}. If we could just
8 see the top box here. This is "Voice Deep Dive", "Voice
9 KPIs summary". So here we are seeing I think the same
10 numbers we saw in the "Acquisitions" row —
11 A. Very similar, yes.
12 Q. Over on the right—hand side, it says:
13 "Annual acquisitions broadly stable, with peaks
14 driven by major sport content launches".
15 What is that indicating?
16 A. That is saying we add more line customers when — for
17 example, when we launched Champions League coverage on
18 BT Sport, because people would join us for broadband and
19 we would get a new line out of them.
20 Q. Then when it says "Net Line Losses", and it says:
21 "Improving net losses position driven by improved
22 churn trend."
23 What is that saying?
24 A. If you look at the third line down of the table, that
25 shows our losses over the period. Acquisition is

3

1 falling flat, I suppose, whereas our churn has improved
2 year—on—year, so that is what is meant, that the net
3 line losses position has improved over that time.
4 Q. Thank you.
5 Let us go to another document that Ms Kreisberger
6 took you to. {F/180/1}. This was a 2012 board strategy
7 paper. I will not take you through all of it, but what
8 do board strategy papers do? Are they specifically
9 focused or —
10 A. I would have thought this is — it is before my time,
11 but I would have thought this is Gavin Patterson, who
12 was then the CEO of BT Retail, taking a paper to the
13 board to sort of explain our strategy for the Consumer
14 business at the time.
15 Q. Right. She went to slide {F/180/17}, so if we just see
16 that just to remind you:
17 "We will maximise value from our legacy fixed Voice
18 business and build new personal communications offers."
19 Down on the bottom left—hand side you will see
20 a box. Could you just — do you know what these
21 references are? Are you able to explain them?
22 A. Yes, I understand what is being said here, yes.
23 Q. Can you just explain for the Tribunal what you
24 understand?
25 A. Sure. So what this is saying is that the overall fixed

4

1 Voice market is in decline, so the market for lines, but
 2 particularly for calls that will refer to, and that we
 3 are managing that decline through price rises, and
 4 moving as many customers as possible to unlimited plans,
 5 something I mentioned earlier in my evidence. If we
 6 move a customer on to an unlimited plan, they can use
 7 the phone more without incurring extra charges; that
 8 means they get peace of mind and retain their engagement
 9 in the product. But we are also using price rises to
 10 manage that margin as usage declines.

11 Then we explain the kind of evidence of that
 12 strategy is that now 38% of our base is on those
 13 Unlimited Anytime plans.

14 THE CHAIRMAN: Sorry, can I just ask a quick question on
 15 that.

16 "38% ... are on Unlimited Anytime Plans, which
 17 drives increased usage."

18 But if they are on the Unlimited Anytime plan, they
 19 are not paying per call.

20 A. No, we do not get any more money for that, but they just
 21 engage more with the product, and it retains engagement,
 22 makes it less likely for them to sort of switch over to
 23 just using a mobile, or something like that, so
 24 retaining engagement is important for us.

25 THE CHAIRMAN: I see. Thank you.

1 MR BEARD: In the box above those columns it says:

2 "We are driving unlimited packages to defend ARPU
 3 and increase usage."

4 Can you summarise what that means, then?

5 A. So this is us trying to move as many customers as
 6 possible away from our cheaper packages, that include no
 7 or fewer calls, over to our Unlimited Anytime plan so
 8 that customers -- so that we can retain customer ARPU,
 9 so prices are not -- sorry, on those lower inclusive
 10 packages customers are more sensitive to prices, they
 11 see more fluctuations in their bill depending on how
 12 many calls they make, so we are trying to move them on
 13 to those kind of more consistent plans where it will be,
 14 you know, a typical amount each month, and that we think
 15 will increase their usage and their engagement with the
 16 product as well.

17 Q. Can we just tip over into slide {F/180/18}. I just
 18 wanted to ask you, it is headed:

19 "We will reinforce broadband superiority and embed
 20 loyalty at the core of the marketing machine."

21 Then 3, just looking across, it says:

22 "Industrialise and Scale Loyalty at Heart of
 23 Business."

24 Then the bottom box, could you just explain what
 25 those references are in the bottom box?

1 A. So this is us looking to improve our churn rates and the
 2 likelihood of our customers to leave, so make them more
 3 loyal, make them stay longer, both through ... I guess
 4 "retention best practice" here is meaning an improved
 5 approach to how we retain customers, but I cannot be
 6 specific as to what that involved.

7 "Life cycle management" will certainly be thinking
 8 about customers, where they are in their life cycle,
 9 meaning how long they have left in their contract,
 10 whether they are reaching a point in their contract
 11 where they can churn without being held to term charges,
 12 so they are more likely to churn, and making sure, as
 13 they approach that point, that we are offering them
 14 compelling deals to get them to re-contract.

15 Then "ARPU growth through [broadband and] Voice
 16 upsell" will refer to looking to increase revenue from
 17 customers by moving them through the ladder of our
 18 products to more inclusive calling plans, to faster
 19 speed broadband products, and to moving Voice customers
 20 on to broadband.

21 Q. Thank you.

22 Could we go to {F/833/1}. This is a July 2017
 23 document, "Price Change 18/19: Strategic Review".
 24 Ms Kreisberger took you to slide {F/833/9} in this. She
 25 focused on:

1 "We should recognise declining markets and price
 2 accordingly to maximise value ([for example] split
 3 purchase Solus)."

4 Do you have that?

5 A. Sorry, I was ...

6 Q. Apologies, you probably do have that in hard copy. I do
 7 not know what is in your hard copy bundle, I am sorry.

8 A. That is fine.

9 Q. Could you just go two bullets up, sorry, three bullets:

10 "Pricing strategy should always make upselling to BT
 11 bundles and upspinning rational as this is always
 12 profitable for BT."

13 Can you just explain what that means?

14 A. So in the way that we price both our Voice and broadband
 15 products we should make sure that the ladder does not
 16 have too big a jump for customers, so that it always
 17 makes sense for customers to both move to bundles on
 18 fast -- from bundles to more expensive bundles with
 19 faster product, but also to move up from Voice to
 20 broadband, and that because those moves are always
 21 profitable for us, our position is that that is
 22 a margin-accretive move in all cases.

23 Q. Could we go to {F/351/1}. This is Consumer Voice
 24 Strategy 15/16 onwards and it is a draft from
 25 19 March 2015. Ms Kreisberger took you to slide 3 in

1 this if you remember. {F/351/3}?

2 A. Yes.

3 Q. Could I just go to the top left—hand side, "Context".

4 It says:

5 "Pricing remains significantly net profit accretive,

6 generates oxygen for investment but also hurts our

7 business as Line Rental price climbs.

8 "It is difficult to isolate churn driven by rising

9 prices:

10 "However, GC9 churn was 2K for 14/15 whilst

11 day/evening boundary change drove 27K churn.

12 "Indirect impact is indicated by falling VFM

13 perception and by coverage like the BBC's 'Why are

14 people are charged for landline rental?'"

15 Could you just explain what that bullet -- those

16 bullets are about, please?

17 A. Sure. So GC9 churn at 2K we have spoken about already,

18 but that is customers responding to the notification

19 indicating they can churn a result for price change.

20 The day/evening boundary was a data point -- I wrote

21 this slide -- it was a data -- the day/evening boundary

22 change happened before my time. It was a data point we

23 kind of knew in the business. I cannot sort of source

24 it, but it is one everyone is --

25 THE CHAIRMAN: Can you just slow down a little bit.

9

1 A. Absolutely, sorry.

2 THE CHAIRMAN: Just go back to what you just said a minute

3 ago on this point.

4 A. So first of all, the GC9 churn at 2,000, that was -- we

5 have discussed a couple of times, that was the --

6 a record of the number of customers who left us as

7 a result of the price change, calling us and responding

8 to that.

9 The second point is the day/evening boundary change.

10 So this happened -- I think it was in 2011, but it was

11 a price change before my involvement. In that price

12 change we move from previously classing evening calls as

13 taking place from 6 pm to 6 am, we moved that to 7 pm to

14 7 am. What that meant was whilst the customer still had

15 12 hours of the day classed as evening, they made more

16 calls between 6 pm and 7 pm than they did between 6 am

17 and 7 am, for obvious reasons, and so that was gross

18 margin--generating for us because it meant more calls

19 were chargeable. Customers on free evening call

20 packages were now paying for those calls between 6 and

21 7.

22 That received a lot of bad press, to my

23 understanding. It was very critical, you know,

24 headlines like: "BT are changing the times of day and

25 when the evening happens", and things like that. So it

10

1 was held as an example of a poorly executed price change

2 and it drove significant churn, that 27,000 I refer to

3 there.

4 THE CHAIRMAN: Sorry, the 27,000? Oh, yes, I see, yes.

5 A. Then the second bullet is looking at other less direct

6 examples of how price increases drive a customer

7 response. The first is VFM perception, which is value

8 for money perception. So this is data we got from

9 customers in surveys, including our net promoter score

10 surveys, but in lots of surveys we had we would get

11 a sense of how customers considered value from their BT

12 service, that was in decline, and Line Rental price

13 rises were attributed as a key cause of that.

14 The final reference to the coverage, like the BBC's

15 "Why are people charged for landline rental?", refers to

16 an article that was not atypical at all at the time that

17 the BBC had published with that exact question, doing

18 vox pops of people asking them: "do you know what Line

19 Rental is? Why are you paying for Line Rental?" Those

20 kind of questions. There were consumers who were not

21 sure. I would assume that the vast, vast majority of

22 those consumers were broadband customers so they were,

23 as we referred to previously, buying broadband plus Line

24 Rental, seeing that kind of £5/£10 price, associating

25 that as their product, and they did not have a clear

11

1 perspective as to why they had Line Rental.

2 MR BEARD: Can we go back to slide {F/351/2}, please. So

3 this is the second slide in the deck, "Consumer Voice

4 Strategy". You will see three boxes -- four boxes

5 alongside "Optimise Voice P&L to enable Investing for

6 Growth", and then it is "Revenue Optimisation", "Calling

7 Plans", "Lines", "Calling Features".

8 Then you have got "Apply Customer First", and then

9 you have "Product Development" and "Positive Brand".

10 Just in relation to that, I am not going to ask you

11 to go through all of it, but just the third box down

12 from the top lines:

13 "Reduce solus churn to 16% within 2 years to

14 maximise revenue and upsell opportunity."

15 Could you explain what that is talking about?

16 A. Yes. At this point in time solus churn is approximately

17 20%, maybe slightly higher than that. So each year 20%

18 of our SFV customers were leaving. That is obviously

19 a significant problem for the business, and for the

20 Voice business specifically. So this part of the

21 strategy is concerned with addressing that issue, and we

22 detail these -- we summarise three actions we intend to,

23 or interventions we intend to make to address that.

24 Q. If we go on to slide {F/351/4}, so skipping forward two,

25 this is headed "Calling Plans", which I think correlates

12

1 with one of the boxes —

2 A. Yes.

3 Q. I am not going to ask you to go through it all, but

4 could you just explain, on the right there is a heading

5 that says "Strategy (drives incremental 1.2m GM in 15/16

6 and £10.8m over 3 years)". What does that heading mean?

7 A. It means that the plan that we have to increase the

8 uptake of paid calling plans and inclusive calling plans

9 is forecast in our business case to improve our gross

10 margin by 1.2 million in 15/16, and in total, in

11 aggregate over three years, by nearly 11 million.

12 Q. Okay, thank you. I am not going to work through all of

13 the details of that strategy now, but if we could just

14 go to slide {F/351/5}. This is a slide on "Lines", so

15 that correlates to I think the third box that you had

16 explained on the second slide. It says "Context" —

17 sorry, it says:

18 "Reduce solus churn to 16% by 2017 maximising

19 revenue and upsell opportunity. Underpinned by

20 multi-channel re-contracting and movement of base to

21 lower churning products. Enabled by low operational

22 impact marketing capability."

23 Then "Context":

24 "Solus Voice lines have seen a steady decline over

25 recent years due to three main factors:

13

1 General consolidation of services in the marketplace

2 in bundles.

3 "Competitor losses (30% of solus churn) driven by

4 solus competitor attacks.

5 High levels of bereavement (21% of solus churn) on

6 solus base."

7 So I just wanted to specifically ask you about the

8 second of those.

9 A. Yes.

10 Q. Could you just explain what the "competitor losses ...

11 driven by solus competitor attacks" is referring to?

12 A. Yes, that will be predominantly focused on the activity

13 of the Post Office, who were the main aggressor, so to

14 speak, in the fight for solus lines, and this is the

15 marketing and customer acquisition behaviour that the

16 Post Office were using that I spoke about yesterday:

17 competitive pricing and using, amongst other things, the

18 bill-paying opportunity where they had access to the

19 customer to promote their products.

20 Q. Yesterday Ms Kreisberger challenged your evidence at

21 paragraph 72 of your second statement where you said

22 that bereavement was not the main reason for churn in

23 this customer base. You said it was far from the only

24 factor and Ms Kreisberger rapidly moved on.

25 What were the other factors that you were referring

14

1 to?

2 A. It is predominantly captured in these bullets, so

3 competitor losses and consolidation of line and

4 broadband were the main other reasons that people took

5 their — that we lost SFV lines.

6 Q. Could we just go back to — thank you very much for

7 flicking on to 72, but could we just go back to

8 {F/351/6}, please. This is the "Calling Features", so

9 this correlates with that fourth box I think on the

10 first page?

11 A. Yes.

12 Q. "Strategy" here, can you just explain very briefly what

13 the key features are in this strategy explanation here.

14 I will give you a second to read it. (Pause).

15 A. Yes. We are — so, just to be clear, calling features

16 are things that are additional to the basic calls and

17 line service, so the examples here like 1571 is

18 a voicemail service, or caller display is the capability

19 for a number to display on the digital display on your

20 phone when you receive an inbound call.

21 We are trying to get our calling features here to

22 play two roles: one, to drive revenue in charging, so

23 inclusion in the price change is an example of that, and

24 we need volume for that, so that is why we would have

25 special offers to attract more customers to take 1571.

15

1 But also to generate extra value for customers, either

2 by including them in propositions, so we included

3 calling features for free in, for example, Home Phone

4 Saver or Line Rental Plus, or by requiring customers to

5 re-contract to get features at cheaper prices, so, for

6 example, caller display, as referred to in the second

7 set of bullets, that is a chargeable product, but if

8 customers re-contracted for a year they would get it for

9 free.

10 Q. Thank you. Let us just go on to slide {F/351/7}

11 briefly. This one is headed "Product Development",

12 which, I am not going to take you back to it, but

13 I think correlates with the fifth box we saw on the

14 front page.

15 Broadly speaking, what is product development

16 considering here in terms of consumer Voice strategy?

17 A. I am just going to read it for a moment. (Pause).

18 So this is discussing how we use the development

19 budget available to us to make our existing products and

20 new products more attractive to customers, to make them

21 work better, so to reduce the need for customers to call

22 us, and to improve their customer satisfaction, and to

23 avoid having to give waivers or kind of payments for

24 dissatisfaction to customers where products were

25 unstable or not working well.

16

1 Q. Okay. Then finally let us go on, to complete this, page
2 {F/351/8}. So this I think correlates with the sixth
3 element. This is "Consumer Voice Strategy – Positive
4 Brand". I think we picked up issues on PR and branding
5 yesterday?

6 A. Yes.

7 Q. But you see the "Strategy" on the right-hand side?

8 A. Yes. So I think this relates very clearly to the kind
9 of duty we felt at BT, as I mentioned in my evidence, to
10 make a kind of societal contribution, so we detail four
11 approaches which they think do that. First of all,
12 improving our offering for vulnerable customers.

13 Secondly, improving our products again to protect
14 vulnerable customers from nuisance calls or provide
15 support to family of vulnerable customers through power
16 of attorney and our work with Dementia Friends.

17 For us to segment that group of vulnerable customers
18 more — in a more granular way, so that we can actually
19 sort of apply treatments to them and talk about them
20 more cogently, rather than just talking about this
21 amorphous group of vulnerable customers.

22 Lastly, develop propositions that help those
23 customers, and other customers actually, to get online
24 and overcome some of the barriers we saw within that
25 base to taking broadband.

17

1 Q. Thank you.

2 I am going to go to a different document, {F/229/1}.
3 This is one of numerous versions of the Project Window
4 slides. Ms Kreisberger took you to a selection of them,
5 not always entirely clear when they were, or, more
6 exactly, suggesting that they were documents that you
7 had seen before that were being put again when they were
8 different versions. But here we are dealing with the
9 version she took you to from March 2014, and she took
10 you to slide 4, just so you can see that. {F/229/4}

11 A. Yes.

12 Q. She put to you that this was evidence of BT developing
13 a proposition in Fixed Phone Saver as a defence to
14 Ofcom's indication in January 2014 that it was
15 monitoring Line Rental prices very closely. You may not
16 recall that?

17 A. I do recall that, yes.

18 Q. What I want to do is just — I am going to come back to
19 a couple of slides in this document, but I want to take
20 you to a different version of the Robin/Window slide
21 decks. So {F/199/1}. This is from 10 December 2013, so
22 this is before the Ofcom document that Ms Kreisberger
23 referred you to.

24 Could we go to slide {F/199/2}. You see the fourth
25 bullet point. Could you just explain what is being

18

1 referred to in the second indent there, please?

2 A. Yes. So "Fixed Price Solus proposition", which is how
3 we refer — at the time we had not named Home Phone
4 Saver, so that is referring to that product. It will
5 help "neutralise", which means avoid churn I think,
6 nothing more sinister than that, the key affected
7 customer segment, and that is specifically older
8 Voice Only Customers.

9 So this is designed to address the fact that we are
10 seeing significant churn in that segment and we are
11 looking to improve our performance there and bring it
12 more to a neutral level.

13 Q. Thank you. Whilst we are here, can we just go to slide
14 {F/199/6}. This is "Fixed Price Solus [Proposition]"
15 which is being referred to there. There is "Insight"
16 on the top left —hand side. Could you just explain what is
17 being referred to there?

18 A. So this is referring to that competitive activity,
19 particularly from the Post Office, where we are seeing
20 a high proportion of our solus customers leaving.
21 I think the numbers here are at 19% solus churn, 60% of
22 which heads to the Post Office. I know those numbers
23 change slightly in other versions of the documents but
24 that is broadly correct. So we are losing, they are
25 saying here, 100,000 customers to the Post Office each

19

1 year, and that is driven by our PSTN price rises, that
2 they have a significant impact on this group, and that
3 price rises are pushing them up.

4 Q. Thank you.

5 Can we go back to {F/229/1}, please, and pick up
6 slide {F/229/28}. This was the version Ms Kreisberger
7 took you to. She did not take you to this slide. It
8 says "Flows data on 'true' solus". What is "'true'
9 solus"?

10 A. True solus, it will be VOCs, but obviously this is an
11 estimate of who they are.

12 Q. Then at the bottom, it is sort of squashed in:

13 "And we know that there is a problem as 23% of solus
14 churn is 'true solus' churners."

15 Could we just blow that bit up at the bottom with
16 the diagram there so we can all see it. Thank you.

17 What is this diagram showing?

18 A. So this analysis is, again, attempting to discern which
19 of our Voice churners are VOCs and SPCs. It is saying
20 that 23% of them are VOCs. Then breaking down the
21 destination those VOCs moved to when they churned in the
22 three months between February and April 2012 to the
23 various providers, and it is showing there that 59% of
24 those 23% are moving to the Post Office.

25 Q. Thank you. Can we just go over to the next slide.

20

1 THE CHAIRMAN: Sorry, before —
 2 MR BEARD: I am sorry.
 3 THE CHAIRMAN: The 23% there, that is Voice Only.
 4 A. Yes.
 5 THE CHAIRMAN: Then the 59%?
 6 A. Is a subset of that 23% and they are going to the
 7 Post Office. So that full column there shows the —
 8 THE CHAIRMAN: So this whole diagram is only about what you
 9 call true solus.
 10 A. That is right.
 11 THE CHAIRMAN: Sorry, 59% are going to the Post Office.
 12 A. Yes.
 13 THE CHAIRMAN: Thank you.
 14 MR BEARD: On the right—hand side — I do not know if you
 15 wrote this?
 16 A. It would have been probably myself or Kelly Liu.
 17 Probably Kelly.
 18 Q. Picking up the third bullet, what does that mean?
 19 A. Again, our insight had demonstrated to us that this was
 20 a cost—conscious base, a base that were cognisant and
 21 bothered by our price changes, and so we are saying here
 22 that the way to appeal to these customers and to address
 23 this churn problem would be with price—led deals, they
 24 are attractive to these customers, and/or their churn is
 25 being driven by price—led deals from the Post Office.

21

1 Q. Can we just go over to slide {F/229/29}. This slide
 2 appears in lots of decks, I think. But during the
 3 course of cross—examination, at one point you had a very
 4 brief exchange with Ms Kreisberger about haves and
 5 have nots?
 6 A. Yes.
 7 Q. On this slide we see on the left—hand side the haves,
 8 and on the right—hand side the have nots?
 9 A. Yes.
 10 Q. Could you just explain what the difference between haves
 11 and have nots in this sort of BT terminology is?
 12 A. It is internal language, but we are referring to haves
 13 as being those customers who have our best products, or
 14 are further up our product ladder, so they have faster
 15 speed broadband or have more products like TV and Sport,
 16 and then have nots are the converse, so customers with
 17 fewer lower value products, so we have landline only,
 18 PSTN solus. Naked broadband, which I believe would
 19 refer to solus broadband, so broadband from us with no
 20 line or possibly a separate line from us. Copper
 21 broadband, so kind of our slowest broadband speeds and
 22 TV, and copper and YouView Essential, which would have
 23 been our kind of lowest TV product in our ladder there.
 24 Q. Okay. You picked up PSTN solus as being landline. So
 25 is that the same as SFV?

22

1 A. That is SFV here. It is not specifically —
 2 Q. No, no, that is fine. I was just clarifying.
 3 Can you just explain that column, particularly the
 4 bits below the segmented approach?
 5 A. Below, okay.
 6 Q. Yes.
 7 A. So first of all, we detail — in that column of "PSTN
 8 Solus" we detail the churn rates and the volumes in that
 9 base. Then we look at the offers we would want to
 10 present to those customers. This is — as well as the
 11 gives that kind of apply to all customers, we would also
 12 have additional offers for those groups. We are saying
 13 the headline offer we want to present to PSTN solus
 14 customers is to highlight the sport we have got coming
 15 in our second season of BT Sport and show how that is
 16 free with broadband, so to incentivise broadband, or
 17 possibly, and this is to be confirmed, offer it to them
 18 as free with PSTN — sorry, just with — it says with
 19 PSTN, but we mean just with SFV services.
 20 Then we are also looking at other deals that we
 21 might offer for them. So the shallow deals, upgrading
 22 them to broadband or to Infinity, which is fibre
 23 broadband, and offering that with TV, as well as
 24 targeting UAC. Targeting UAC means looking at specific
 25 prices for our Anytime call products depending on the

23

1 customer's usage, as is explained with the asterisk at
 2 the bottom.
 3 Then finally in that base if we saw high churners,
 4 so amongst those customers if we thought according to
 5 their data they would be likely to churn, then we would
 6 offer them — it says here "copper/fibre boost". I do
 7 not know what the price would be, but I assume it would
 8 very low or free copper or fibre broadband. Our £20
 9 price freeze product, which is referring to Home Phone
 10 Saver.
 11 Q. Can I just clarify one thing. You talked about the
 12 churn rates in the coloured boxes. Can you just explain
 13 what IC and OOC is?
 14 A. Yes. IC is in contract and OOC is out of contract.
 15 Q. Thank you.
 16 A couple of quick other points, not on this
 17 document. Yesterday you confirmed in relation to the
 18 submission to Ofcom that in relation to that
 19 paragraph 168 {C/5/45}, you said you had not seen any of
 20 the Oxera material —
 21 A. No.
 22 Q. — that was referred to in relation to paragraph 168(c).
 23 Did you write that paragraph?
 24 A. No.
 25 Q. Could we just go to document {F/318/1}, please. This

24

1 was the document, it is an exchange of emails, the top
 2 one is from you, dated July 2015, and Ms Kreisberger
 3 emphasised the third point where you were talking about
 4 those approaches, including:
 5 "Changing our notification approach from confusing
 6 and obfuscated (deliberately) to showing customers
 7 a table in their letter with exactly what's happening to
 8 their specific products."
 9 A. Yes.
 10 Q. Could you just explain what you had in mind as the
 11 notification approach and what happened there?
 12 A. The change that we are making?
 13 Q. Yes.
 14 A. Yes. So we improved the granularity of our notification
 15 so that each customer would receive a document that had
 16 a table within it that showed the products and services
 17 they were taking and the increase in the prices of those
 18 products.
 19 Q. So that was being put forward in 2015?
 20 A. Proposed in 2015, and we introduced it for the 16/17
 21 price change.
 22 Q. Thank you. In relation to that, up until that point you
 23 had been providing notifications, you gave evidence
 24 yesterday, and you said yesterday that you showed all of
 25 your notifications to Ofcom before you sent them out?

25

1 A. That is right. So we would — before we did a price
 2 change we would go and meet Ofcom and tell them we were
 3 going to do a price change. We would take copies of our
 4 notifications along to those meetings, and we would also
 5 send copies to Ofcom's call centre. They have a small
 6 call centre to handle complaints from customers so they
 7 were aware of what we were sending to our customers and
 8 they would be equipped to handle any complaints should
 9 our customers make them.
 10 Q. To the best of your knowledge, were any of those
 11 previous notifications changed or criticised by Ofcom?
 12 A. I do not know about criticised, but they were never
 13 considered non-compliant, whereas other CPs who —
 14 communication providers, sorry, who were doing price
 15 changes at the time did at times have to do redo
 16 notifications because they were not considered
 17 compliant.
 18 Q. Let me go to a couple of final documents. {F/479/1}.
 19 So this is "Price Change 1718", so it is a document from
 20 2016. Ms Kreisberger took you to slide 5 when she was
 21 asking you about churn yesterday I think. If we could
 22 just blow that up. {F/479/5}. You have explained
 23 already I think what those churn numbers are?
 24 A. Yes.
 25 Q. Could you just explain the second heading there, "PTC"?

26

1 A. PTC stands for propensity to call, so like the
 2 proportion of customers who will call us.
 3 Q. Right.
 4 A. Do you want me to elaborate on the section below?
 5 Q. No, I think that is fine. I just wanted to clarify
 6 that.
 7 Could we go back to slide {F/479/2}, please. Could
 8 you just explain — sorry, I think you were taken to the
 9 first heading. No, maybe you were not actually. But:
 10 "16/17 strategy of more gives and more pricing has
 11 been successful."
 12 Then the second heading, could you just explain what
 13 that second heading is?
 14 A. "MTP"?
 15 Q. Yes. Well, the whole —
 16 A. Yes, so MTP, medium term plan, assumes we take
 17 152 million in revenue, so less revenue than the
 18 previous year, but also reduces the give budget as
 19 a result, so it increases our overall gross margin take.
 20 So probably to elaborate, if I may, a bit on that?
 21 Q. Please.
 22 A. That means, you know, we would look at the overall gross
 23 margin contribution of the price change as the revenue,
 24 additional revenue to net the cost of the gives that we
 25 were providing each time, so in 16/17 we spent more on

27

1 the gives than in any of the price changes we are
 2 looking at, particularly Care Level 2. So even though
 3 the revenue from the 16/17 price change was higher
 4 because of the cost of the gives, the gross margin
 5 contribution was lower than 17/18.
 6 Q. Could you just go to the fourth of those headings:
 7 "There are other pressures that challenge our
 8 ability to increase prices."
 9 Could you just explain what that is?
 10 A. This is just detailing some of the pressures that we see
 11 in the market. So when considering price changes, we
 12 look at competitor activity on Line Rental if that is
 13 a concern for us. We talked about the effect that
 14 pricing up Voice usage, or Voice calls, rather, had on
 15 usage.
 16 Also something here called "paid/free mix" of the
 17 number of calls being made at chargeable times rather
 18 than in inclusive packages. So the more we put prices
 19 up there, the more we saw usage decline. The more we
 20 saw the usage that was happening, happening for free
 21 rather than paid, and both of those were commercially
 22 destructive.
 23 "Aggressively ..." so we are seeing a lot of
 24 aggressive pricing in the broadband market, so again
 25 that is a concern for us when we consider price changes

28

1 to our line and broadband products.
 2 Then "Regulatory pressure on solus", which is
 3 a reference to Ofcom's investigation of landline only
 4 customers.
 5 Q. Thank you.
 6 Could we just go to slide {F/479/7} quickly. Could
 7 you just explain what we are seeing in the table. Let
 8 us just stay on the left-hand side for the moment.
 9 A. (Pause). Okay, yes, so this is the revenue contribution
 10 in-year of each price change and each aspect of it to
 11 the P&L, then netted out with the gives to give the
 12 total gross margin contribution of the price change.
 13 Again, I am pretty sure that is an in-year number.
 14 Q. Thank you. I am not going to go through ...
 15 THE CHAIRMAN: Just pause there for one moment.
 16 MR BEARD: I apologise. We will be coming back to these
 17 tables in due course, I am sure.
 18 THE CHAIRMAN: Yes.
 19 MR BEARD: I think I took you to them in opening, but ...
 20 (Pause)
 21 THE CHAIRMAN: Yes, thank you.
 22 MR BEARD: Just so we understand it, on the right-hand side
 23 you see -- I am just going to take this as an example --
 24 "1516 actual", and you have a series of numbers. Then,
 25 below that, "Customer groups", "1516 actual", solus,

1 dual, triple, triple plus Sport, which I think you said
 2 yesterday is sometimes called quad play.
 3 A. Yes.
 4 Q. So is it right, because this is what the maths looks
 5 like, that for solus customers you are effectively
 6 accumulating the £1.45 increases when you total up the
 7 increase for the solus customer group?
 8 A. That is right, yes.
 9 Q. Is that what applies for each category of customer that
 10 you are dealing with in that customer group?
 11 A. I think so, yes, yes.
 12 THE CHAIRMAN: The £0.45 for Voice ...
 13 A. That would be calls, calling plans and features.
 14 THE CHAIRMAN: Yes.
 15 MR BEARD: So for broadband, for example, where we see
 16 £2.27, that is the sum of £1, 45p and 82p?
 17 A. That is right.
 18 Q. That was slide 7.
 19 Do you recall -- I think this was 2017, this
 20 document, but you do you recall what the price change
 21 actually was in relation to Line Rental in January 2018?
 22 A. We did not change the price of Line Rental in 2018.
 23 Q. Thank you.
 24 Ms Kreisberger took you to paragraph 23 of your
 25 second statement where you talked about -- where you

1 explained how you wanted to monitor churn rates more
 2 methodically. Can we just call that up at {D/2/6}.
 3 I am just reminding you of the evidence you were taken
 4 to.
 5 A. Yes.
 6 Q. Then she went to some documents concerning what you have
 7 referred to as GC9 churn?
 8 A. Yes.
 9 Q. It was put to you, I think, that measuring GC9 churn or
 10 ceases was the new methodical approach to churn, and you
 11 said you did not think that method necessarily was the
 12 new methodical approach. Do you recall that?
 13 A. Yes, I do.
 14 Q. Can I ask you to just read paragraphs 25 and 26 of your
 15 statement, which is further down that page. (Pause)
 16 Footnoted there is document {F/393/1}. I am just
 17 going to go to that document. This is actually
 18 a spreadsheet you refer to. I think this is only
 19 a snapshot, I imagine it is a much bigger spreadsheet,
 20 but starting at the top it says "Weekly cessations", and
 21 then it has "Week End Dates", and on the left-hand side
 22 "Solus Voice". Could you just explain what the solus
 23 Voice and the next three rows are?
 24 A. Solus Voice would be SFV, and then the next three rows
 25 will be dual play, so bundle customers, customers with

1 broadband and with and without sport, so I think it is
 2 looking at, yes, those broadband customers with sport
 3 and without sport. It is hard to tell, sorry.
 4 Q. Thanks.
 5 A. Then other similar categories going down.
 6 Q. So just when we get -- if we move across one column, it
 7 is probably self-explanatory, but what are we seeing in
 8 each of the broad rows in those three row breakdowns?
 9 A. So you are seeing the total number of cessations, the
 10 number of ceases we saw from that cohort in the week.
 11 We are looking at the mean population during that week,
 12 so the size of the base. Then an annualised churn rate.
 13 That is not -- for example, if we take column B/C, that
 14 is not saying that 15,000 is 21% of nearly 4 million.
 15 Clearly it is not. But it is looking at that
 16 annualised, and then looking at that as a percentage of
 17 the overall base.
 18 THE CHAIRMAN: Oh, I see. Just a moment. (Pause). Yes.
 19 MR BEARD: Was this the new methodology for monitoring
 20 churn?
 21 A. This, and actually the next tab along which goes into
 22 much more detail.
 23 Q. Okay, can we just go to that. Thank you.
 24 A. So this tab breaks out that line we just looked at into,
 25 for all of those solus Voice customers, the reasons for

1 their churn, which are listed down column B. Then the
 2 proportion of ceases in each week that were allocated to
 3 each of those churn categories.
 4 Q. I think "Bereavement" is the second row?
 5 A. Yes.
 6 Q. Then if we go down, the next big figure is in the row
 7 "LLU losses". Could you just explain what that is?
 8 A. Yes. So LLU stands for Local Loop Unbundling, and it
 9 was -- I do not know how to refer to it, I am not great
 10 on the technical elements here, but a way in which the
 11 likes of TalkTalk and Sky were providing their services.
 12 So certainly losses to those competitors would and could
 13 have been classed in that group.
 14 Q. If we could just scroll down a little further. In the
 15 penultimate row it says "WLR losses".
 16 A. Yes.
 17 Q. Could you just explain what those are?
 18 A. So that would be losses where the customer moves to
 19 another WLR provider, for example, the Post Office.
 20 WLR, sorry, is Wholesale Line Rental, which is the
 21 product we were buying wholesale to provide the landline
 22 service.
 23 THE CHAIRMAN: Really it just means a simple landline.
 24 A. It does mean that in this context. But you could also
 25 be a broadband customer -- it would not be in this

1 spreadsheet, because this is just SFV customers, but we
 2 would have broadband customers who were classed as WLR
 3 losses too if they went to the Post Office or another,
 4 again, provider who bought wholesale Line Rental.
 5 MR BEARD: So this is effectively categorising the
 6 competitors that people are shifting to.
 7 A. That is right. You will see cable losses in there, for
 8 example, which is moved to Virgin Media predominantly,
 9 because they are a cable provider.
 10 Q. Right.
 11 MR DORAN: This is still taking a weekly loss and then
 12 annualising it?
 13 A. No, these percentages are looking at the churn figure
 14 for that week, and then --
 15 MR DORAN: The proportion of that.
 16 A. That is the population, and then allocating over ...
 17 MR BEARD: I do not have any further questions for the
 18 witness in relation to the documents he has been shown.
 19 I understand the Tribunal does have some questions.
 20 THE CHAIRMAN: Yes.
 21 MR BEARD: So, Mr Bunt, if you could wait there for the
 22 Tribunal's questions.
 23 THE CHAIRMAN: Just give us one moment, please. (Pause).
 24 Questions by THE TRIBUNAL
 25 THE CHAIRMAN: Thank you. We are going to start with some

1 questions from Mr Ridyard.
 2 MR RIDYARD: I have a couple of questions on gross margins
 3 and targets, and then some questions after that which
 4 will be on the incentive to trade consumers up from
 5 Voice Only to bundles.
 6 On the gross margin targets, it has been mentioned
 7 at various points in your evidence, but can you just
 8 remind us what the structure of those gross margin
 9 targets are? Did you have a separate gross margin
 10 target for Voice -- or, rather, did BT Consumer have
 11 a separate gross margin target for Voice and for
 12 broadband?
 13 A. Yes, BT Consumer would have been given an overall gross
 14 margin target broken down by the various components of
 15 the Consumer P&L, so there would have been a specific
 16 Voice GM target, yes.
 17 MR RIDYARD: Would there be a specific gross margin target
 18 for SFV customers?
 19 A. No. There would have been gross margin targets for the
 20 elements in the Voice P&L, so there would have been for
 21 Line Rental, for call revenue, for calling plan revenue,
 22 for calling features, and in each case that would have
 23 been a representation of the full --
 24 MR RIDYARD: Everyone who took those products. Okay.
 25 Can you give us an impression of what was happening

1 to your gross margin targets over the years that were
 2 relevant to this claim? Was it going up and up, or ...
 3 A. I would have to look at some documents to recall in
 4 detail, but I think it was sort of trying to be kept
 5 flat, is my general impression, certainly on calls and
 6 call rates and I think on Line Rental as well. So the
 7 objective was to try and still achieve a kind of
 8 circa -- and this is very, very rough -- so 1.5 billion
 9 gross margin return on the Voice P&L, so trying to
 10 maintain those margin levels on calls and on lines as
 11 the base declined.
 12 MR RIDYARD: Yes, okay. Thanks.
 13 I am going to switch to the question of encouraging
 14 consumers to trade up from Voice Only to bundles. You
 15 said actually again this morning a couple of times that
 16 it was always beneficial, profitable, for you to get
 17 people to make that switch, but can you just take me
 18 through that a bit.
 19 Let us say I am a Voice Only Customer and you are
 20 getting £300 a year out of me for my annual bills. What
 21 do you gain and what does it cost you to get me to trade
 22 up to a bundle?
 23 A. Fine. So I am not fluent on the input costs of ADSL,
 24 copper broadband, but they were relatively low. So
 25 taking our entry level broadband product, unless you

1 were taking it for free, if you were taking it for a few
 2 quid or more, and we were selling that for up to I think
 3 about £10, that would have been a margin—accretive
 4 product for us.
 5 MR RIDYARD: Take it slowly. So there would be an extra
 6 cost to you, then. You are talking about the costs
 7 here, yes?
 8 A. Well, both. So we would incur an extra cost from
 9 Openreach for each additional broadband provision, but
 10 we would also, in almost all cases, get additional
 11 revenue too, because we would charge for that product.
 12 If we did offer it for free, often it would be offered
 13 for free on a time—limited discount. So we might offer
 14 a customer 12 months' free broadband, as an example.
 15 For those 12 months that would be offered at a loss. We
 16 would be paying Openreach for service and not getting
 17 any revenue. Thereafter, the customer would move to
 18 a chargeable rate and that would be more profitable.
 19 Then as you go through the tiers of broadband, so faster
 20 speeds, and better technology in the case of fibre,
 21 again our pricing was laddered such that we were making
 22 margin on each of those products, and actually, to the
 23 best of my recollection, growing margin as we went
 24 through.
 25 MR RIDYARD: Let us say — take it gently — I am just

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1 trading up to the basic broadband. So can you give me
 2 an indication of what extra, how much extra you are
 3 getting out of me in terms of revenue?
 4 A. Probably, in terms of revenue, an estimate, because it
 5 was not my P&L, probably £7/8, something like that so £5
 6 to £10 would be the entry level price.
 7 MR RIDYARD: Per month?
 8 A. Per month. So based on your annualised — I do not
 9 know, more like another £100 a year, or something of
 10 that order. Then in margin terms, again, I cannot
 11 recall in detail what ADSL copper broadband was costing
 12 us, but I think it was very low, like £1, that kind of
 13 rate, so it would have been similar in terms of margin
 14 as well, obviously minus £12, or whatever, something
 15 like that.
 16 MR RIDYARD: Is that the only cost that matters to —
 17 A. No, there are other costs we would incur, certainly. So
 18 we would have additional costs to serve those customers.
 19 There would be a connection cost for the broadband.
 20 There would be what we call a CPE cost; I actually do
 21 not know what CPE stands for, but it means the hub, the
 22 broadband hub we send the customer. There would be —
 23 Openreach would in almost all cases need to visit the
 24 premise or visit the street to connect it, so that truck
 25 roll would cost us money as well. So it is possible

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1 that even within that first year we would incur other
 2 costs that might neutralise that revenue upside, but
 3 certainly, over time, each sort of incremental month,
 4 where the customer is now paying just for rent, or maybe
 5 slightly more likely to call us with fault issues, there
 6 may be some other costs we would incur there, but
 7 certainly not commensurate to the level of revenue we
 8 would be getting.
 9 MR RIDYARD: You say "certainly", but how much did you think
 10 or take into account these other — put the set—up costs
 11 to one side, but the other —
 12 A. Sure. These SG&A costs and things like that?
 13 MR RIDYARD: Yes.
 14 A. Because of the way the P&Ls were constructed, not
 15 a great deal in the — say in the Voice propositions
 16 team, or probably even in the broadband propositions
 17 team, although I did not work in that team, apart from
 18 that brief period in 2016, we would look pretty closely
 19 at the gross elements of margin for us but not those
 20 other impacts. There was a separate P&L for sales and
 21 service, for example, that would look at the cost of
 22 running the call centre, and their budget at the start
 23 of the year was negative, but because we were not going
 24 to make money from our call centre that is a cost in the
 25 business, so it was kind of incrementally apportioned in

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1 that way.
 2 MR RIDYARD: Okay. Let me just briefly look at my notes.
 3 THE CHAIRMAN: While you do that, on that very question, on
 4 SG&A, for example, you said you incrementally
 5 proportioned it.
 6 A. Did I say that? Sorry.
 7 THE CHAIRMAN: You said:
 8 " ... so it was kind of incrementally apportioned in
 9 that way."
 10 The cost of running the call centre was negative,
 11 because you were not going to make any money from it,
 12 "so it was kind of incrementally apportioned in that
 13 way."
 14 A. Well, sort of in order to answer the question, that was
 15 what I was doing. We did not do that, to be clear. So
 16 the broadband team looked at the gross elements of — so
 17 input costs from Openreach, connection costs, etc., they
 18 would not look at marketing costs or SG&A costs, those
 19 types of things. In order to kind of answer the
 20 question as I thought I was asked, I was trying to
 21 incrementally apportion it. But, no, those P&Ls were
 22 kind of separate increments.
 23 MR RIDYARD: Does that make sense, though? Because if I do
 24 trade up to the broadband, I am more likely to have
 25 problems and then hassle the call centre people with my

40

1 problems.

2 A. That is definitely true, so there would -- you know,

3 I do not know in detail how the sales and service P&L

4 would have calculated likely costs, and I assume there

5 would be a relationship between volumes by product and

6 propensity to call, but I do not know in detail how they

7 bill that, I am afraid.

8 MR RIDYARD: Because you seem to take it as a sort of an act

9 of faith. You seem very clear that in your mind that it

10 is always beneficial to you to get people to trade up,

11 but I just wondered whether, taking these costs into

12 account, that might not actually be the case if you do

13 the maths?

14 A. I understand the question. Certainly that was the kind

15 of rhetoric internally, so people who were across those

16 P&Ls were of that view. So Finance, our more senior

17 team on -- for example, our commercial MD would

18 certainly be driving broadband uptake. It was

19 absolutely the internal philosophy.

20 I personally, as someone working almost entirely on

21 the Voice P&L, was not across that, but absolutely that

22 was the internal assumption/rhetoric at the time. But

23 you are right, I am not across the detail on it.

24 MR RIDYARD: Then what about the risk that the act of me

25 looking to change my account might suddenly get me

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1 interested in telecoms and I might start calling up Sky

2 or TalkTalk as well. Is there a sort of poke the bear

3 problem here?

4 A. So possibly, to be direct. But I think the maths in the

5 business was that engaging customers with offers acting

6 first and compelling them to engage would be more

7 effective. But it is true that we did not -- we used

8 that, particularly outside of a price change where we

9 have to write to everybody, in the kind of BAU run of

10 things during the year we would target our retention

11 efforts at customers we thought more likely to churn.

12 So perhaps they were more likely to already be

13 undertaking that kind of search you referred to,

14 therefore less to lose in that regard, and also more to

15 gain from us, because there is a higher risk that they

16 will act if we do not.

17 MR RIDYARD: Yes, okay.

18 Then I think my last question on this was: after

19 2018 and the commitments, at that point as a Voice Only

20 Customer I am less profitable to you.

21 A. Absolutely.

22 MR RIDYARD: Therefore, on the face of it, you should be

23 even more keen to get me to sign to a bundle. So did

24 you increase -- is there evidence that you increased

25 your efforts, or how did you react to that increasing

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1 gap between the Voice Only and the bundle price --

2 A. I understand.

3 MR RIDYARD: -- and the profits --

4 A. First of all, when the commitments were impending, so

5 before they had come in, which I think is almost a sweet

6 spot for this point, we definitely increased our efforts

7 to those customers to try and encourage them to take

8 broadband. After that point, I would have to check for

9 the detail, but I would certainly imagine you would

10 expect those campaigns would become less effective,

11 because the cost for the customer has improved by £7,

12 and therefore less efficient, and given the contention

13 on marketing spend, and our desire to write to lots of

14 different customers and achieve lots of aims, my view

15 would be that we would be less likely to get priority

16 for those reasons, you know, as we looked to prioritise

17 how we spend our marketing budget, but I do not know in

18 detail how campaigns were formed.

19 MR RIDYARD: Thank you. I think that was all I had.

20 THE CHAIRMAN: Thank you.

21 Let me just begin by taking up some of the points

22 you have just been dealing with now. You have got

23 a distinct revenue target for Voice --

24 A. Yes.

25 THE CHAIRMAN: -- within the Consumer division.

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1 A. That is right.

2 THE CHAIRMAN: Were you then saying just earlier on that you

3 would actually have a revenue target for Line Rental and

4 individual elements?

5 A. Yes. So the overall revenue target, which was about

6 2.5 billion, again, roughly the size of the P&L,

7 1.5 billion gross margin, was then broken out into

8 a series of lines. One of those lines was Line Rental.

9 THE CHAIRMAN: You have to distinguish the revenue targets

10 that were coming from sort of up there, and your own

11 MTP, your medium term planning, because did that not

12 involve a budget as well?

13 A. They are the same in the sense that we go through

14 a medium term planning process into which we would input

15 or work with teams to create inputs of volume and ARPU.

16 That would roll up into an overall budget that would be

17 agreed. So then, when I am referring to those targets,

18 they are from MTP.

19 THE CHAIRMAN: Does that mean the Finance division, or

20 whichever it was above you, as it were, which is setting

21 the targets, would actually be setting a target for Line

22 Rental revenue distinctly?

23 The reason I ask is because it seemed to me, from

24 what you were saying when we were looking at individual

25 documents and your witness statement, and indeed

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1 Mr Cackett's witness statement, that Voice would have
 2 a revenue target and it would have to work out how to
 3 meet that target, and there are lots of different ways
 4 in which that could be done. You focused on the
 5 contribution to that target that Line Rental increases
 6 would make. I will ask you about that in a minute.
 7 I understand that.
 8 But I thought you have obviously got your existing
 9 Line Rental income, you decide whether or not you are
 10 going to increase it, but I did not appreciate that
 11 there was also a Line Rental revenue target.
 12 A. I understand the point now, sorry. So I actually do not
 13 know whether each line will be counted as a target or
 14 if, ultimately, Finance will be satisfied as long as we
 15 hit the bottom line.
 16 THE CHAIRMAN: Yes, but from your awareness --
 17 A. From my perspective, we would go into the year knowing
 18 that in order to meet that big number at the bottom,
 19 there were various components in our P&L that would
 20 attribute different amounts, and we had forecast, in
 21 order to build that budget, at a -- in those lines. So
 22 what will our volume of lines be? What will our ARPU
 23 from lines be? What will that equate to, and so on,
 24 line by line. So we built it bottom-up, submitted that
 25 to Finance, had challenge on it in the kind of standard

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1 budgeting way. Then we would get back absolutely that
 2 bottom number, but also a kind of structure whereby we
 3 are aiming to hit it, but it would certainly have been
 4 fine. If we hit the bottom number and we are slightly
 5 down on Line Rental revenue and slightly up on calling
 6 plan revenue, the ultimate objective is to hit the
 7 bottom line.
 8 THE CHAIRMAN: Yes. Dealing with that in a little more
 9 detail, we have got your Annex 2 to your witness
 10 statement which you have probably got in hard copy
 11 there.
 12 A. I do.
 13 THE CHAIRMAN: I want to ask you some questions about that.
 14 We know that from 2014 up to, let us just take
 15 Voice Only for a moment, up to 2017, it was
 16 a year-on-year £1 increase as far as Line Rental is
 17 concerned.
 18 A. Until 2016, yes.
 19 THE CHAIRMAN: Until 2016 yes. {D/2/47}. This is something
 20 I think you reflected later on, when you said you
 21 thought it was becoming something of a drug to which
 22 people were being addicted.
 23 A. I do refer to that, yes.
 24 THE CHAIRMAN: Was there actually much thought given over
 25 that period, given your observations about it, as to

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1 whether it should be increased? Because the impression
 2 that appears to be created, it is almost a given there
 3 is going to be a £1 a year increase, then you see how
 4 much that contributes, taking into account revenue from
 5 the increase, but taking into account the churn that
 6 would be produced as a result of it. Then you have lots
 7 of other things to fiddle around with. Is that a fair
 8 characterisation?
 9 A. If I could elaborate a bit on it?
 10 THE CHAIRMAN: Yes.
 11 A. So first of all, we would set our medium term plan based
 12 on what we did the previous year. So when you begin the
 13 process, the default assumption is what have you done
 14 previously? I think you do see in the documents lots of
 15 conversations about other options, both higher and
 16 lower, on Line Rental. Options to increase it by a year
 17 as much as £2 in some cases, or £1.30 I think in the
 18 16/17 price change, and also conversations about locking
 19 customers in for longer in exchange for lower or fixed
 20 Line Rental prices.
 21 But the default where we started from was that
 22 build, and then we would question against that, rather
 23 than starting from a blank sheet of paper.
 24 THE CHAIRMAN: Right. Was there a similar default, I mean
 25 obviously in the sense that you are going to see what

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1 you did the year below, was there a default which was
 2 quite as firm for call charges, for example?
 3 A. The percentage number, so the 6.49% which becomes 6.94%,
 4 for example, in that year, that starts with an
 5 assumption of 6.49% and we change it. So, yes, similar.
 6 What did you do last year? We roll that forward, and
 7 then we would evaluate that, critique that, change it in
 8 many cases, but not in all cases, during the development
 9 of the price change strategy.
 10 THE CHAIRMAN: Right. In that context, and we do not need
 11 to go back to the document, the one where you were
 12 saying people were getting too addicted to this, the
 13 language does not matter. So you were not
 14 recommending -- your own view at the time was not to
 15 recommend another £1 increase?
 16 A. I think in our team we saw our role as challenging the
 17 orthodoxy on it and being that critical Voice. So, yes,
 18 that is what we are -- we are trying to provoke that
 19 conversation, yes.
 20 THE CHAIRMAN: You are the ones -- you are more than just
 21 a critical Voice, are you not --
 22 A. Yes, true.
 23 THE CHAIRMAN: -- because you are not just there as
 24 a bystander making useful comments, you have the task of
 25 trying to achieve the revenue that is being set.

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1 A. Yes.
 2 THE CHAIRMAN: We know that the £1 increase did occur.
 3 A. Absolutely.
 4 THE CHAIRMAN: Can you just take me through what happened
 5 there. That is your perception?
 6 A. Yes.
 7 THE CHAIRMAN: Were you a Voice crying in the wilderness or
 8 am I being too simplistic?
 9 A. I think actually what we saw was a kind of collective
 10 hand-wringing, so not just within my team but actually
 11 with the senior members of the CLT to whom we were
 12 presenting this, but also an absence of a better plan.
 13 So I think if we had a really — a great idea to drive
 14 significant revenue margin growth with controlled
 15 impact, a better way of doing it, and I think we were
 16 keen to find one, but we did not have a better idea.
 17 THE CHAIRMAN: I follow that. But just take me through, if
 18 you can remember, what is the process here. Because you
 19 have expressed a view, and you say you were not alone in
 20 what you were saying, from your part of the Consumer
 21 division, so then what happens? Because someone is
 22 going to have a discussion about that.
 23 A. Definitely.
 24 THE CHAIRMAN: Where would that be?
 25 A. You see the kind of volume of papers on these that we

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1 are taking to senior leaders, so we are — not always,
 2 by the way, to the CEO, sometimes just to the MD of
 3 commercial. But we are having a series of meetings, and
 4 we start in that first meeting with what does the MTP
 5 say? Then what are our kind of more strategic concerns
 6 against that? So we are having that debate, that
 7 conversation. We have got a target over here, this is
 8 the kind of default on how to meet it, we have these
 9 concerns. Then we are evaluating other options to
 10 achieve it differently.
 11 We are not going to documents, as you said. But,
 12 for example, there are reams of pages of ideas that we
 13 bring to those meetings to generate revenue through
 14 price changes. None of them are as big in scale, but
 15 there are lots of small ideas that, added up, can
 16 contribute a reasonable amount and perhaps allow us to
 17 increase Line Rental by a smaller amount, as an example.
 18 So we would have those debates with senior figures,
 19 go away and have a look at the plan again, and generally
 20 my experience of that, to be — candidly, is at the end
 21 of that process a couple of the grown-ups would have
 22 a conversation, come to a view, and tell us what we were
 23 going to do. But we would keep sort of bringing ideas,
 24 and often be encouraged to bring more ideas. We would
 25 have those conversations. But ultimately then everyone

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1 would leave the room, the grown-ups would discuss, and
 2 then would come to a view.
 3 THE CHAIRMAN: In fact what the grown-ups did in these
 4 discussions, obviously, if you were making a different
 5 suggestion, is saying: no, the £1 Line Rental stays.
 6 A. Yes.
 7 THE CHAIRMAN: The increase stays.
 8 A. 100%.
 9 MR DORAN: Sorry, can I just ...
 10 Was there a discussion about a reduction in Line
 11 Rental? Because we touched upon this at the end of
 12 yesterday, and you talked about the difficulty in
 13 differentiating across the Voice —
 14 A. Yes. So if you are talking about specifically for SFV
 15 customers or VOCs, absolutely not, because essentially
 16 the default was we cannot, we only have one price for
 17 it. So we looked at it from that perspective.
 18 MR DORAN: In IT terms, you mean — sorry, there is a subset
 19 which you could identify, which are those who are Split
 20 Purchase Customers —
 21 A. (Overspeaking — inaudible)
 22 MR DORAN: — but have got broadband —
 23 A. (Overspeaking — inaudible)
 24 MR DORAN: — you can identify them as a subset?
 25 A. Yes, I think you could.

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1 MR DORAN: Those were perhaps most likely to switch, I do
 2 not know, you will tell me, because they were with you
 3 but conscious about broadband and potentially open to
 4 offers elsewhere?
 5 A. Okay, so those who had — just to be clear, do you mean
 6 those who like had broadband from Plusnet and a line
 7 from us, or both?
 8 MR DORAN: You would be able to identify both sets,
 9 whether —
 10 A. We would. So a couple of points I think to clarify.
 11 First of all, the IT default was that we could not
 12 differentiate so we would have had to have intervened to
 13 do that. Ultimately we were able to make that
 14 intervention.
 15 MR DORAN: Ultimately you did or when required?
 16 A. We did. When we are looking at it, it is not only
 17 whether it is worth doing but also the kind of
 18 additional intervention we have to make to get there, so
 19 it was not really considered.
 20 Then on the particular point of the likelihood to
 21 switch of those groups I think that split supply, so
 22 those customers who are taking broadband from us and
 23 a line from us separately, are quite a strange group,
 24 right, there are some strange behaviours there. There
 25 are a lot of ex-employees there who previously have

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1 a landline paid for and then get a free employee
 2 broadband product. So there is a slightly different
 3 behaviour set there. But it is definitely possible
 4 because those customers were paying above average dual
 5 play prices when you added up the two components. They
 6 would be encouraged to go to the market.
 7 MR DORAN: They were the functional bundle.
 8 A. Yes. I do not know in detail whether we wrote to them
 9 as a specific cohort. We would have been able to
 10 identify them, absolutely. Whether we wrote to that
 11 cohort specifically to try and move them on to dual play
 12 bundles rather than risk those competitive losses I do
 13 not know specifically on that. That would have been
 14 probably a broadband team decision.
 15 But more generally, yes, we could have identified
 16 them. They are a slightly strange group.
 17 As for the ones with Plusnet, probably paying a more
 18 competitive price because Plusnet broadband only is very
 19 affordable and we have got both ends of the game. So
 20 the kind of most likely place they are going is either
 21 to consolidate with us or to consolidate with Plusnet so
 22 less of an incentive to engage them.
 23 MR DORAN: Sorry, are you finished? I have one more
 24 question.
 25 THE CHAIRMAN: I know, so if you want to ask your question

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1 and then I will come back and we will take a break after
 2 that question. Of course.
 3 MR DORAN: In a sense that slide that we were taken to which
 4 is {F/284/6}. It might be just helpful. It is
 5 something you have seen. It is this reference to the
 6 drug etc.
 7 A. Yes.
 8 MR DORAN: In a sense, you had recognised that this
 9 potentially helped. The words here are "significant
 10 headroom for competitors", which I take to mean it does
 11 not put competitive pressure on competitors.
 12 A. Yes, I see what you mean; yes, I understand what you are
 13 saying.
 14 MR DORAN: So it is a curious, a slightly curious way to
 15 compete.
 16 A. It is. I understand the question.
 17 MR DORAN: If I put it no higher than that.
 18 A. So we are competing incredibly hard I think in all areas
 19 here but what is happening here is we are under that
 20 pressure to hit the MTP. We are looking at mechanisms
 21 that allow us to do that and retain competitive pricing.
 22 This is happening in a world where an advert for
 23 broadband says £5 plus Line Rental in small letters with
 24 the price of Line Rental, and so the strength of our
 25 competitiveness on broadband is not proportionately

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1 decreased versus the kind of increase in the price
 2 change. So it is a smarter way for us to increase
 3 the price, for us maintaining a really keen broadband
 4 price.
 5 In terms of our base in these same decks we are
 6 talking about the effectiveness of products like Home
 7 Phone Saver and dealing with the SFV base and the churn
 8 that we are seeing there which is a key concern. So we
 9 are trying to address this in different ways.
 10 MR DORAN: So the Home Phone Saver is a reduced margin but
 11 it retained those who might otherwise —
 12 A. Yes, it was very effective.
 13 MR DORAN: It was £9 or £10 off and £4 or £5 down was the
 14 balance or something from that slide. We can find the
 15 slide somewhere.
 16 A. I understand exactly what you mean, yes. Where we kept
 17 a customer who would otherwise have switched it was £10
 18 ARPU upside.
 19 MR DORAN: About a fiver down.
 20 A. Where we kind of cannibalised customers who would not
 21 otherwise have left, cost us a bit, exactly. So where
 22 we are targeting that at customers we think are likely
 23 to churn, that is a very effective product for us.
 24 MR DORAN: So actually what you are describing is a bit of
 25 a tightrope along which you have to walk —

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1 A. Absolutely.
 2 MR DORAN: — in, whatever we say about Voice Only, in a
 3 ferociously competitive bundle market —
 4 A. Absolutely.
 5 MR DORAN: Okay, thank you.
 6 THE CHAIRMAN: We will take a break.
 7 (11.51 am)
 8 (A short break)
 9 (12.05 pm)
 10 THE CHAIRMAN: Mr Bunt, I want to ask you some questions now
 11 on your Annex 2, and I am hoping we will not have to go
 12 back to some of the underlying documents we were looking
 13 at {D/2/47}.
 14 First, if we can go to January 2017 where you have
 15 got:
 16 "Line Rental frozen.
 17 "£2.50 fibre ..."
 18 So that was the price increase on fibre broadband?
 19 A. Yes.
 20 THE CHAIRMAN: But is this an example — first of all, this
 21 is "Line Rental frozen". This is before the commitments
 22 had been put in place?
 23 A. That is right.
 24 THE CHAIRMAN: Can you just remind me why on this occasion
 25 there was not a price increase?

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1 A. So I should point out I am in a different role during
2 the planning of this.

3 THE CHAIRMAN: Right. Is this something which is more the
4 province of Ms Blight? I do not think she was there —

5 A. No.

6 THE CHAIRMAN: — because I think she had gone by 2016.

7 A. That is right. I am sure we are conscious of the
8 ongoing review, though. We have already had
9 conversations with Ofcom at this point about a Line
10 Rental price freeze, and even a price down before this
11 price change comes in, so I am sure that is in our
12 minds.

13 THE CHAIRMAN: That was my thought, that by this stage you
14 had already got Ofcom making noises and things like
15 that —

16 A. Absolutely. We would not be proceeding —

17 THE CHAIRMAN: You could not do that because of that.
18 Thank you. That is helpful.
19 That would be the same, presumably, for your
20 following — the November 2017, January 2018?

21 A. I expect so. Because when we are planning it, even
22 though technically by the time we have executed it we
23 have already reached an agreement —

24 THE CHAIRMAN: Yes, thank you.

25 A. — while we are planning it, that would have been

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1 uncertain, yes.

2 THE CHAIRMAN: Thank you.
3 Then going into 2018 of course the commitments are
4 now in place, as far as Voice Only is concerned.

5 A. That is right.

6 THE CHAIRMAN: There is an increase of £1 in Line Rental and
7 £2.50 on broadband, but I think was it not the case this
8 was where you showed us a document where, although you
9 would think that you were adding £1 and £2.50 to make
10 £3.50, in fact although there was a £1 Line Rental, in
11 effect the broadband bit is going to come down to £1.50,
12 so it is a £2.50 total.

13 A. Yes, and that is because, as a result of the ASA, we
14 have changed the configuration of our products. They
15 look different on the customer's bill. They no longer
16 have the two assets; if they are a broadband customer
17 they have a single asset that has gone up by £2.50.
18 That asset is comprised of Line Rental and broadband.
19 The Line Rental component has gone up by £1, as we saw
20 in the Tariff Guide, and therefore the broadband
21 component by the remainder, yes.

22 THE CHAIRMAN: The real difference between the Line Rental
23 element on Voice Only, well, including, let us say, the
24 Split Purchase Customers as well — split purchase as
25 well, and the bundles, is that if you increase the Line

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1 Rental on the Voice Only charges, that is going to
2 filter straight through to the price payable, the
3 overall price payable.

4 A. For Voice, for SFVs?

5 THE CHAIRMAN: Yes, SFVs.

6 A. Yes.

7 THE CHAIRMAN: It is not necessarily the case for the
8 bundles because you can always do something with the
9 broadband increase or increment.

10 A. So in the September 2018 price change, that is
11 completely correct. Prior to that, it was not the case,
12 because there were those two assets on the bill. So if
13 you put up the Line Rental price in 2016, the customer
14 will see that — the bundle customer will see that on
15 their bill very clearly going up, the £17.99 to £18.99.

16 THE CHAIRMAN: Yes. But I meant as a matter of economics.
17 A. Right.

18 THE CHAIRMAN: You have got an extra bit, a significant bit
19 to play around with in terms of the bundle —

20 A. (Overspeaking) In terms of overall impact, yes.

21 THE CHAIRMAN: You can alter the margin —

22 A. (Overspeaking) You can freeze it.

23 THE CHAIRMAN: Exactly.

24 A. There was variety in 2016, for example, because
25 customers saw more and less, yes.

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1 THE CHAIRMAN: Regardless of what the customers saw, again,
2 if you simply look at what your overall revenue is from
3 a bundle, and how you compete, you have got another
4 significant element to play with which is the broadband
5 charge.

6 A. Definitely.

7 THE CHAIRMAN: I mean, to some extent it almost seems that
8 you say, well, if you increase the Line Rental across
9 the board, that is what your systems would make it do.
10 You could not change the Line Rental increases from one
11 to the other.

12 A. Until the ASA changes came in, yes, I could not — none
13 of the price changes up until July 2016, and actually
14 even actually beyond, but certainly until the
15 September 2018 one, could we or did we differentiate who
16 got the Line Rental price, everyone got it, and we would
17 have had to intervene in order to change that.

18 THE CHAIRMAN: That is what I meant. Because of the way the
19 system operated —

20 A. (Overspeaking) The default is —

21 THE CHAIRMAN: The technical — exactly. Right, thank you.
22 What then happens going forwards, looking at
23 January 2019, all prices were frozen?

24 A. Yes.

25 THE CHAIRMAN: Can you explain what that was?

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1 A. Definitely. So we had a change in leadership
 2 in September 2017, and I acknowledge there is still
 3 a price change after that, but they are still finding
 4 their feet, getting on top of things, and they determine
 5 that the rates of churn driven by pricing, and this is
 6 not exclusive to SFV customers but across the board, are
 7 too high. That leadership, Mark and his team, many of
 8 whom have come from a mobile context, so Mark Allera was
 9 the CEO of EE, and then the CEO of EE and BT's Consumer
 10 divisions. In mobile, index-linked pricing is
 11 commonplace, so -- and had been since about 2014.
 12 So the way they did their revenue increases via
 13 price changes was that they were written into customers'
 14 contracts. So you are aware at the time you sign up
 15 that your price will increase on a certain date, by
 16 actually in those days by RPI, we moved to CPI, and
 17 therefore you do not see the same churn event that we
 18 were seeing in price changes. Yes, there is the actual
 19 churn that we see, but there is also all the customers
 20 to call to churn who we change their mind with
 21 a competitive deal, things like that, which requires
 22 resource. You see all the competitor activity at the
 23 same time in the market. There is much less of that in
 24 the mobile space when executing price changes.
 25 So they wanted to move us to the CPI model, you will

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1 see, in April 2020, and to do that you need to change
 2 customers' terms, and to make that change, without
 3 having to give customers the right to cease to make the
 4 change, you change your front book terms. So your go
 5 forward terms for anyone transacting, either new
 6 customers joining or existing customers re-contracting,
 7 those terms change. So you need to give yourself a bit
 8 of time to get a significant proportion of your base
 9 onto those terms.
 10 That is why, both to reduce the churn, and to allow
 11 the CPI mechanic to embed in those customers' terms, we
 12 did not change prices in 2019. That was a significant
 13 investment because the MTP would have assumed that price
 14 change.
 15 THE CHAIRMAN: Yes, because at that stage would you still
 16 have been presented with revenue targets for that
 17 year --
 18 A. Absolutely.
 19 THE CHAIRMAN: -- which, on the face of it, you would not be
 20 able to meet unless the revenue targets themselves were
 21 dropped.
 22 A. Yes.
 23 THE CHAIRMAN: You may not be able to --
 24 A. I have no detail on what happened to the targets, but
 25 definitely that was the result.

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1 THE CHAIRMAN: This was all a part of a change of regime and
 2 a different way of thinking about going forward with the
 3 ...
 4 A. Yes.
 5 THE CHAIRMAN: Thank you very much.
 6 Now, in paragraph -- I am turning on to something
 7 different. In paragraph 26 of your witness statement
 8 you refer to a spreadsheet, and we saw an example of
 9 that earlier on today from Mr Beard's question --
 10 A. Yes.
 11 THE CHAIRMAN: -- which is allocating different sectors of
 12 churn and things like that. In paragraph 26 you say you
 13 did not think that was a very reliable document because,
 14 again, you are looking at -- the only direct thing you
 15 are getting is the customers who ring up and say "I see
 16 you are changing your price. That allows me to exit
 17 without a termination charge", and you say there were
 18 very many more who did not go through that.
 19 A. I think that is not entirely accurate. If I can
 20 elaborate a bit. Some of the inputs from them -- to
 21 that would have come without a customer needing to
 22 interact with us. So you could switch provider without
 23 talking to us. Things like the WLR and LLU losses that
 24 we spoke about, we would just know that the line had
 25 gone to another WLR or we would know that the line had

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1 gone to a LLU, so we would be able to populate some of
 2 that data without the adviser information. But
 3 certainly something like bereavement or cable losses or
 4 things like that, we would not know unless we had seen
 5 the customer churn. So there is a limitation on the
 6 data.
 7 I would probably just add it is probably quite
 8 comparable week to week, because it is the same
 9 limitation all the time, it is not particularly
 10 changing. It is certainly imperfect, but I think it is
 11 a pretty good indicator.
 12 THE CHAIRMAN: What you said in paragraph 26 was --
 13 A. "... we did not use it all the time ..."
 14 THE CHAIRMAN: You said:
 15 "... we did not use it all the time because it was
 16 not entirely accurate."
 17 All I was going to ask is, if that is the case, was
 18 there some other form of assessment that you used
 19 yourselves to supplement it or to replace it? Can you
 20 just explain what that is?
 21 A. Sure. I think this is the best we had but we did have
 22 other sources, an example being the flows data that has
 23 been referred to a couple of times in the documents.
 24 That was the one that showed 23% of churners going to
 25 the Post Office -- sorry, 23% of churners were

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1 Voice Only and 57% of them were going to the
2 Post Office. We looked at it earlier this morning. So
3 there were other sources of information, but this is by
4 far the most granular and the most likely -- and
5 probably the most -- provided the most assistance as
6 a result, but there was an understanding -- in general,
7 you know, there are imperfections in most data and you
8 have to account for those when making decisions based on
9 them.

10 THE CHAIRMAN: Right. Thank you.

11 I wanted to ask you about PR. Paragraph 47 of your
12 witness statement, please {D/2/14}. You say here that
13 there were price rise ceilings --

14 A. Yes.

15 THE CHAIRMAN: -- that prevented you from increasing an
16 individual product's price by more than a certain
17 percentage. We know, for example, that the £1 I think
18 was under that percentage.

19 A. Yes, it was.

20 THE CHAIRMAN: The £1 increase for Line Rental. Right.

21 Then I wanted to ask you about this sentence:
22 "I understood that the reason for these price
23 ceilings was because the CLT wanted to avoid the press
24 reacting negatively to our price changes, in turn
25 driving customers either to complain or to leave BT

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1 altogether."

2 Now, you touched on this yesterday in some questions
3 from Mr Beard about how important was the PR, but it
4 looks from that as if you are saying that press reaction
5 or negative reaction, but which would include the basic
6 details of what these price increases were, was a very
7 important driver for those customers affected to start
8 thinking about their position.

9 I am saying that just to be clear, because you said
10 you:

11 "... wanted to avoid the negative press reaction, in
12 turn driving customers to ..."

13 A. Yes, I think that is right. I think it is -- I am not
14 a behavioural economics expert but I think that the
15 experience of receiving your price change notification
16 and then receiving your bill, and your first bill or
17 second bill after a price change, if that is your
18 discrete kind of price change experience, then there is
19 going to be a level of price responsiveness and impact
20 from customers which is X, whatever that is. I think
21 that gets amplified if you also see press on it or
22 amplified further if you see press on it and other
23 people see press on it and talk to you about it.

24 All of those things will amplify the feeling from
25 a customer's perspective. So there is the impact of the

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1 notification, the impact of the actual price changing on
2 the customer's bill and then also if they are getting
3 other stimuli to churn like seeing that indicated in
4 other sources.

5 THE CHAIRMAN: Yes. That is what I was getting at. I am
6 not saying this in any pejorative way, but at least to
7 some extent with this particular group the level of
8 engagement with the notion of a price increase could be
9 increased quite a bit by the fact that they are now
10 reading about it in the newspapers. At least that is
11 what this seems to suggest.

12 A. I think that is true across the whole base. I would not
13 say that is exclusive to SFV by any means. In fact,
14 probably our customers -- this is a generalisation as
15 well, but our customers that are most likely to
16 scrutinise their notifications in detail are associated
17 with the SFV cohort and particularly the truly solus
18 cohort.

19 You can see the focus groups and the data we have
20 looked at that kind of speaks to that. But, yes, it is
21 definitely true, that, as I say, you may -- the way
22 customers respond to different stimuli depends but it
23 certainly helps if you see it in more places, and yet we
24 still voluntarily announced all of our price increases
25 at that period when there was no requirement to do so.

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1 THE CHAIRMAN: You talk about the fact there would be some
2 particular journalists or particular papers perhaps
3 where you would be giving them the advanced ...

4 A. Yes.

5 THE CHAIRMAN: Would those papers when they are writing
6 about it, be writing about it after you have already
7 done your customer individual notification?

8 A. No, not at all. So we would send that briefing to those
9 journalists on day X and start notifying a couple of
10 days later and begin that kind of two/three month window
11 of --

12 THE CHAIRMAN: So depending what papers they read, the
13 customers if they were reading the relevant bits, the
14 first time they are going to find out about the price
15 increase is through the press.

16 A. It is possible, absolutely, yes. If they read the
17 relevant bits that is all I am saying.

18 THE CHAIRMAN: If they read the relevant bits.

19 A. The chances are it is getting written about before they
20 receive their notification about it. But again that
21 still has the effect of --

22 THE CHAIRMAN: No, I am not making a particular -- I am not
23 making another comparison with the notification but --

24 A. Yes, that is true.

25 THE CHAIRMAN: -- it is generally the first time they are

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1 going to hear about it. If they read the paper.
 2 A. If they read that paper and the story will come back.
 3 THE CHAIRMAN: So just go through the papers that we would
 4 typically --
 5 A. I would have to have a look at the list but I remember
 6 because I used to follow them all on Twitter.
 7 THE CHAIRMAN: Yes, you must exactly.
 8 A. Rachel Rickard Straus I think who was, I want to say,
 9 the Mail. Maybe she was at Money Saving Expert at that
 10 point. Miles Brignall of the Guardian. There is a list
 11 somewhere in here so we can have -- it was most major
 12 papers. We were not seeking to --
 13 THE CHAIRMAN: I was going to say you are hardly likely to
 14 put it forward as an exclusive.
 15 A. Agree. Also the coverage this got, while the time I was
 16 looking after price changes and by the way previous
 17 price changes including Pegasus got greater coverage.
 18 We were talking about one article on page 10 of the
 19 paper, that type of thing. We are not talking about big
 20 front page spreads.
 21 THE CHAIRMAN: Yes, sure, but it is tabloids and broadsheets
 22 very generally speaking.
 23 A. Absolutely.
 24 MR BEARD: The document is {F/851/1}.
 25 THE CHAIRMAN: Thank you.

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1 A. If a journalist does not get it from us on day 1,
 2 because we were writing to the PA as well as part of it,
 3 they are getting it on the wires, they are getting it
 4 that way.
 5 THE CHAIRMAN: Of course, thank you. Just give me one
 6 moment, please. (Pause). Can I just ask you a question
 7 about your third witness statement.
 8 A. Of course.
 9 THE CHAIRMAN: Can you just go to paragraph 50(b), {D/3/14}.
 10 Sorry, I need to go to the document that you were --
 11 yes, I need to go to the document that you refer to in
 12 paragraph 50(b) which I think is {F/246/4}. I think all
 13 I wanted to ask you at the very bottom you have got the
 14 estimated benefit from these various changes. That is
 15 just on the face of it, as it were, the incremental
 16 benefit of doing those increases.
 17 A. Yes.
 18 THE CHAIRMAN: It is not the total revenue for Voice.
 19 A. No.
 20 THE CHAIRMAN: It is just the value of those price
 21 increases.
 22 A. This includes broadband and TV in it as well.
 23 THE CHAIRMAN: Yes, I follow that.
 24 A. That is just, you know, it is kind of the P times Q, the
 25 amount of increasing the price times the number of

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1 people who are going to pay for the performance.
 2 THE CHAIRMAN: Sure. But does that take into account churn?
 3 A. No. It takes into account costs from the gives, which
 4 you can see at the bottom in red, but no, it would not
 5 take into account churn. I think I mention in my second
 6 statement the way that we forecast churn would be the
 7 kind of annual volume profile that would move through
 8 the year and there would be surges in churn like
 9 according to different seasonal events including price
 10 changes.
 11 THE CHAIRMAN: Right. Just one moment, please. (Pause).
 12 I think I just have one more question. Could we just
 13 look at document {F/199/1}. You were taken to this --
 14 counsel might be able to help me, but I think this was
 15 something you were taken to actually in re-examination
 16 yesterday.
 17 MR BEARD: Yes.
 18 THE CHAIRMAN: I just wanted to see, there was a reference
 19 to insight, 100,000 customers going to Post Office which
 20 you took him to.
 21 MR BEARD: Yes.
 22 THE CHAIRMAN: Can you just find me that page, Mr Beard.
 23 MR BEARD: Yes, certainly. Just give me one second.
 24 THE CHAIRMAN: It is just before we finished, it was only
 25 about five minutes.

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1 MR BEARD: It is slide {F/199/6}.
 2 THE CHAIRMAN: Thank you.
 3 MR BEARD: You may give me the answer that this was simply
 4 a question of revenue targets, but here you have got 19%
 5 a year leaving BT, 60% of which are heading to the
 6 Post Office, so that is a relatively important number.
 7 A. Definitely.
 8 THE CHAIRMAN: 100,000. But was there any consideration
 9 there for the purpose of that price rise by saying, well
 10 no, we will not increase or was it again that is just
 11 the default?
 12 A. So first of all, it is the default and if we want to put
 13 it up for broadband customers we have to put it up for
 14 SFV customers. But also we felt that, instead, the
 15 fixed price solus prop which becomes Home Phone Saver,
 16 this slide that we are looking at is about the
 17 instruction of Home Phone Saver that would help us
 18 mitigate that problem so enable us to put it up while
 19 also tackling churn risk customers.
 20 THE CHAIRMAN: Right, thank you very much.
 21 That concludes our questions. Now, I will start
 22 with Ms Kreisberger. If counsel have anything they wish
 23 to ask arising out of it?
 24 MS KREISBERGER: No, we do not.
 25 THE CHAIRMAN: Mr Beard?

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1 MR BEARD: No.
 2 THE CHAIRMAN: Mr Bunt, you are finished. Your evidence is
 3 finished. Thank you very much indeed.
 4 (The witness withdrew)
 5 MR BEARD: So the next witness we are calling is Ms Blight.
 6 If she can come forward, please.
 7 THE CHAIRMAN: Thank you.
 8 MS MARGARET BLIGHT (affirmed)
 9 Examination—in—chief by MR BEARD
 10 MR BEARD: Ms Blight, good morning. I do not know what is
 11 in that document, that folder, other than the fact that
 12 there is a copy of your witness statement in there
 13 I believe.
 14 A. Yes.
 15 Q. Just so we have got it electronically as well, can we
 16 just go to {D/4/1}. Ms Blight, you should now see on
 17 your screen the first page of your witness statement as
 18 well as having it in hard copy.
 19 A. Yes.
 20 Q. Could we go to page {D/4/19} which should be the same on
 21 hard copy. Is that your signature, Ms Blight?
 22 A. Yes.
 23 Q. Is this your witness statement?
 24 A. Yes.
 25 Q. Apart from what I understand are two small corrections,

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1 is this true to the best of your knowledge and belief?
 2 A. Yes.
 3 Q. So just dealing very briefly with those small
 4 corrections, paragraph 1, I understand there is
 5 a clarification because it is something that was
 6 accurate at time but you want to clarify?
 7 A. Yes. So since this, I have left BT and I currently have
 8 a different role.
 9 Q. Thank you. Paragraph 50, {D/4/13}. I understand you
 10 wanted to make a small clarification in relation to
 11 I think it is the first sentence?
 12 A. Yes. So I said:
 13 "A further customer give I was involved in creating
 14 was Right Plan."
 15 The reality is that it was created prior to me being
 16 involved and then I was managing it and evolving it
 17 rather than creating, so I just change it to managing.
 18 Q. I am grateful. Now, Ms Blight, I do not have any
 19 questions for you. I think Mr Armitage has questions
 20 for you on the part of the Class Representative and the
 21 Tribunal may in due course as well have some questions
 22 for you.
 23 Cross—examination by MR ARMITAGE
 24 MR ARMITAGE: Good afternoon, Ms Blight, I hope you are
 25 feeling better after last week.

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1 A. Thank you, just a bit sniffly .
 2 Q. So just to explain further the hard copy bundle that you
 3 have in front of you. Documents to which I refer will
 4 come up on the EPE screen electronically so you can also
 5 see them quickly there. We have sought to provide hard
 6 copies of things like slide decks, longer documents to
 7 which you can refer if you wish so, by all means, just
 8 indicate if you would like to do that. I will try to
 9 indicate the documents you ought to have in your bundle.
 10 They are organised in numerical order by reference to
 11 the Opus system. I cannot promise absolutely every
 12 slide deck is in there and we will just have to make do
 13 but I hope you have most of it.
 14 Could I start with some questions about the extent
 15 of your involvement in BT's pricing decisions during the
 16 period covered by this claim. I think you first joined
 17 BT in July 2012, yes?
 18 A. Yes.
 19 Q. But before November 2015 you were working in roles that
 20 focused on broadband pricing, correct?
 21 A. First broadband pricing and then there was about a year
 22 where I was Head of Strategy for Commercial which
 23 included the whole area, but predominantly I was
 24 actually part of the EE acquisition.
 25 Q. Then you became General Manager for BT Consumer's Voice

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1 division in November 2015?
 2 A. I think that is about right or late October,
 3 early November, about then. I think there was a phased
 4 moving team.
 5 Q. Yes, we do not need to turn it up at this stage. You
 6 say at paragraph 7 of your witness statement it
 7 was November 2015?
 8 A. I think that is about right.
 9 Q. It is at that point that you first became involved in
 10 pricing for BT's Voice products, yes?
 11 A. For Voice, yes.
 12 Q. For Voice, yes, exactly. Then in terms of the overall
 13 timing you say in your statement that you went on
 14 long—term leave in the autumn of 2016?
 15 A. Yes.
 16 Q. I take it you do not recall the precise dates?
 17 A. It was phased over a time because I unfortunately got
 18 very ill, so I was in and out of it and then left.
 19 Q. Something like September or October?
 20 A. Around then, yes.
 21 Q. 2016?
 22 A. I think October mainly, but, yes.
 23 Q. You returned from leave into a different role that was
 24 outside the Voice division in September 2017?
 25 A. Yes.

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1 Q. You have not since then had a role that was involved in
 2 BT's Voice pricing?
 3 A. No.
 4 Q. So in total you were involved in Voice pricing for
 5 a period of less than a year, just less than a year,
 6 so November 2015 to September or October 2016, yes?
 7 A. For specifically Voice, yes.
 8 Q. Then during that period of slightly less than a year you
 9 spent significant time dealing with the Ofcom
 10 investigation, did you not, Ms Blight?
 11 A. Yes.
 12 Q. Can I just ask you to turn up paragraph 65 of your
 13 statement.
 14 A. Sure.
 15 Q. Just to clarify a point about those timings. That is
 16 {D/4/16}. You say here that:
 17 "Ofcom first raised their concerns with BT's Voice
 18 pricing in early 2016."
 19 I am going to be coming back to that point later on.
 20 Then you say you worked mainly on the 2017 review
 21 until December 2016 and so "had to delegate a lot of my
 22 work outside of the review to the rest of my team from
 23 summer 2016."
 24 So it is really just a point of clarification. You
 25 say there you were working on the 2017 review

1 until December 2016?
 2 A. Yes, I think what that refers to is that while I was in
 3 and out of work quite ill I was still supporting,
 4 answering questions for consistency. So I guess what is
 5 more accurate is that I was leading it until September
 6 and then there was some hangover and then of course
 7 Jonny came in -- sorry, Mr Bunt came in to take over.
 8 Q. Thank you. Then where you say you had to delegate a lot
 9 of your work outside of the review from summer 2016, can
 10 I take it your principal focus from summer 2016 onwards
 11 until you went on leave was on the Ofcom review process,
 12 yes?
 13 A. I think it took a large -- I am not sure if it was the
 14 majority of my time. I just took a large chunk of my
 15 time out so it impacted my day-to-day work and my
 16 ability to take on other pieces of work and other
 17 initiatives that I thought were important.
 18 Q. Yes. So when you talk about delegating a lot of your
 19 work outside of the review, you mean your work on
 20 day-to-day of BT's Voice pricing?
 21 A. Yes, other aspects of Voice, yes, because it was product
 22 as well.
 23 Q. Obviously in relation to your time as GM at Voice, we
 24 are talking about a period that is getting on for seven
 25 or eight years ago?

1 A. Yes.
 2 Q. You would accept that your recollections of that period
 3 are not going to be perfect?
 4 A. I am only human, so, yes.
 5 Q. You are only human. Are not we all? Obviously
 6 preparing your statement, Ms Blight, you have been
 7 referred by your solicitors to documents. You list
 8 I think 53 such documents in the annex to your witness
 9 statement, yes?
 10 A. Yes.
 11 Q. Now, in your statement you focus mainly on the price
 12 increase that came into force in July 2016, yes?
 13 A. Yes.
 14 Q. It was announced in April 2016?
 15 A. That sounds about right, yes.
 16 Q. Among other things, that involved a £1 increase on Line
 17 Rental, yes?
 18 A. Yes.
 19 Q. Now, you call that the 2016/2017 price change in your
 20 statement. Unlike some other BT price changes it did
 21 not have a code name I do not think?
 22 A. No, it did not have a code name.
 23 Q. I did not mean it to sound suspicious but a nickname,
 24 yes, so it tends to be referred to as the 2016/2017
 25 price change, albeit it was introduced in July 2016 and

1 that was the only price change that occurred during your
 2 time as GM at Voice. That is right, is it not?
 3 A. I think we did some changes to an international calling
 4 plan out of cycle and I obviously was leading on the
 5 planning for the 17/18 price change so a lot of
 6 documents that are the planning of the 17/18, it was me
 7 that was leading that activity.
 8 Q. Yes, subject to the point about delegating a lot of your
 9 work from summer 2016 onwards, so roughly from the point
 10 of the July 2016 price increase onwards?
 11 A. Well, I was delegating my work, I was having to delegate
 12 more from January which is when I think Ofcom started
 13 asking about things, or that was on my radar, but that
 14 is not to say that I was not, I do not know, two-thirds
 15 of my work still on what would be BAU. I did not just
 16 leave my team to go feral.
 17 Q. No, I did not say that, Ms Blight. No, I understand.
 18 So the only Line Rental price change that occurred
 19 during your time as GM at Voice was the July 2016 price
 20 change. That is right, is it not?
 21 A. Yes, when I was managing it, yes.
 22 Q. Then just to clarify one other point on timings and your
 23 involvement. Could we look at paragraph 65. Sorry, we
 24 are still in paragraph 65. Could we look at
 25 paragraph 14 of your statement. {D/4/4}. You say

1 there:
 2 "BT Consumer generally updates its prices annually.
 3 I was involved in running the price change on behalf of
 4 the Voice division at the end of 2015."
 5 We saw you started November 2015?
 6 A. Mm—hm.
 7 Q. "... and throughout 2016, when we implemented
 8 the July 2016 price change (which applied for the year
 9 2016 to 2017)... While I discuss the 2016—2017 financial
 10 year in particular, I was involved in the previous price
 11 change ..."
 12 Is that a reference to the 2015/2016 price change,
 13 the one that is known by the name Project Laika?
 14 A. So I think that one would have been when I was Head of
 15 Strategy, so I would have been peripherally involved in
 16 that. It is more pertinent to say the earlier ones
 17 I would have been involved in because I was responsible
 18 for broadband pricing and the broadband P&L. Obviously
 19 there are a lot of customers that overlap with the Voice
 20 P&L and prior to that I was setting broadband pricing at
 21 Virgin, so I actually have around eight years or so
 22 experience in setting prices in this market.
 23 Q. I see. So in terms of your involvement in the previous
 24 price change that was, just to check I have captured
 25 this, what you say was peripheral involvement in your

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1 strategic role?
 2 A. I think in the 15/16 I would need to look at the exact
 3 dates to be absolutely certain of my involvement, but
 4 yes, when I was Head of Strategy it was not my focus,
 5 but I would have been supporting Pete Oliver and the
 6 whole commercial team in Strategy, so I would be aware
 7 and probably consulted.
 8 Q. So that price change just for your — if it assists,
 9 came into force in September 2015 so before you became
 10 GM at Voice?
 11 A. Yes, so I probably would have analysed the impact.
 12 Q. Then, as you say, earlier price changes you were
 13 involved more directly but in relation to broadband
 14 pricing?
 15 A. In the capacity as General Manager of Broadband and
 16 prior to that Head of Infinity.
 17 Q. So prior to the 2016/2017 price change you were not
 18 involved in any — were not directly involved in any
 19 price change decisions in relation to Voice services,
 20 were you, Ms Blight?
 21 A. Specifically Voice services, yes. I mean, I guess, you
 22 are part of discussions because of the importance of
 23 Line Rental and Voice pricing in terms of the bundle, so
 24 as I was setting bundle prices for front book and
 25 existing it somewhat interlinked. All broadband

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1 customers are also line customers so any impact on Line
 2 Rental is going to have an impact on you if you are
 3 managing the broadband P&L.
 4 Q. Just to clarify, prior to your taking up the role of GM
 5 at Voice you were not part of the team that was making
 6 decisions on Voice pricing?
 7 A. I would have been consulted and an influencer of it
 8 rather than the owner of the decision.
 9 Q. I see. I would like to move first to the subject of
 10 what you call customer gives. This was touched on to an
 11 extent with Mr Bunt yesterday. I am going to go into it
 12 in rather more detail with you as to what you touch on
 13 in your statement.
 14 Now, consistently with the discussion I have just
 15 been having with you, I am going to focus on the
 16 2016/2017 process, which is the approach you take in
 17 your statement?
 18 A. Yes.
 19 Q. So could we look at paragraph 43 of your statement,
 20 Ms Blight?
 21 A. The statement, okay.
 22 Q. {D/4/11}. I will just read it out if may:
 23 "Each year during the pricing cycle we tried to
 24 think of new ways to create customer value and improve
 25 their services. These were known internally as

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1 'customer gives'. During my time as GM for Voice, we
 2 concentrated on four main customer gives."
 3 So four main customer gives that you identified.
 4 So that is BT Call Protect, Care Level Guarantees,
 5 Right Plan and onshoring our customer call centres. You
 6 say you expand on those below.
 7 You go on to say that you sought customer feedback,
 8 and you "used that feedback to consider what our
 9 customers valued most and what they would see the most
 10 benefit from so that we knew which customer gives were
 11 the most important to focus on."
 12 Yes?
 13 A. Mm—hm.
 14 Q. Now, in terms of the process, just before getting into
 15 the specifics of the four gives that you mention there,
 16 it is right, is it not, that your team was tasked with
 17 coming up with some gives that could help to justify
 18 a higher price increase on Line Rental for the 2016/2017
 19 process. That is right, is it not, Ms Blight?
 20 A. I would say we were tasked with managing and optimising
 21 the P&L which involved putting through price changes
 22 while also balancing churn and value for money
 23 perceptions which involves, I feel the best way of doing
 24 that is by creating innovative gives, or at least gives,
 25 maybe innovative is too far.

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1 Q. Yes, but what I asked you was, Ms Blight, your team was
 2 tasked with coming up some gives which could help to
 3 justify a higher increase on Line Rental. Is that right
 4 or wrong?
 5 A. What I am saying is no one explicitly said, "Meg, can
 6 you come up with some gives". Partly I was driving
 7 that, it is about creating a balanced price change and
 8 value for money for customers rather than "the task is
 9 gives". I know there may be nuances, but I think there
 10 is a difference there.
 11 Q. So your evidence is no one explicitly said: "Meg, can
 12 you come up with some gives"?
 13 A. To my memory, no. It was about creating a balance.
 14 Q. Can we just look at {F/345/1}. That will come up on the
 15 screen. It is an email so I do not think you will have
 16 that in the hard copy bundle. By all means if you want
 17 to skip along.
 18 That is an email exchange between you and
 19 Kelly Barlow from November 2015, yes?
 20 A. Yes.
 21 Q. Ms Barlow was, I think, essentially your boss; is that
 22 right, Ms Blight?
 23 A. Yes.
 24 THE CHAIRMAN: Could we have it expanded please?
 25 MR ARMITAGE: I am sorry, yes.

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1 A. It is tiny, is it not?
 2 MR BEARD: Might it be sensible if she can read the whole
 3 email. If it is possible to have the next page so ...
 4 MR ARMITAGE: Yes, of course. (Pause).
 5 Ms Blight, as I say, that is an email from you, on
 6 20 November 2015 at 18.42 to a number of people
 7 including Ms Barlow. Subject: "service gives for price
 8 change".
 9 A. Mm—hm.
 10 Q. You say:
 11 "Hi all, this is a quick note to make sure we are
 12 clear on the next steps on potential service gives for
 13 price change and make sure we are ready to present to
 14 John 1 December."
 15 John is, just to remind us?
 16 A. John Petter, CEO of Consumer division.
 17 Q. Then the next paragraph:
 18 "As a reminder, John gave us the challenge of
 19 producing some service related gives that could justify
 20 a slightly higher increase on Line Rental."
 21 That is pretty much: "meg, can you come up with some
 22 gives", is it not, Ms Blight?
 23 A. I disagree with how you are interpreting it because you
 24 have to put this in the context of this is, we have had
 25 previous meetings where we have presented a strategy to

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1 him where we would provide gives for Line. We have
 2 received the challenge of, "could you put Line Rental up
 3 further", and we are assessing that and at the same time
 4 he has given us the challenge of saying, "okay, and can
 5 we do more in these other different areas?" So we are
 6 exploring it. So it is his reaction to us proposing
 7 a strategy which is around a balance of gives and price
 8 changes.
 9 So again, I do not think that is different from the
 10 point — the subtlety of what I was trying to say before
 11 is that I was not tasked with that explicitly. I was
 12 tasked with creating a balanced portfolio of price
 13 change.
 14 Q. So, as you say, you are given the challenge of putting
 15 up Line Rental further and then the task is to seek to
 16 identify gives that might justify a higher Line Rental
 17 increase, yes?
 18 A. Yes, a different mix.
 19 Q. I think if we make a start on give number 1,
 20 BT Call Protect.
 21 No need to turn this up at the moment, I do not
 22 think, but you deal with this at paragraphs 46 and 48 of
 23 your witness statement.
 24 A. Yes.
 25 Q. BT Call Protect was a service which helps customers,

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1 protects customers from receiving scam or nuisance
 2 calls, yes?
 3 A. Correct.
 4 Q. It was not just for solus customers, was it?
 5 A. No, it was for all line customers.
 6 Q. So available to everyone who had a BT landline including
 7 bundle customers, yes?
 8 A. Correct.
 9 Q. Can I start, and perhaps just before the short
 10 adjournment, with the question of when BT Call Protect
 11 was actually introduced?
 12 A. Is that your question, sorry?
 13 Q. I am going to ask you some questions.
 14 A. Sorry.
 15 Q. Let us in fact turn up paragraph 46 of your statement.
 16 {D/4/11}. Paragraph 46 is where you start talking
 17 about, you say:
 18 "We introduced a number of gives in the 2016/2017
 19 price change. I explain these in more detail below."
 20 Then you see in paragraph 47 you move on immediately
 21 to talk about BT Call Protect?
 22 A. Yes.
 23 Q. Situating that as one of the gives that you introduced
 24 in the 2016/2017 price change, yes?
 25 A. Yes.

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1 Q. Could we just look though at the final sentence of
 2 paragraph 48 of your statement, {D/4/12}. You say:
 3 "BT Call Protect did not receive much media
 4 attention on its initial launch in 2015/2016 so we
 5 promoted it during the following price change in
 6 2016/2017 to encourage customer uptake and further
 7 improve the service."
 8 Yes?
 9 A. Yes.
 10 Q. So the suggestion there is that it was actually
 11 introduced as part of the 2015/2016 price change
 12 process, Project Laika?
 13 A. I do not actually think that is right. I think what
 14 I have mixed up here potentially in my statement is that
 15 we promoted it in the 16/17 price change and then
 16 I think there was — as I said before, we did a press
 17 release then again in what would have been January 2017
 18 I think it is. I mean, I am sure someone could look up
 19 the press releases. The nature of the product meant
 20 that it was, you know, we were developing and bringing
 21 new features into it throughout that period and it was
 22 strengthened the more people used it because it was
 23 a kind of crowd-sourced data as well as using algorithms
 24 to predict what could be scam calls to protect
 25 consumers.

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1 The other reason why we wanted people to talk about
 2 it was that people who were either very engaged with
 3 their landline and vulnerable it was important to them
 4 but it was also really important to people who were
 5 disengaged and becoming less engaged with their landline
 6 because often they would up plug it because of nuisance
 7 and scam calls rather than using it. So it was for two
 8 different segments really.
 9 Q. Yes. So I think you are saying despite what you say in
 10 the last — I am genuinely not trying to catch you out
 11 on this occasion, Ms Blight. It is just clarification.
 12 I emphasise "on this occasion". Essentially your
 13 recollection is that it was not launched in 2015/2016,
 14 it was launched in 2016/2017 and then there is
 15 a question of the next price increase and its
 16 involvement in that, and we are going to come to the
 17 underlying documents.
 18 A. I am sure someone can look it up but I think potentially
 19 I have got them slightly muddled between us trailing
 20 something and the financial years in which change it was
 21 in.
 22 Q. I hope we will be able to clarify, perhaps after lunch,
 23 but can I just ask one question before we do that.
 24 Ms Blight, you would accept, would not you, that
 25 a single give of this nature cannot justify two

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1 successive price increases; is that right?
 2 A. I have not really ever thought of it, about it, that
 3 kind of way. I am not sure because — certainly did at
 4 Virgin.
 5 Q. Okay, we will come to some documents on that and on the
 6 facts.
 7 A. It is a philosophical question.
 8 Q. Can I leave you to deliberate that over lunch perhaps
 9 and we will come on to the facts of this give.
 10 THE CHAIRMAN: Thank you very much. We will adjourn until
 11 2 o'clock. Ms Blight, you will already have been told,
 12 do not discuss the case or your evidence until it is
 13 finished. Thank you.
 14 (12.58 pm)
 15 (Luncheon Adjournment)
 16 (2.00 pm)
 17 MR ARMITAGE: Hello again, Ms Blight. So we were talking
 18 about Call Protect and the precise timings at which it
 19 was introduced. So I think it is right to say that Call
 20 Protect was introduced in November 2016; does that sound
 21 right?
 22 A. It sounds right but I cannot be certain. I am sorry.
 23 Q. Let us look at a document. It is {F/465/1}. You should
 24 have that in your hard copy bundle.
 25 A. Yes.

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1 Q. Can you see that they are arranged in numerical order?
 2 A. Yes.
 3 Q. So you can see it is an operational review document
 4 dated 29 June 2016. In very small font at the bottom of
 5 the page it gives you the date.
 6 So you were General Manager of the Voice division at
 7 this time, yes?
 8 A. Yes.
 9 Q. Have you seen this document before, can you recall?
 10 A. Yes, I would have contributed to it.
 11 Q. It is quite a long document. Can we go on to page
 12 {F/465/63}. Can you see at the top:
 13 "In Nov 16 we will launch a new nuisance calls
 14 service free for all customers."
 15 Do you see that?
 16 A. Yes.
 17 Q. You can see from the heading above the box in the
 18 left-hand column below that, that that is a reference to
 19 BT Call Protect, yes?
 20 A. Yes.
 21 Q. So being launched in November 2016. I think you
 22 confirmed earlier, just to check, this confirms that it
 23 was a service for all customers, not just for solus
 24 Voice customers?
 25 A. Yes, for all landlines, although I think it required

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1 a set up as they needed to make certain choices.
 2 Q. Yes. So not making any point about this at all,
 3 Ms Blight, when your statement refers to the initial
 4 launch being in 2015/2016, as we saw earlier, that is an
 5 error, is it not, Ms Blight? It was launched in
 6 November 2016?
 7 A. Yes. Yes, I was mistaken in my statement.
 8 Q. Now, if a give is introduced in November 2016, it
 9 obviously cannot justify higher prices being paid before
 10 that date, can it, Ms Blight?
 11 A. No, but that does not mean it would not be included in
 12 the comms.
 13 Q. Now, just to pick up a small point, I do not know if
 14 this contributed towards the error in your statement,
 15 but there was a give introduced in the 2015/2016 process
 16 to do with nuisance calls, but it was not Call Protect,
 17 as we have established, it was a nuisance phone product.
 18 A. Yes.
 19 Q. Does that ring a bell?
 20 A. I do remember the nuisance phone — it was made by the
 21 devices team rather than the Voice team.
 22 Q. Shall we just look quickly at one document on this.
 23 {F/284/1}
 24 A. Sure.
 25 Q. So it is "15/16 Pricing Plan", dated 12 December 2014.

1 I appreciate that is —
 2 A. Sorry, just give me one second, please, to get to the
 3 right bit. I was looking at the ...
 4 What page did you want me to get to?
 5 Q. So the document is {F/284/1}.
 6 A. Yes, I have got that.
 7 Q. I am just on the first page. "15/16 Pricing Plan",
 8 dated 12 December 2014. As I say, it is before your
 9 time. I just wanted to show you one point.
 10 So if you could turn on to page {F/284/10}.
 11 A. This is a draft document, by the looks of it.
 12 Q. Yes, so can you see on page 10 "15/16 Pricing — Gives
 13 ...", "Nuisance Phone Discount", in the top left
 14 quadrant?
 15 A. Yes, so that is a re-contract offer by the looks of it.
 16 Q. So it is a specific product I think you said the device
 17 team had developed?
 18 A. Yes, so it is — they had brought out nuisance phone
 19 devices, of which there were a few different ones. They
 20 were priced up to £100, I think, different packages, and
 21 this is a specific offer saying 50% off if the customer
 22 re-contracts, so that will be a save discount.
 23 Q. Yes. You have to pay for the product, though. There is
 24 a discount here but it comes at a charge, does it not?
 25 A. You do need to — so to explain, I think, not all gives

1 are — when we talk about gives, we are talking about
 2 a broad basket of different value for money initiatives
 3 and things to prevent churn. Some of them are
 4 essentially offers, special offers, extra discounts,
 5 targeting different customer segments. This is one of
 6 those such. So, yes, you would need to pay, but you are
 7 saving 50%, and we knew it was a — well, I was not
 8 leading the time at this time, but I know from after
 9 that that nuisance and scam calls were a major issue for
 10 customers, so it would make sense that we would do that.
 11 MR DORAN: This is a device you purchase? This is not
 12 a service, this is a device? Or a device and a service?
 13 A. There are two aspects to it. Shall I just briefly
 14 explain the different products?
 15 MR DORAN: Just briefly, that would be very helpful for me.
 16 A. Sure. So this is a handset that you connect to your
 17 Voice line that is actually available to BT customers
 18 but actually anyone in the market. You could buy it as
 19 a non-BT customer. You plug it in and it allows you to
 20 make certain decisions about the types of calls you
 21 want. So, for example, you can block all international
 22 calls from contacting you; a lot of scammers are abroad.
 23 So it gave you control on your individual line with
 24 this handset. The BT Call Protect products that we
 25 developed did two things. It was a combination of doing

1 that at the network level, so you did not need to buy
 2 a new handset, and also we had developed an algorithm
 3 for spotting potential scammers and blocking them
 4 proactively.
 5 So there is more in that product in terms of
 6 nuisance and scam calling, and it does not require you
 7 to take a handset, which is why it is more mass market
 8 and superior.
 9 MR ARMITAGE: Yes, so a completely different thing from Call
 10 Protect, and you do not rely on this product in relation
 11 to the gives for the 2016/2017 price change in your
 12 statement, do you?
 13 A. No, not to my knowledge, but I mean, it does sound like
 14 I was potentially confused.
 15 Q. Coming back to Call Protect, then. So we know that Call
 16 Protect allows a customer to report the number of a
 17 nuisance or a scam call, and that number then gets
 18 blocked for both that customer and other BT customers,
 19 yes?
 20 A. Sorry, where are you looking?
 21 Q. I am just asking you a question.
 22 A. Sorry, can you repeat the question?
 23 Q. Call Protect allows a customer to report the number of
 24 a nuisance or scam call, and that number then gets
 25 blocked for both that customer and other BT customers,

1 yes?
 2 A. Sorry, to be very specific, immediately blocked for
 3 other customers who have opted into BT Call Protect. It
 4 would then go to a list where we were investigating
 5 whether something was a scam, and if it was a scam we
 6 would be referring it to the authorities and actually
 7 taking legal action, potentially even shutting down the
 8 number. So a bit of (a), a bit of (b).
 9 Q. I am grateful. I appreciate the point. Both sides have
 10 to have opted in, essentially?
 11 A. Unless we ended up using that data to discover it was
 12 criminal activity, which it often was.
 13 Q. Because of that network effect, if you like, you make
 14 the point in your statement that the more customers who
 15 used Call Protect, the better it was for everyone,
 16 essentially. That is what you make?
 17 A. Yes.
 18 Q. You say that providing it for free meant that it was
 19 more effective than if it was paid for, because if it
 20 results in more people using it, ultimately you will be
 21 able to block more scam numbers. That is the point you
 22 make, is it not?
 23 A. Yes.
 24 Q. As is clear from the discussion we just had, Call
 25 Protect was an opt-in service, yes?

1 A. Yes.
 2 Q. Now, I think it follows that you would accept that the
 3 effectiveness of the overall service will depend on how
 4 many people positively opted in, yes?
 5 A. Yes.
 6 Q. Thereafter, how many people actually used it, yes?
 7 A. Yes.
 8 Q. Can we look, please, at {F/465/1}. This is the document
 9 we were in a moment ago, the operational review document
 10 I think you said you were involved in preparing.
 11 A. Yes. Do you want me to go back to ... was it 11?
 12 Q. I would like you to go to page {F/465/37} this time.
 13 Sorry, it is a long document, but I do not think much of
 14 it is ...
 15 A. Not your fault.
 16 Q. No, I did not write it.
 17 A. Sure.
 18 Q. So heading, "Voice: Looking Forward – Pricing". So we
 19 are talking here about the — sorry, I hope that was not
 20 unclear. The heading in the blue box — sorry, above
 21 the blue box, "Voice: Looking Forward – Pricing":
 22 "Price change is on target to deliver on 3 July ..."
 23 This is talking about the 16/17 —
 24 A. Sorry, I am slightly confused where you are looking.
 25 You are at the very top —

1 Q. Are you on page 37? It will be on your screen as well.
 2 A. It says:
 3 "Price change is on target to deliver on 3 July ..."
 4 Q. Just above that, "Voice: Looking Forward – Pricing".
 5 A. Oh, I see. Yes, sorry, just the navigation of where it
 6 is in the ...
 7 Q. Yes, that is all I am trying to do.
 8 It is — this is a discussion for the 16/17 price
 9 change process, the one in which you were involved, yes?
 10 A. I do not think that is correct, because this is —
 11 because it says in the title that it is for 17/18.
 12 I mean, I have not been shown this document since I saw
 13 it in 2016, so —
 14 Q. My understanding, and I appreciate it is a while ago,
 15 you see at the top in the small blue box, "Q1 16/17".
 16 Do you see that right at the top left —hand of the page?
 17 A. Yes, that is the planning. But the delivery is in Q1
 18 17/18.
 19 Q. It says:
 20 "Price change is on target to deliver on 3 July ..."
 21 Which is the date of the 16/17 price increase, yes?
 22 So the document is dated —
 23 A. I think this slide is looking at multiple different
 24 things, so on the right —hand side — it is covering both
 25 17/18 and 16/17.

1 Q. Okay. So the document is from June 2016. The large
 2 blue box at the top is talking about the price change
 3 that is going to come into force on 3 July 2016, yes?
 4 A. So this will be in the middle of that — so we are
 5 already communicating, this is like a live change that
 6 is going on, 16/17. Does that — does everyone
 7 understand? Yes? Sorry, I am trying to be helpful, but
 8 I think you may be a little muddled on this slide.
 9 Q. The reference to the 3 July price change is a reference
 10 to the 3 July 2016 price change in which you were
 11 involved as GM at Voice, yes?
 12 A. I think that is the pricing effective date, rather than
 13 a launch announcement, but yes.
 14 Q. Yes, it was announced in April 2016, was it not?
 15 A. Yes.
 16 Q. Thank you. So can we look in the middle column, under
 17 the heading "Nuisance Calls (available to the whole
 18 base)". Can you see that?
 19 A. Yes.
 20 Q. We have seen earlier that it was on track to be
 21 delivered in November 2016, so a few months after this
 22 document which is dated June 2016, yes?
 23 A. Yes.
 24 Q. We see:
 25 "Project delivery on track.

1 "43k sign-ups from price change comms."
 2 Yes?
 3 A. So I believe this is referring to the fact that in these
 4 price change comms we were looking for people to
 5 pre-register, and I think that is those sign-ups. Which
 6 is kind of amazing actually, we got 43k sign-ups for
 7 a product which has not even launched up. It shows the
 8 engagement. But the -- yes, that is people -- because I
 9 think, I do not know if you have a copy of the comms,
 10 but I am pretty sure they talk about: we are developing
 11 this product, it is coming, sign up early. Because we
 12 knew we could not launch it yet.
 13 Q. So price change announced in April 2016. As of the date
 14 of this document, which is towards the end of June 2016,
 15 43,000 sign-ups for most price change communications,
 16 yes?
 17 A. Yes, great.
 18 Q. BT had around 9 million Voice customers at this stage,
 19 does that sound about right, Ms Blight?
 20 A. About right, yes.
 21 Q. So it is 46,000 customers out of nearly 9 million, is it
 22 not?
 23 A. 43,000 for a product that has not yet been launched in
 24 a matter of weeks.
 25 Q. I am just asking you: 43,000 customers out of nearly

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1 9 million who have signed up at this stage, yes?
 2 A. Yes. That is a huge response rate.
 3 Q. Can we look now at {F/340/1}. "1617 Pricing Improving
 4 Value and Driving Benefit".
 5 A. Yes.
 6 Q. 15 October 2015?
 7 A. Yes, so this is when I was transitioning into that team,
 8 I believe.
 9 Q. Yes, this is actually one of the handful of documents
 10 that you specifically refer to in your witness
 11 statement.
 12 A. Yes.
 13 Q. Can we look at page {F/340/3}, please. Could you just
 14 read to yourself the bullets under the heading "Current
 15 Position"?
 16 A. Yes. (Pause)
 17 Is it just the ones under "Current Position"?
 18 Q. Yes, just the three bullet points there.
 19 A. I have done that.
 20 Q. Thank you. So we see a reference to a price change base
 21 plan driving:
 22 "... £170 million from changes across our portfolio
 23 from 3 July 2016 including a £1 increase in [Line
 24 Rental] ..."
 25 Yes?

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1 A. Yes.
 2 Q. Then there is a reference to:
 3 "Sharon White's recent comments suggest that any
 4 change in Line Rental pricing is likely to drive
 5 unprecedented levels of stakeholder criticism; equally
 6 our customers are telling us they are dissatisfied with
 7 service and value for money."
 8 Sharon White, the CEO of Ofcom?
 9 A. Yes.
 10 Q. Then we see:
 11 "Base plan aims to mitigate this criticism with
 12 value-add stories including our plans on Nuisance Calls
 13 (minus £3.2 million) ..."
 14 That is the Call Protect product, yes?
 15 A. Yes.
 16 Q. So it is clear from the text here that this give is
 17 intended to mitigate criticism, including from Ofcom,
 18 yes? That is what the slide says?
 19 A. I mean, that is not the only point of the
 20 BT Call Protect product, but, yes, it says that. At
 21 this point in October our aim was to launch nuisance
 22 calls and use that as a main give.
 23 Q. Yes, to mitigate criticism from Ofcom, yes?
 24 A. Also to support churn but yes.
 25 Q. I did not hear what you said there, sorry.

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1 A. To support churn. It is churn mitigation --
 2 Q. Support churn.
 3 A. -- engagement, and there is a whole host of reasons to
 4 launch BT Call Protect.
 5 Q. Yes. Not mentioned there.
 6 A. Well, no.
 7 Q. Okay. The cost of Call Protect there is given as
 8 3.2 million. That is the minus 3.2 million in brackets,
 9 I think?
 10 A. Yes.
 11 Q. Hence the minus symbol?
 12 A. Yes. I could not tell you off the top of my head what
 13 it refers specifically to. I know also this is a draft
 14 pack, so I do not know if that was the final number or
 15 not.
 16 Q. Okay.
 17 A. It could have been higher, could have been lower.
 18 Q. You do not have any reason to think that was not roughly
 19 the final number, do you Ms Blight?
 20 A. Well, other than the fact that it is a draft pack, and
 21 obviously what went on was that we did not launch it at
 22 that point and we changed -- I think we did
 23 Care Level 2. We are talking many months ahead of
 24 the price change, so you are looking at draft plans
 25 in October of which ... So, no, I do not know if it is

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1 the right date or not.
 2 Q. I did not follow that. You started to talk about
 3 Care Level 2. So we are talking about Call Protect. We
 4 are going to come to Care Level 2.
 5 A. What I am saying is that you are referring to a document
 6 that then -- that these things did not happen. This is
 7 a plan, a plan that was not executed.
 8 Q. We saw earlier, Ms Blight, that nuisance calls, Call
 9 Protect, that is, was introduced in November 2016?
 10 A. It was introduced in November, not in July.
 11 Q. Yes. I did not say it was introduced in July.
 12 A. But what I am saying is in this document, in this
 13 executive summary, in a draft document from October,
 14 that we were anticipating that it would be the key
 15 benefit in that price change. It ended up being an
 16 add-on, more minor benefit in that price change. So
 17 I am --
 18 Q. Okay, I take your point about draft slides. In this
 19 slide, cost associated with this give, 3.2 million, in
 20 the context of a price change that is said to be driving
 21 170 million in additional revenue, yes?
 22 A. The 170 million is the price change across all products,
 23 not just Line Rental. There is no isolated Line Rental
 24 data in this slide.
 25 Q. Yes, so it would have included calls?

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1 A. No, it would also have included broadband, TV, sport,
 2 calling plans, everything else, across a base of
 3 9 million -- well, more than 9 million people, because
 4 some of the sport do not even have a line.
 5 Q. I did not say it did not include those things, I said:
 6 "so it would have included calls, yes?"
 7 A. It would have included calls amongst other things.
 8 Q. Okay. Now, once you had introduced BT Call Protect,
 9 which we saw was in November 2016, there was not any
 10 significant further investment in the product required,
 11 such as might require further price increases, was
 12 there, Ms Blight?
 13 A. I -- there definitely was further investment in the
 14 product.
 15 Q. I said there was not any significant further investment?
 16 A. I do not know, because I was not managing at that point.
 17 Q. In November 2016?
 18 A. Well, we have already worked out that I was going -- on
 19 the process of going on sick at the time --
 20 Q. Okay, I understand.
 21 A. -- so I do not know how I can be expected to answer
 22 that.
 23 Q. That is fair.
 24 I am going to show you a document in case it
 25 assists. {F/147/1}. Do you have that, Ms Blight?

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1 A. Yes.
 2 Q. The front page should say "Price change 1718".
 3 A. Yes.
 4 Q. "30 September 2016".
 5 A. Yes.
 6 Q. So this was during your time as GM at Voice?
 7 A. I think so, yes.
 8 Q. Have you seen this document before?
 9 A. Not since 2016, no one has shown it to me.
 10 Q. I understand that.
 11 Could we go, please -- sorry, I have a missing
 12 reference. Just bear with me one moment. (Pause).
 13 I think page {F/147/3}, Mr Williams tells me.
 14 Can you see there, Ms Blight, the heading:
 15 "A range of Gives will ensure we have something that
 16 is relevant for every customer, with a mix of broadcast
 17 and more personalised Gives."
 18 Yes?
 19 A. Yes.
 20 Q. Just pausing there. Given the date of this document,
 21 30 September 2016, when it is talking about gives, we
 22 are already after the 2016/2017 price change, are we
 23 not? That has already happened?
 24 A. When we have announced that something will be arriving
 25 in November, so this is the first time since its launch

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1 that we will be putting up prices.
 2 Q. Yes. But in terms of the timing of this document, we
 3 are now looking at the 17/18 price change process, are
 4 we not? We saw that in the front of the document?
 5 A. Yes, we are.
 6 Q. Thank you. So it appears then, does it not, that
 7 BT Call Protect is being referred to as a give for the
 8 purposes of the 17/18 price change process, yes?
 9 A. Yes.
 10 Q. It had already been identified as a give for the
 11 purposes of the previous price change process, yes?
 12 A. It had been included, along with a long list in the
 13 previous price changes, announcing that we were going to
 14 be launching it in the future. It was not integral to
 15 that price change, because we were not going to be able
 16 to launch it until November.
 17 Q. Yes. Just on the point about incremental investment, so
 18 you can see free BT Call Protect is listed underneath
 19 solus customers, dual and triple customers. I think the
 20 situation of the box indicates that it is a give for the
 21 purposes of both solus and dual and triple customers,
 22 yes?
 23 A. Yes. I do not know why -- I do not know what the last
 24 box is, but, yes, I do not know why it was not in there
 25 as well.

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1 Q. What do you mean by the "last box"? The blacked out?
 2 A. Yes.
 3 Q. No, I do not either, Ms Blight. We do not need to worry
 4 about that.
 5 A. But, yes, it is available for all line customers.
 6 Q. Can you see that in distinction to the box immediately
 7 below, which has an orange border, that one has a dark
 8 blue border?
 9 A. Yes.
 10 Q. Then can you see the key in the bottom right of the
 11 screen?
 12 A. Yes.
 13 Q. So that shows that because it has the dark blue border
 14 that means no incremental investment. You can see that,
 15 yes?
 16 A. Which means that we have already budgeted for it.
 17 Q. Now, as I say, it is identified here as a give in
 18 relation to the 2017/2018 price change process, so that
 19 raises the philosophical question you identified with me
 20 before lunch.
 21 So by this stage, you had already referred to
 22 Call Protect and used it as part of your package of
 23 gives for the 16/17 price change, had you not? You had
 24 done that?
 25 A. We had already informed people that a product we knew

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1 was very important to customers would be coming down the
 2 line. It was not central to that first comms.
 3 Q. So you had informed people; that is including Ofcom,
 4 I think? We might come back to this, but you told Ofcom
 5 about this give as part of the —
 6 A. Well, yes, because it was in progress and it was an area
 7 they were particularly interested in, being that it is
 8 about protecting consumers.
 9 Q. So just to be clear: used in the context of the 16/17
 10 price increase which came into force in July 2016, but
 11 also being considered here as part of the justification
 12 for the next set of price increases, yes?
 13 A. It was more central in this communication because the
 14 product had been launched, and it was important that we
 15 grew the customer base for the benefit of the users.
 16 Q. So let us see what BT's head of broadband and Voice made
 17 of this. Can we look at {F/488/1}. This is an email.
 18 It will just pop up on your screen, Ms Blight.
 19 A. Okay.
 20 Q. Can we look at the bottom of page {F/488/2}. So can you
 21 see on the screen an email from Laura Van—Daal sent on
 22 28 September 2016 to a number of people, including you,
 23 Ms Blight? Can you see that?
 24 A. Yes.
 25 Q. Miss Van—Daal was the Head of Broadband and Voice at

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1 this stage?
 2 A. In transformation. So she works in Sales and Service,
 3 as you can see there.
 4 Q. Yes, exactly, immediately above.
 5 A. Yes. She is not part of the Pricing or Commercial or
 6 Product teams.
 7 Q. So that email is dated 28 September 2016, so it is
 8 a couple of days before the slides we were just looking
 9 at. They were dated 30 September 2016.
 10 A. Okay.
 11 Q. Then can we go on to page 3, {F/488/3}. Can you see
 12 under the heading "Gives: Strategy", "BT Call Protect",
 13 and can you see there Ms Van—Daal says:
 14 "How do we pitch and overcome the negativity of
 15 using the nuisance calls message in two consecutive
 16 Price Change messages (i.e. you told me my prices were
 17 going up last year and said the nuisance calls product
 18 would compensate. You're telling me again about the
 19 same benefit, but my prices are going up again)."
 20 Then first bullet point:
 21 "JP has mentioned that before."
 22 That is John Petter, Consumer's CEO at the time?
 23 A. That is my guess.
 24 Q. "Customers can order it now."
 25 Third bullet:

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1 "Valid comment. Need a good defence statement."
 2 Yes?
 3 A. May I read this, because I have not seen this in any of
 4 the bundles, so I think ... Is that the top of the
 5 email, "Afternoon all?"
 6 Q. We do not need to read the full chain.
 7 A. This is page 3, so I do not have access to it.
 8 Q. It goes in reverse chronological order. I am going to
 9 come to the preceding email in a moment.
 10 A. So I cannot see the email chain before commenting, is
 11 that what you are saying?
 12 Q. Yes, if you would like to start at page 1, yes.
 13 A. That would be helpful. Can somebody do that for me or
 14 give me a paper copy? {F/488/1} (Pause)
 15 Could you move to the next email from Laura.
 16 {F/488/2} (Pause)
 17 The last email or the first email. {F/488/3}
 18 Q. So that is the email I read the extract from. It is
 19 only the "Gives: Strategy" bit that I am interested in
 20 at this stage. (Pause)
 21 A. Okay. Sorry, could you repeat your question?
 22 Q. Yes. So we see there from the darker shaded bullet
 23 points, Ms Van—Daal is specifically questioning the use
 24 of BT Call Protect as a message in two consecutive price
 25 changes, is she not?

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1 A. I think she is giving the potential feedback of certain
 2 customer segments, and in particular some of our more
 3 cynical contact centre staff, whose perception,
 4 considering we initially briefed it as a bigger give,
 5 would be that we were using it in two consecutive.
 6 Whereas the reality is, when we did the comms for the
 7 first one, we ended up having to bring it down quite far
 8 in terms of the hierarchy of comms, because we were
 9 delaying the product launch, and then we needed to make
 10 sure that we were making it clear that this was
 11 a different message.
 12 So I think she is quite rightly calling out, you
 13 know, a series of risks, and we need to be really clear
 14 as to what the messaging is and how this is different
 15 from our last message.
 16 Q. She is saying:
 17 "Valid comment. Need a good defence statement."
 18 Is she not, in the final bullet points?
 19 A. I actually do not really understand the three bullets
 20 because they seem to have like a weird grammar. I do
 21 not know if they are replies to the other. I do not
 22 know if that is her saying it, or someone else, if she
 23 is playing back the feedback from the CXDA team.
 24 Q. Then if we could look at the email immediately above
 25 that in the chain. Also from Ms Van—Daal. {F/488/2}.

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1 It is the top of the page, "Morning everyone".
 2 Then you can see under "Gives Strategy":
 3 "AP Kat and Nirja: We need very careful positioning
 4 in the pre-notification comms and strong defence
 5 statements for advisers, should customers take exception
 6 to BT Call Protect being used as a justification for
 7 Price Change two years in a row."
 8 So again, it is identifying an issue with using the
 9 same give as a justification for two successive price
 10 changes?
 11 A. It is recognising a potential issue, and that we need to
 12 be careful about how we articulate it so that it is not
 13 confusing for customers who might have thought that we
 14 were repeating ourselves.
 15 Q. You say "confusing for customers". The point she is
 16 identifying is that customers have been told that one
 17 price increase is in part justified by BT Call Protect,
 18 and it is now being contemplated that the same give is
 19 going to be used for a further price increase. That is
 20 what she is identifying, is it not?
 21 A. I think it would be helpful if you were referring to the
 22 actual comms and what we said to customers, rather than
 23 people's interpretations.
 24 Q. So lastly on Call Protect. You say in your statement
 25 you think that BT was the first service provider to

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1 launch a product of this nature?
 2 A. On the lines, yes.
 3 Q. Other providers did also offer such products during the
 4 claim period, so (inaudible) 1 October 2015. Other
 5 providers also introduced such products during that
 6 period, did they not?
 7 A. Sorry, in what time period?
 8 Q. In the claim period, 1 October 2015 onwards.
 9 A. Until now?
 10 Q. Between then and now. I can show you some of the
 11 documents, if it is helpful.
 12 A. It might be helpful if you did, because remember
 13 I changed role shortly after this. So at the time of
 14 launching we were the only one.
 15 Q. Yes, I understand that.
 16 TalkTalk introduced a CallSafe product in
 17 January 2018?
 18 A. So more than a year after we launched it?
 19 Q. Please just answer my question.
 20 A. I do not know. You are telling me.
 21 THE CHAIRMAN: Let us just take a pause there, Ms Blight.
 22 I think what would be helpful is, when you have got the
 23 question, just do your best to answer it directly. If
 24 you are not able to, then obviously say so.
 25 A. Sure.

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1 THE CHAIRMAN: Try to keep it to that. There will be ample
 2 opportunity for other matters to be explored with you in
 3 re-examination. Thank you very much.
 4 MR ARMITAGE: Yes, I am grateful.
 5 I am just going to put the position as I understand
 6 it. I can show you the underlying documents if it would
 7 be helpful.
 8 TalkTalk introduced a product called CallSafe
 9 in January 18. Does that product ring a bell?
 10 A. I know nothing about that product.
 11 Q. Okay. Sky introduced a product called Talk Shield
 12 in June 2017?
 13 A. I know nothing about that.
 14 Q. Co-op also introduced a product called Choose to Refuse
 15 during the claim period?
 16 A. When was that?
 17 Q. That — well, let us have a look at the date. I am not
 18 going to spend time on this, Ms Blight.
 19 A. I am really sorry.
 20 Q. If you are unable to assist, that is fine.
 21 A. I was living in America.
 22 Q. I quite understand.
 23 Let us turn to a different give. Right Plan.
 24 A. Sure.
 25 Q. So that is an online tool which customers can use to

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1 assess their usage in order to determine the most
 2 appropriate plan for their needs, yes?
 3 A. I think it could also be used in contact centres, but,
 4 yes.
 5 Q. As distinct from online, is that the point you are
 6 making?
 7 A. I am saying that it was -- you did not need to be
 8 a broadband customer to access it.
 9 Q. Ah, yes, you are pre-empting a question I was going to
 10 ask you later. So it is true, you refer to it as an
 11 online tool in your statement, yes? Let us just look at
 12 that, paragraph 50.
 13 A. I am sure I did, but I think the point -- if my memory
 14 is correct, it was an online tool, but we could also use
 15 it to support customers who were not online {D/4/13}.
 16 Q. Yes, I see. So you say in your statement it is:
 17 "... an online tool which customers can use to
 18 assess their usage to determine the most appropriate
 19 plan for their specific needs. This was available to
 20 the entirety of our Voice customer base in 2016, though
 21 does require access to our website."
 22 That is what you say in your statement.
 23 You are saying in fact it did not require access to
 24 your website, is that right?
 25 A. I thought it was available through a contact centre

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1 adviser using the website and kind of our decisioning
 2 process, but ...
 3 THE CHAIRMAN: Let us move on, because it is common ground
 4 it certainly was an online tool.
 5 A. Yes, it was an online tool, sure, yes.
 6 THE CHAIRMAN: Let us proceed from there.
 7 MR ARMITAGE: Yes. Now, and this comes back to the
 8 correction you made at the start of your evidence. You
 9 say in your statement you were involved in creating
 10 Right Plan. You misrecalled --
 11 A. Yes. No, I was not involved in creating it.
 12 Q. What you said this morning was in fact it was created
 13 before your time but you were involved in managing it?
 14 A. Yes.
 15 Q. Is that right?
 16 Can I just show you, I do not know if you heard any
 17 of Mr Bunt's oral evidence, but can we call up, please,
 18 {Day6/148:1} of the hearing transcripts, please.
 19 That will appear on your screen. This is from
 20 Mr Bunt's evidence I think yesterday.
 21 Can you see beginning at line 19 he says:
 22 "Okay, so the previous iteration of this idea was we
 23 did not really get to a plan, but as a concept was that
 24 Optimiser, as it was then known, would automatically
 25 make the changes to customers' accounts. Instead we

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1 changed it to sending customers a recommendation as to
 2 what the best move would be for them, and then they
 3 would have to act to switch."
 4 So that is how it was originally conceived,
 5 Ms Blight. Does that sound right?
 6 A. Yes. Can I just check, he is talking about 2014,
 7 I think?
 8 Q. I think that is right. Around that time.
 9 A. So I am not certain, but I have no reason to disagree.
 10 Q. Just on another point, just in terms of timings. Again,
 11 I am not remotely trying to catch you out, Ms Blight,
 12 but your statement refers to Right Plan in the present
 13 tense. You say Right Plan "is" an online tool. In
 14 fact, it was only offered between December 2014 and
 15 October 2017. That is right, is it not?
 16 A. I do not know.
 17 Q. Mr Bunt actually clarified that in his evidence again.
 18 Could we just call up {Day5/14:1}, just to show you
 19 this.
 20 So beginning on the first line of the page, I think
 21 that is Mr Beard bringing up some clarifications in
 22 relation to Mr Bunt's written evidence. He talks about:
 23 "... annex 1 ... there is another date ..."
 24 Mr Bunt says:
 25 "'Right Plan' ... should be 'December 2014 to

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1 October 2017', rather than 'to date'."
 2 You do not have any reason to doubt that, do you?
 3 A. No, no. I do not think I ... yes.
 4 Q. You had not intended anything by the use of the present
 5 tense?
 6 A. No, not at all. I think I was just explaining what it
 7 is. Yes, maybe it is grammatically wrong more than ...
 8 I am not trying to mislead anything here.
 9 Q. So during the period of just under three years when it
 10 was in force, you have confirmed it was an opt-in
 11 service, as distinct from the automatic service that was
 12 originally conceived of, so it follows that only
 13 customers who actually used it could have received any
 14 benefits, yes?
 15 A. Yes.
 16 Q. You say in your statement it was an online tool.
 17 Assuming that to be correct, it would not be much good
 18 to a customer who did not have the internet, would it?
 19 A. Not unless they had someone else help them, no.
 20 Q. So Voice Only Customers do not have the internet by
 21 definition, yes?
 22 A. Sorry, you mean the VO ... Yes.
 23 Q. VOC.
 24 A. Sorry, I am just not very familiar with those words.
 25 Q. I appreciate that. I think "truly solus" is the phrase

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1 that BT — that perhaps you are more familiar with?
 2 A. Yes. Thank you. Sorry.
 3 Q. VOCs for these purposes.
 4 A. Yes.
 5 Q. So not a particularly meaningful give from their
 6 perspective, yes, insofar as it is an online tool?
 7 A. I think that Home Phone Saver, Line Rental Plus and
 8 others are probably more relevant, probably, although
 9 I guess we were not sure who was who.
 10 Q. I see. Now, in fact, the point that I have just made,
 11 online only, and the relevance therefore to VOCs, truly
 12 solus, that is an issue that Mr Murray, who was a senior
 13 figure in the — Stuart Murray, a senior figure in the
 14 Regulatory Team, specifically raised about using
 15 Right Plan as a justification for the 2016/2017 price
 16 increase. That is right? Can you recall that?
 17 A. I do not remember. It may have been in one of the many
 18 emails that I have seen.
 19 Q. Can we look at {F/414/1}. You should have that in hard
 20 copy.
 21 A. Yes, I do, thank you.
 22 Q. You discuss this document actually in your statement,
 23 so —
 24 A. Yes.
 25 Q. — you will have seen it rather more recently than in

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1 your time as GM at Voice, yes?
 2 A. Yes, I think so.
 3 Q. It is dated April 2016. Can we pick it up at page
 4 {F/414/5}, please.
 5 A. Yes.
 6 Q. Can you see the bullets — so there is a second bullet
 7 point on the page:
 8 "Retained Home Phone Saver and Right Plan."
 9 Then can you see the second bullet point underneath:
 10 "Right Plan allows customers to check if they could
 11 be on a better value calling plan (70k customers have
 12 used this, with many more calling for adviser account
 13 reviews)."
 14 Sorry, Ms Blight, I should take a step back before
 15 diving into the detail there.
 16 This is a document that was prepared for Ofcom; that
 17 is right, is it not, a briefing document?
 18 A. I think it is ...
 19 Q. In draft.
 20 A. Yes. I mean, I think a variant of this was also used
 21 for other internal briefing and other kind of PR and
 22 reg. But yes, essentially.
 23 Q. Yes, you make that point, no need to turn it up, at
 24 paragraph 24 of your statement, that it is a "draft
 25 pricing brief" for Ofcom, but you say there it would

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1 also have been used internally.
 2 But Ofcom is the ultimate intended audience of this
 3 sort of document, yes?
 4 A. Yes. I mean there are lots of documents like this for
 5 different groups, but yes.
 6 Q. Now looking at that second white bullet point on page 5,
 7 it is a detail about Right Plan. Then can you see there
 8 is a little box with "MR14"? Can you see that just at
 9 the end of the sentence?
 10 A. Yes, I can.
 11 Q. If you go over the page {F/414/6}, you see that MR14 is
 12 a comment from Mr Murray?
 13 A. Yes.
 14 Q. He says:
 15 "For those who don't have BB how do they access
 16 Right Plan? Do they call us? If and when they do, how
 17 do we deal with them?"
 18 Sorry, I am going too fast.
 19 "And actually, how many do call us?"
 20 A. Yes.
 21 Q. So that is Mr Murray's comments. So Mr Murray is making
 22 the point I made a moment ago, he is querying the
 23 usefulness of Right Plan for customers without
 24 broadband, is he not?
 25 A. Yes. I honestly thought that we were doing account

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1 reviews if people phoned up, which is actually what it
 2 says, "with many more calling for adviser account
 3 reviews".
 4 Q. I accept that. He does refer to the possibility they
 5 might call up.
 6 A. He is asking the question of me. I do not know how
 7 I answered at the time.
 8 Q. No, I do not think we have that, Ms Blight. I am just
 9 making a limited point. He is raising the point that
 10 I raised about the efficacy of this give for a group who
 11 do not have access to the internet —
 12 A. Sure.
 13 Q. — an online tool.
 14 A. I do not disagree with you.
 15 Q. In terms of this possibility of calling up and — yes,
 16 can we look at {F/852/1}. This will only be on the
 17 screen, Ms Blight. If we could blow it up, please, so
 18 we can all see it.
 19 This is an email chain involving Mr Bunt from
 20 May 2015. You are not on the email chain, it is before
 21 your time, Ms Blight. I am just going to show it to you
 22 to give you an opportunity to comment on one point.
 23 A. Sure.
 24 Q. Can you see there is an email from Hazel Morgan on the
 25 screen, 15 May 2015, at 11.43, and it is sent to Mr Bunt

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1 and others, including Ms Van—Daal who we saw commenting
 2 earlier on Call Protect.
 3 Then if we go over the page, {F/852/2}.
 4 A. Sorry, I had not quite finished on that. Could you give
 5 me one more second, please?
 6 Q. Of course. (Pause)
 7 A. Sure, sorry.
 8 Q. If we could go over to page 2, please. By all means
 9 skim through, but I am only interested in the small bit
 10 of text towards the bottom under the heading "Right
 11 Plan".
 12 THE CHAIRMAN: Could we just have it widened, please?
 13 Thank you.
 14 A. Yes.
 15 MR ARMITAGE: So it looks as though, if a customer called up
 16 and specifically asked to be signed up to Right Plan,
 17 then your advisers would have been aware of where it
 18 sits, but it would not proactively be promoted by BT's
 19 advisers. That is what it says, is it not?
 20 A. It does, although my interpretation is, and this is an
 21 inference, in fairness, that is because you would expect
 22 an adviser to help the customer with a new plan, rather
 23 than direct them to an online tool for them to do it
 24 off—line — sorry, online, if you see what I mean. So
 25 you should just help the customer.

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1 Q. Rather than promoting sign—up to the Right Plan service?
 2 A. Yes.
 3 Q. Because that is not what it says here, is it?
 4 A. No, it is not, but it does not say: do not give them
 5 offers retention deals, either. It does not say: do not
 6 put them on a different plan. It is saying: do not —
 7 so I am inferring from that, that that would be a
 8 poor — because from what I know, that would be a poor
 9 customer experience.
 10 Q. So only available online, subject to this possibility of
 11 calling up, but an online tool. Not actively promoted
 12 by BT advisers, as this email says.
 13 A. But it also —
 14 Q. I am sorry, I heard Mr Beard say it is not what it says.
 15 "Advisers should not promote sign—up ..."
 16 A. Sorry, can I just explain my interpretation. So it says
 17 "not promote [sign—ups]"; that is not pro—actively
 18 saying, hey, sign up to this thing, when they could be
 19 helping the customer. But if a customer calls up saying
 20 they have not been able to use the online tool, if they
 21 have access to it an agent can use it as a tool, which
 22 is — so it reinforces what I had thought, which is that
 23 advisers were able to use it as an online tool to help
 24 someone on the phone. But I would always be
 25 recommending advisers to help the customer rather than

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1 be directing them to an online tool.
 2 Q. Now, Ms Blight, the use of Right Plan was, as it
 3 transpired, pretty limited, was it not? You do not deal
 4 with this in your statement, but it was pretty limited?
 5 A. I am not sure.
 6 Q. Can we look at {F/424/1}, please. Perhaps blow it up.
 7 I think you will have this in hard copy, Ms Blight.
 8 Heading, "IR briefing on July 2016 price changes".
 9 A. Sure.
 10 Q. Would this have been a press briefing, Ms Blight, or an
 11 internal briefing?
 12 A. I think "IR" is investor relations.
 13 Q. Do you remember seeing this document before?
 14 A. I do not remember it, but I suspect, based on the time,
 15 that I was part of it. I have got comments —
 16 Q. Given that it relates to the July —
 17 A. — so, yes, I must have.
 18 Q. Exactly. There are various comments. I do appreciate
 19 it is a while ago.
 20 Now, can we scroll down on the EPE. Could we blow
 21 it up and scroll down. Yes. Can it go any wider?
 22 Thank you.
 23 Do you see the bullet point beginning "Right Plan"?
 24 Above the word "Timeline". It is the final ...
 25 A. Yes.

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1 Q. Perhaps just read that to yourself, Ms Blight. (Pause)
 2 A. Yes, I have read that.
 3 Q. So you see the reference to Right Plan having been
 4 introduced two years ago. So this is a document from
 5 April 2016.
 6 "So far, nearly 120,000 customers have used this
 7 service, saving an average of £10 a month each."
 8 Do you see that?
 9 A. Yes.
 10 Q. So the implication there is that 120,000 customers have
 11 saved an average of £10 a month each. That is what the
 12 words used on the page mean?
 13 A. That is what it says, yes.
 14 Q. That is not actually correct, though, Ms Blight, because
 15 if we could look at an earlier version of this document
 16 which is at {F/404/1}.
 17 A. Sure.
 18 Q. I am so sorry —
 19 A. Sorry, what does this one say?
 20 Q. So if we can blow it up again for the EPE.
 21 I said it was an earlier version of this document.
 22 It is an earlier version in time. This one is entitled
 23 "Email Briefing for Journalists", so it may not be for
 24 the exact same audience. But if you look towards the
 25 bottom of the first page, can you see there the text

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1 "Right Plan"? Perhaps if you just read it to yourself.
 2 You will see it is essentially the same text that we saw
 3 on the previous document. (Pause)
 4 A. Sure.
 5 Q. I do not know actually, it is somewhat advanced, but if
 6 we could have the two side by side, so if we could also
 7 have {F/424/1}?
 8 Can you see it is essentially the same wording —
 9 A. Yes, sure.
 10 Q. — save that there is a track change in the final
 11 sentence:
 12 "So far, nearly ..."
 13 So this is the document on the left.
 14 A. Yes.
 15 Q. "So far, nearly 120k customers have benefited from this
 16 service."
 17 So at this stage what was being said at this stage
 18 was "benefited from" rather than "used". Can you see
 19 that?
 20 A. Yes.
 21 Q. Then there is a comment "JB5" on the document on the
 22 left. If you go over the page on that document,
 23 {F/404/2}, and then you look at "JB5", it is
 24 Jonathan Bunt, and can you see that he says:
 25 "Only 10k have really benefited but 120k have used,

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1 up to you how you want to word this."
 2 A. Mm—hm.
 3 Q. Do you see that?
 4 A. Yes, I do.
 5 Q. But then going back to the document on the right, we see
 6 that the wording has become:
 7 "Nearly 120,000 customers have used this service
 8 ..."
 9 Which reflects Mr Bunt's comments, so it is "used"
 10 rather than "benefited". But, as you agreed a moment
 11 ago:
 12 "... saving an average of £10 a month each."
 13 So although the word "benefited" has been changed to
 14 "used", what we now see is it is suggested that all of
 15 those 120,000 customers had saved on average £10 a month
 16 each. But in light of Mr Bunt's comment, that is
 17 completely wrong, is it not?
 18 A. I do not know what the answer is because I actually am
 19 surprised by both of those. Neither of those totally
 20 ring true — correct to me. So I confess I do not think
 21 I know what the actual data would show.
 22 Q. Okay. Let us take Mr Bunt at his word.
 23 MR BEARD: Hold on, we had Mr Bunt here earlier. He was not
 24 asked about any of these things. It is a strange line
 25 of cross-examination in relation to this material.

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1 THE CHAIRMAN: Well, where we have got to at the moment is
 2 that the witness says she does not think either of these
 3 statements ring particularly true.
 4 MR ARMITAGE: Can we look at a somewhat later document.
 5 (Pause)
 6 Just sticking with that document, just to be clear,
 7 I am not calling into question what Mr Bunt says. If
 8 Mr Bunt is correct that only 10,000 of the 120,000 users
 9 have benefited from Right Plan, taking that as correct,
 10 it cannot be right that each of the 120,000 have made
 11 a saving of £10 a month, can it?
 12 A. Well, no. Well, in order for that to be true, the
 13 10,000 would have to have saved an absurd amount of
 14 money, so it seems unlikely that both of those are true.
 15 I think neither of them really quite — I do not really
 16 understand either statement, to be honest.
 17 Q. Okay. Sticking with the second form of wording, it
 18 certainly cannot be right, can it, that each of the
 19 120,000 users have made a saving of £10 a month on
 20 average?
 21 A. It seems unlikely.
 22 Q. Can we look then at {F/516/1}. This looks like another
 23 press Q&A document. Do you see the date at the top,
 24 January 20, 2017?
 25 A. Yes.

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1 Q. Now, that, I accept, is slightly after your time as GM
 2 at Voice, but I am just going to give you an opportunity
 3 to comment again.
 4 Can we look at page 11 of the document, please.
 5 {F/516/11}. Can you see towards the middle of the page:
 6 "How does Right Plan work for the customer?
 7 "You can access it online ... to ask us to run
 8 a report on your calling pattern. After we've looked at
 9 what type of calls you make and their time and duration,
 10 the programme will recommend the best value calling plan
 11 for the customer."
 12 Then can you see a couple of entries below:
 13 "How many customers have used Right Plan last and on
 14 average how much did they save?"
 15 Then it says this:
 16 "Over the past two and a half years since it was
 17 introduced, more than 200,000 customers have registered
 18 for Right Plan."
 19 So somewhat more than the figures we saw in the
 20 earlier documents, as one might expect?
 21 A. Later in time, yes.
 22 Q. 200,000 rather than 120,000 users.
 23 "Not everyone received a recommendation to switch
 24 plans, but customers who did switch saved on average
 25 £11.24 a month."

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1 Yes? So the document is quite properly recognising
 2 now that not everyone who uses the service receives
 3 a benefit in terms of a saving, yes?
 4 A. In terms of a saving, yes. They do not necessarily make
 5 a change to their calling plan. They may find that they
 6 are on the right calling plan.
 7 Q. So the numbers who benefited in terms of making a saving
 8 are not presented in this document?
 9 A. That found they were on the right plan already?
 10 Q. Yes, I said: the numbers benefiting in terms of making a
 11 saving are not presented in this document?
 12 A. Correct.
 13 Q. In light of Mr Bunt's comment on the earlier document,
 14 one would think the numbers who made a saving would be
 15 significantly less than the total number of users. That
 16 stands to reason, does it not?
 17 A. I have no idea what the actual numbers are.
 18 Q. For customers who did make a saving, identified here as
 19 £11.24 a month on average, the implication is that they
 20 were not previously on a suitable calling plan for them,
 21 is it not? It was too expensive. That is why they
 22 realised a saving, yes?
 23 A. Mm—hm.
 24 Q. So in relation to those customers, Right Plan is not
 25 adding any additional value, is it? It is bringing them

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1 up to a calling plan that suits their particular usage,
 2 yes, and realising a saving in that way?
 3 A. Assuming that they continue to have the same usage as
 4 they have had in the previous month, then, yes.
 5 Q. Putting them on a more appropriate plan for their own
 6 usage?
 7 A. Based on their usage from a previous month.
 8 Q. Now, focusing just on those who have used the service,
 9 apparently 200,000 at the date of this document in
 10 January 2017, I gave the figure earlier of around
 11 9 million for the total Voice customer base at this
 12 stage. That is a pretty small proportion of the overall
 13 customer base who use the service, is it not, Ms Blight?
 14 It is around 2%?
 15 A. That registered for Right Plan, rather than use another
 16 way of getting on to a more appropriate calling plan for
 17 them.
 18 Q. Focusing on this particular give that you rely on in
 19 your statement as a justification for a particular price
 20 increase, yes?
 21 A. Well, this is a service, and in one of the many ways
 22 there will have been hundreds of thousands of people
 23 that contacted us and re—contracted, changed bundles,
 24 added or dropped call plans over this time period as
 25 well.

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1 Q. So out of around 9 million customers, about 2% have used
 2 the service at this stage, yes, 200,000?
 3 A. That is — I will believe your maths.
 4 Q. I would not do that. Someone will no doubt hand me
 5 a calculator if I have that wrong. So that is users.
 6 We know that a significantly smaller proportion than
 7 that will have actually made a financial saving as
 8 a result of using the service; Mr Bunt's comments?
 9 A. Yes.
 10 Q. For those who have not used it, so the 9 million minus
 11 the 200,000 or thereabouts, there is no benefit at all
 12 from the service, is there?
 13 A. Not ...
 14 Q. By definition?
 15 A. By definition, I guess there is a chance that because we
 16 were promoting it, it led to them contacting us in
 17 a different way and reassessing — because we are also
 18 sort of saying, hey, you might not be on the right
 19 calling plan. They could have changed calling plan in
 20 other methods, rather than going to the website, that
 21 specific website.
 22 Q. So it is a direct use of the service. The 9 million
 23 minus 200,000 who have not used it have not benefited
 24 from the service, have they?
 25 A. Yes, sure.

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1 (Pause)
 2 Q. What is implicit in the text here, those who did receive
 3 a recommendation to switch plans saved on average
 4 £11.24. I say implicit; I mean explicit.
 5 By definition, many of the customers who did not use
 6 the service would have made a saving had they used the
 7 service. That must be right, Ms Blight?
 8 A. I am not certain that follows, because there is going to
 9 be a usage bias towards people that think they can save
 10 money and want to explore that, so I do not know if that
 11 is representative.
 12 Q. I did not say it is representative, but it must be right
 13 that a significant proportion of the non—users would
 14 have been able to realise a saving had they used the
 15 service as a customer, is that not right?
 16 A. I do not know that that is necessarily — it depends
 17 what you mean by "significant".
 18 Q. It just so happened, did it, that the ones who used it
 19 were the ones who were capable of making savings; that
 20 cannot be right, can it, Ms Blight?
 21 A. No, I think that would make more sense if they
 22 over—indexed, because if you are someone who feels your
 23 bill is high, you are more likely to engage with
 24 something like Right Plan. So I think that stands to
 25 reason if you are being rational as a customer.

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1 Q. Let us look at another document on Right Plan.
 2 {F/232/1}, 7 March 2014. Can you see that on the front?
 3 It is about the Project Window update.
 4 A. Sure.
 5 Q. I accept this is before your time as GM at Voice.
 6 Again, I just want to give you the opportunity to
 7 comment on what is said about the service here, because
 8 you discuss it in your statement, you rely on it.
 9 Can you look at page {F/232/3} of the document.
 10 A. "Executive Summary", okay.
 11 Q. "Executive Summary". Can you see:
 12 "Optimiser – Concept updated to "Right Plan"."
 13 That is the Right Plan service that we have been
 14 discussing. We saw earlier it had originally been
 15 called Optimiser. That is what Mr Bunt said yesterday.
 16 A. Sure, yes.
 17 Q. Then can you see the heading:
 18 "This has the following benefits ..."
 19 First benefit:
 20 "Significantly lowers volume risk in call centres as
 21 no immediate saving for an agent to offer customers."
 22 Now, "volume risk" means the risk of lots of
 23 customers calling up; is that right?
 24 A. I — let me just make sure I have read it, because ...
 25 (Pause) I think so.

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1 Q. As I read it, the point being made here is because this
 2 is not an immediate saving that can be offered to
 3 customers, customers are less likely to phone up about
 4 it than if it was an immediate saving. Is that right?
 5 A. Well, it is also that they can access it without phoning
 6 up. So phoning up creates cost and customer experience
 7 issues and so on, but, yes.
 8 Q. Because it is principally an online tool?
 9 A. That is what it is saying here, I think.
 10 Q. Then the second benefit identified —
 11 A. Well, there is a coupon —
 12 Q. Sorry, I did not mean to speak over you.
 13 A. That was my fault. Sorry, I just realised it says about
 14 a coupon, which obviously is not online, but I do not
 15 know if that —
 16 Q. Yes, that is in the second bullet. I am coming to that.
 17 A. Sorry.
 18 Q. No, no, do not apologise.
 19 Second bullet:
 20 "Limits financial exposure due to the need to click
 21 through an email/send coupon to redeem offer."
 22 That is financial exposure to BT that is being
 23 referred to there, is it not, "limits final exposure"?
 24 A. Yes, I would assume so.
 25 Q. Yes. So BT is saying here that the — I do not mean to

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1 be pejorative — but the hoops that a customer has to
 2 jump through to get the savings which may be available
 3 through the use of Right Plan are a benefit for BT,
 4 because they limit BT's financial exposure, yes?
 5 A. That is what they are saying here.
 6 Q. As distinct from an immediate saving that could be
 7 offered to customers, yes?
 8 A. Yes. I mean, it also talks about the relevant
 9 recommendation. I mean, this is — yes.
 10 Q. Yes, I was going to come on to the third bullet, yes.
 11 But the first two bullet points, it is right to say,
 12 Ms Blight, are benefits to BT, not to BT's customers,
 13 yes?
 14 A. Yes.
 15 Q. Financial exposure to BT — limiting financial exposure
 16 to BT. The flip side of that is limiting the consumer
 17 benefit in terms of financial savings. They are two
 18 sides of the same coin, are they not?
 19 A. Yes. I mean, I personally think that auto—involvement
 20 or auto—migration has other customer experience issues
 21 that are not covered here, but I do not know if we are
 22 going to cover the documents where I looked at doing
 23 migrations.
 24 Q. I am not sure I am going to cover them but Mr Beard may.
 25 I see. Sorry, just in terms of the question

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1 I asked, limiting financial exposure to BT, you agreed
 2 that meant to BT, that is the other side of the coin of
 3 reducing the financial benefit. I appreciate you
 4 mentioned a different ...
 5 A. That is what it is saying here. I was not managing it
 6 at this time, but I agree with you that is what this is
 7 saying here.
 8 Q. Well, it is what it is saying, but that is also correct,
 9 is it not? If it is limiting BT's financial exposure,
 10 it must also be limiting the possible financial benefit
 11 for consumers, yes?
 12 A. (Pause). I think they correlate, but not — it is not
 13 one—to—one. Because one of the challenges of moving
 14 people to the right plans is that you are making an
 15 assumption about their behaviour in the last however
 16 many weeks or months, and then assuming that they want
 17 to continue making that behaviour. So if you changed
 18 your calling behaviour, either changing time of day,
 19 changing your level of usage, then you could actually be
 20 being put on to a plan where you are financially worse
 21 off.
 22 So it is — that is partly why I do not like
 23 auto—migration, because it removes the choice from the
 24 customer, and you limit — actually creating harm, as
 25 well as potentially saving money.

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1 Q. Okay. But assuming a customer does not have a sudden
2 change in usage patterns at the very point at which they
3 use the service —
4 A. People change their usage behaviours all the time.
5 Q. They may well do. But assuming they do not materially
6 change their usage patterns at the very point at which
7 they take advantage of this service, limiting financial
8 exposure to BT means limiting financial benefit to
9 consumers, and it is one—for—one, is it not?
10 A. I do not think it is one—for—one for the reasons I just
11 said, but I do agree that they are correlated, and
12 therefore if we give fewer discounts and fewer offers to
13 customers, then, yes, they are getting fewer discounts
14 and fewer offers. It is sort of a ...
15 Q. Can you just see above the words "This has the following
16 benefits" there is a bullet point:
17 "By signing up, the customer gives us consent to
18 analyse their usage every month (for 6 months) and to
19 send an email with a recommendation to move to the right
20 calling plan."
21 So it is based on a detailed analysis of
22 a customer's usage plans, is it not?
23 A. In this document. I do think in previous things I have
24 seen, I think it was analysis of the last month, so I do
25 not know which was launched or if it changed between

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1 these two times, but yes. But that obviously needed an
2 opt—in from a data protection plan.
3 Q. Can we just look at page {F/232/6} of the document.
4 A. Sure.
5 Q. Can you see the heading "Cost of Living — Right Plan", a
6 description of Right Plan, and then the words:
7 "This has a cannibalisation risk of £0.8m in 14/15."
8 "Cannibalisation risk"; we have heard similar
9 phrases already in this trial and seen them in various
10 documents. That is a reference to what BT will lose as
11 a result of customers using the service and switching on
12 to more advantageous plans from the perspective of the
13 consumer. Cheaper plans, essentially, yes?
14 A. Sorry, can I just have a second to read the commercials
15 because I have not read this before.
16 Q. Sure. (Pause)
17 A. Sorry, could you ask your question again.
18 Q. Yes, I am just trying to hone in on the meaning of the
19 words —
20 A. On the cannibalisation.
21 Q. "Cannibalisation risk of 0.8m". That means essentially
22 BT's financial exposure in terms of customers switching
23 from more expensive plans to cheaper plans. That must
24 be what it means, yes?
25 A. I think what they are showing is an in—year gross margin

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1 impact that they have estimated which is dependent upon
2 the average ARPU change as well as the volume of
3 customers. What does not seem to be included in their
4 analysis, which I would have done, is the churn impact.
5 But in this particular analysis, whoever did this, it
6 does not seem to.
7 THE CHAIRMAN: Sorry, one second. The churn impact caused
8 by what?
9 A. The churn benefit. So by putting people on to a more
10 competitively priced plan —
11 THE CHAIRMAN: You mean less churn, the potential for less
12 churn.
13 A. Yes, sorry, that is what I meant.
14 THE CHAIRMAN: You mean because this is just showing the
15 possible revenue deficit.
16 A. Yes.
17 THE CHAIRMAN: Because people are on what will ultimately
18 prove to be a cheaper plan for them and therefore less
19 income for you.
20 A. Yes.
21 MR DORAN: It does not show people who would leave, is that
22 the point you are — if they were not corrected?
23 A. I think it is a short—term and quite simplistic
24 analysis. Sorry, Mr Bunt, seeing as you did it.
25 Because you could argue that by getting them to reaffirm

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1 your relationship with them and going on to a calling
2 plan you are building that relationship, improving their
3 value for money perception and MPS, so there are other
4 benefits, so they are less likely to leave you, they are
5 more satisfied and they would be less likely to call you
6 another time which of course drives costs.
7 So there are a set of upsides which have not been
8 included in this business case or the impact in future
9 years.
10 MR DORAN: Thank you.
11 MR ARMITAGE: You say a set of upsides. In fact, we see
12 bang in the middle of the page "Business Benefits". So
13 benefits to BT. Three are identified. So: PR message,
14 opportunity to lock customers in on UAC. That is
15 Unlimited Anytime Calling plan. So that is I think part
16 of the point you were making about —
17 A. Yes, I do not know if it was a re—contract in this or
18 not. But, yes, it is getting someone onto a fixed
19 revenue product rather than a variable revenue product.
20 Q. Then — nearly finished with this document and I have
21 one final document. Perhaps then would be a convenient
22 time for a break because I will have finished this give,
23 if that works.
24 Page {F/232/7} of the same document. Can you see
25 the heading:

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1 "30% of customers are able to rationalise through
2 the tool; multi-step redemption journey reduces
3 financial risk."
4 Again, that is financial risk for BT, yes?
5 A. Yes.
6 Q. Consumer benefit being the other side of that coin,
7 subject to the caveats you have made earlier, yes?
8 A. Yes.
9 Q. Then can you see under "Assumptions and Sensitives" we
10 again see the reference to the cannibalisation risk of
11 £0.8 million. Then I think you see the assumptions that
12 underpin that analysis that you said was overly
13 simplistic. You see there is an assumption about the
14 volume of users, 400,000 in 14/15?
15 A. Yes.
16 Q. We saw earlier, did not we, that only 200,000 people had
17 used it by 2017. So that is an overestimate at the
18 outset?
19 A. Yes, but there is other factors they underestimated
20 assuming those other ARPU savings are correct, so
21 I think in this they assumed there would be a 6.85 ARPU
22 impact, whereas the document you showed me before was
23 £10/£11. When launching a new product it is hard to
24 estimate the impact.
25 Q. Yes, you are right on that one there is a slight

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1 difference, you are right.
2 The next one: percentage of customers receiving
3 offer to save, so that is of the users, what percentage
4 are actually being told that they can move on to
5 a cheaper plan, yes? 30% is the estimate?
6 A. Yes.
7 Q. We saw earlier Mr Bunt's comment that 10,000 out of
8 120,000 users had actually benefited. It is rather less
9 than 30%, yes?
10 A. So I think they are different numbers. They are
11 related, but if assuming Mr Bunt's number is correct --
12 Q. You are right. No, I am sorry. You are right. This is
13 receiving the offer as opposed to actually taking up the
14 offer?
15 A. Exactly, so there is a disconnect then, so there might
16 be some that go, actually I am not going to take it now
17 and then phone us a week later.
18 Q. Yes, in fact as the next box says, 50% of those are --
19 only half of them who receive the offer are assumed to
20 actually open the email, yes?
21 A. Yes, that is actually quite high.
22 Q. Yes, and that is a point that is made under rationale:
23 higher than any previous offer. So that is I am not
24 sure if it is conservative or the opposite of
25 conservative. It is a robust assumption, optimistic.

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1 "Conversion rate from opened EM."
2 I assume that is email. That is 40%. Which again
3 is a very robust estimate if you look at the --
4 A. Yes, it is a similar level as we would get with some of
5 our broadband re-contract campaigns. I do not know
6 whoever wrote this document looked at what we were doing
7 in broadband.
8 Q. Yes, you used the word which is much more apt,
9 "optimistic" estimate rather than robust, yes.
10 A. I think the 40% sounds quite right. I think the open
11 rate is a bit high actually, but we are debating the
12 efficacy of marketing now.
13 Q. What we see there in terms of using the service down to
14 actually making a saving, there are really quite
15 a number of hoops that customers have to jump through
16 before they make a saving, yes?
17 A. I would say the same number of hoops as for most offers
18 in the market and generally in markets. I think this is
19 demonstrating how you calculate the impact of an email
20 campaign.
21 Q. Now, just one more document.
22 THE CHAIRMAN: Just before we do that, on here, "ARPU loss
23 per regrade, £6.85", and we can see on the table at the
24 bottom right that is basically an average of the saving
25 depending on which particular call plan they are on,

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1 yes?
2 A. Yes, that is my interpretation as well.
3 THE CHAIRMAN: Then it says on the left-hand side:
4 "Based on ARPU impact of regrades by irrational."
5 I assume what that actually means is by those people
6 who were on an irrational plan in the sense of not the
7 best plan for them?
8 A. Yes. So my interpretation of this is that what they
9 were saying was that the people that use the tool but
10 find they are already on the most -- the best plan for
11 them, i.e. are rational, will not make a switch.
12 MR DORAN: Just to say, when you say that the anticipated
13 rate of opening at 50% or whatever, this is optimistic,
14 if you write to customers with a price offer or email,
15 nothing like these numbers, is that what you are --
16 A. Typical DM campaigns, so direct marketing, so physical
17 letter with actually your name addressed is actually 2%.
18 THE CHAIRMAN: 2%.
19 A. 2% response rate.
20 MR DORAN: So with an offer of something which is
21 advantageous financially.
22 A. Yes.
23 MR DORAN: 2%.
24 A. Yes. You have to send a lot of pieces of paper to
25 certain people, to encourage people. Even something

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1 that is saving money. EM tends to be a little bit
 2 better but a 50% open rate with then a 30% -- 40%
 3 conversion, sorry, is what a 20% essentially net
 4 response rate versus say 2% that you might get. So it
 5 is -- yes, it is a very compelling offer, and I can
 6 attest that when we did like free fibre upgrades, that
 7 was the kind of response rates that we would get.
 8 MR DORAN: Free fibre upgrades?
 9 A. Yes, so not even a contract.
 10 MR DORAN: So you cannot give it away!
 11 A. Yes.
 12 THE CHAIRMAN: On that note, we are going to take our break
 13 now. Thank you.
 14 (3.21 pm)
 15 (A short break)
 16 (3.31 pm)
 17 MR ARMITAGE: Just to finish off then on Right Plan, we were
 18 looking at what BT described as financial exposure in
 19 relation to this give. Could we look at just one more
 20 document which is from your time, it is at {F/386/1}.
 21 I hope you have got that one, "16/17 Pricing and
 22 Portfolio".
 23 A. Sure.
 24 Q. It is a draft document. But it relates, does not it, to
 25 the 16/17 price increase in which you were involved?

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1 A. Yes, it does.
 2 Q. So you would have seen this document before being
 3 involved in preparing it, probably?
 4 A. Yes.
 5 Q. Then can we just look at page {F/386/5}. Can you just
 6 see, top right, "Right Plan III"? Then can you see
 7 "financials", minus £0.1 million.
 8 Sorry, just to take that in stages. Right Plan III,
 9 I think this is the third occasion on which Right Plan
 10 has been part of a package of gives?
 11 A. Yes.
 12 Q. We see the financials, minus 0.1 million. So that
 13 I think must be the financial exposure of BT in terms of
 14 customers using the service and moving on to cheaper
 15 plans, yes?
 16 A. I actually think this is the incremental versus what was
 17 in plan, but I am not -- it is not completely clear, but
 18 I think it is the -- because it is a new plan and these
 19 are things that we were getting sign off for, so we
 20 would have budgeted a certain amount. I do not know
 21 what the full exposure would be, but I would have
 22 thought it would be higher than that.
 23 Q. Higher than minus 0.1 million, Ms Blight?
 24 A. Yes.
 25 Q. But it is pretty minuscule, is it not, applied in

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1 context?
 2 A. As a delta, yes.
 3 Q. Yes. That is a reflection, as we established earlier,
 4 of the benefit to customers in terms of financial
 5 benefit, yes?
 6 A. I am not sure 100k is -- was or not, but I think the
 7 usage of people changing plan using Right Plan III is
 8 obviously going to be a proportion of people that are
 9 changing plan. You know, the bigger proportion of
 10 people changing plan is people changing bundles or
 11 speaking to someone in the contact centre.
 12 Q. Yes. So in terms of this give, one of the four gives
 13 that you rely on in your witness statement, let us come
 14 back to that in a minute, a consumer benefit is very
 15 limited, is it not?
 16 A. In -- sorry, one of the four gives?
 17 Q. One of the four gives. This is one of the four gives
 18 that you refer to in your statement?
 19 A. I do not remember that I only stated four. I think you
 20 are right. Yes, this is --
 21 Q. Four main gives.
 22 A. This is based on this data but I do think this is
 23 incremental.
 24 Q. Yes. Can we just go back to paragraph 50 of your
 25 statement, Ms Blight. That is {D/4/13} for the Opus.

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1 A. Sure.
 2 Q. Perhaps we could just blow it up, please.
 3 Paragraph 50 is where you deal with Right Plan. You
 4 see, this is the final sentence:
 5 "The aim of Right Plan was to ensure that customers
 6 were receiving value for money whilst also encouraging
 7 them to use their landlines and calling plans."
 8 But we have now seen, have we not, that BT
 9 identified the limited financial exposure to BT as the
 10 benefit of this give, yes?"
 11 A. In the 2014 document the changes to the strategy from
 12 Optimiser was called out as that, I think.
 13 Q. Customers benefiting in terms of financial benefit was
 14 identified as a "cannibalisation risk" to BT, yes?
 15 A. In the way it was calculated in that, when it was in
 16 that document you showed me, yes.
 17 Q. Yes. So that is Right Plan.
 18 Could we now move to -- sorry, in case there was any
 19 confusion, when I talk about the four gives,
 20 I appreciate you talk about some other matters which
 21 I will also be asking you about, but at paragraph 43 of
 22 your statement, just to show you that.
 23 A. Yes.
 24 Q. I did take you to it earlier.
 25 A. These are Voice-specific gives, yes.

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1 Q. Well, I might ask you about that in a moment {D/4/11}.
 2 You say:
 3 "During my time as GM for Voice, we concentrated on
 4 four main Customer Gives: ... Call Protect [which we
 5 have looked at], Care Level Guarantees [which we are
 6 going to come on to], Right Plan [which we have looked
 7 at] and onshoring [which is the one I am about to move
 8 on to] ..."
 9 That is what you say were the four main customer
 10 gives, yes?
 11 A. Sure. The Care Level Guarantees -- I guess I could have
 12 written this better, because I am talking about a basket
 13 of different activities, so Care Level 2, plus the Fault
 14 Fix Guarantee, and changes to CAPC, that kind of thing.
 15 Q. Yes, and we will come on to that.
 16 If we could look, though, first, at the onshoring
 17 matter. So onshoring, that refers to call centres being
 18 moved from abroad to the UK, yes?
 19 A. Yes.
 20 Q. You say in your statement that you began to onshore
 21 contact centres in 2016?
 22 A. Yes, I think that was when we started doing it.
 23 Q. Let us look at paragraph 51 of your statement. {D/4/13}
 24 A. Sure, yes, I think that is ... If there was activity
 25 before that, I was not involved in it.

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1 Q. I am not going to seek to correct you on this one,
 2 Ms Blight. So, yes, that is in terms of the first
 3 sentence of paragraph 51. Now, perhaps if you could
 4 just read that paragraph to yourself. It is quite
 5 a long paragraph.
 6 A. Sure. (Pause)
 7 Q. Now, one of the things you say here is that there was:
 8 " ... a subsection of customers that frequently
 9 called contact centres for whom connecting them to an
 10 adviser with a local accent was important."
 11 That is what you say here, yes?
 12 A. Yes.
 13 Q. Those customers perceive a service that is delivered in
 14 a local accent as a better service, yes?
 15 A. Yes.
 16 Q. So pausing there. I think the only point you are making
 17 here about additional value arising from onshoring is
 18 customers perceiving a local accent, rather than
 19 a foreign accent, as a benefit. That is the benefit you
 20 are identifying here, yes?
 21 A. I think some other people at BT would say that the
 22 service was better with onshore contact centre workers.
 23 I guess this probably shows some of my cynicism,
 24 a little bit.
 25 Q. You are cynical about the benefit arising from this

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1 particular give, are you, Ms Blight?
 2 A. I am cynical about the level of latent racism that might
 3 be involved in that perception.
 4 Q. I see. In this paragraph you are not suggesting any
 5 other qualitative benefit in terms of the quality of the
 6 landline service or any other Voice service arising from
 7 contact centres being onshore. You are not referring to
 8 any other benefit in that paragraph, are you?
 9 A. No, I do not think so.
 10 Q. Now, you also very fairly made clear that this is only
 11 a perceived benefit, as you put it?
 12 A. Mm--hm.
 13 Q. Perhaps slightly cynically, for a subsection of
 14 customers, yes?
 15 A. Yes.
 16 Q. Meaning those who prefer to hear a local than a foreign
 17 accent, yes?
 18 A. Yes.
 19 Q. By definition, customers who are not concerned about
 20 that factor do not benefit from onshoring, do they, at
 21 least in relation to the local/foreign accent point?
 22 A. I think our customer services colleagues would feel that
 23 they got better results even if somebody did not fall
 24 into that bucket and there were better outcomes.
 25 I cannot talk to that. I am not a member of that.

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1 I was focused on the marketing impact.
 2 Q. By definition, a call centre tends to be used when
 3 something goes wrong. Is that a fair comment,
 4 Ms Blight?
 5 A. Not necessarily. It could be someone wanting to change
 6 contract, change plan, moving home. Faults is a subset
 7 of contact centre service.
 8 Q. That is a very fair point. Insofar as it is used when
 9 something goes wrong, it does not provide any other
 10 benefit in terms of the quality of the service that
 11 customers were receiving, does it?
 12 A. Sorry, the fact that they are onshore?
 13 Q. Yes. Maybe that is a repetitious question. I think we
 14 may have covered the point.
 15 A. Yes, I think the customer services team, if you had
 16 someone up here that was more au fait with it, might say
 17 there are fewer repeat calls, there is less aggression,
 18 other things like that.
 19 Q. Yes. Now, call centres are for all BT customers, are
 20 they not?
 21 A. Yes.
 22 Q. Not just Voice customers?
 23 A. Yes, although the vast majority of BT Consumer customers
 24 are Voice customers at this point.
 25 Q. Just to be fair, it is not just standalone Voice

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1 customers, it is all --
 2 A. All. So it is all broadband, TV.
 3 Q. Yes. That is why in fact you say, in the final sentence
 4 of paragraph 51, that you:
 5 "... recall that the cost of onshoring contact
 6 centres was allocated between the various BT Consumer
 7 divisions with the majority falling under Voice since
 8 all customers had a Voice line."
 9 That is the point you just made?
 10 A. That was my recollection.
 11 Q. The reason I identify that is because I think a moment
 12 ago, or perhaps about five minutes ago, you referred to
 13 these as benefits that were specific. The four main
 14 gives that you referred to, you referred to them as
 15 benefits specifically for Voice customers, and for this
 16 one it is right to say that --
 17 A. So it is specific to Voice customers. All of the
 18 BT Consumer customers, bar the BT Sport customers, were
 19 Voice customers. So, sorry, that is what I am saying.
 20 When I say all Voice customers, that always includes all
 21 broadband customers, all TV customers.
 22 Q. The point I was making to you, I think you said specific
 23 to Voice customers, and you have just accepted, I think,
 24 there will be Consumer customers who are not Voice
 25 customers. I appreciate you say it is a small

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1 proportion, but that is right, is it not?
 2 A. Like 100,000 or something out of ... But certainly
 3 I was -- that was the main segment. I do not think
 4 BT Sport only customers with Sky necessarily ... I do
 5 not know. It was not a major consideration.
 6 Q. I see, yes. You say in the last sentence:
 7 "... the majority falling under Voice since all
 8 customers had a Voice line."
 9 A. Yes.
 10 Q. Now, I am not going to ask you about questions of cost
 11 allocation. That is a matter of much debate between the
 12 experts in this hearing. I do not know if you are
 13 pleased to hear that, but I am certainly pleased to not
 14 be getting into it with you.
 15 You say you began to onshore call centres in 2016.
 16 By definition, Ms Blight, that could not justify any
 17 price increases that occurred before 2016, could it?
 18 A. No, I guess not. I do not think it was used though, but
 19 maybe it was. But those would have been the ones I was
 20 not involved in.
 21 Q. Yes, you are focusing, as we have seen, on the 2016/2017
 22 package of changes?
 23 A. Yes.
 24 Q. So that is onshoring.
 25 The last of the four, Fault Fix Guarantee.

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1 A. Also Care Level 2, or?
 2 Q. Yes, well, that is ...
 3 THE CHAIRMAN: You are covering both here, you are going to
 4 cover both here.
 5 MR ARMITAGE: Yes.
 6 THE CHAIRMAN: Right.
 7 A. Okay.
 8 MR ARMITAGE: Yes. So paragraph 49 of your statement,
 9 {D/4/12}. Again, perhaps you could just read that to
 10 yourself. Again, it is a fairly long paragraph.
 11 (Pause)
 12 So just to clarify again the chronology here,
 13 Ms Blight. So you start by saying that in 2016 --
 14 sorry, can we go back to the start of paragraph 49.
 15 Yes, so first sentence:
 16 "In 2016 we also looked at rolling out
 17 'Care Level 2' to all customers."
 18 Now, Care Level 2, that is an Openreach service
 19 provided -- an Openreach service whereby faults are
 20 fixed within two working days, I think, including
 21 Saturdays?
 22 A. Yes, it is -- I am going to -- that is the gist of it.
 23 It is an annoyingly confusing service in the way of what
 24 that "within two working days" means.
 25 Q. But that is the idea?

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1 A. That is broadly, yes.
 2 Q. It is to be distinguished from Care Level 1, that is
 3 three working days excluding Saturdays, I think. Is
 4 that right?
 5 A. I cannot remember but that does sound right.
 6 Q. We will come I think to a document which --
 7 A. I am sure -- yes, that sounds right.
 8 Q. What you say in the paragraph is that you considered
 9 moving all customers onto Care Level 2?
 10 A. Yes.
 11 Q. Rolling out Care Level 2 had a cost of 40 million, which
 12 in your view did not represent good value for money.
 13 Then you say:
 14 "We ultimately bundled Care Level 2 into Line Rental
 15 Plus (a product which provides customers with additional
 16 services for an additional cost per month) and
 17 BT Consumer developed a 'Fault Fix Guarantee' ..."
 18 That is something different where customers, rather
 19 than having a guaranteed time by which their faults be
 20 fixed, if you are not able to fix a fault in
 21 a particular time you get an account credit, yes?
 22 A. Yes.
 23 Q. Then can I just -- I will just read out the final
 24 sentence on the page:
 25 "In contrast to the £40m worth of costs associated

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1 with moving all customers on to Care Level 2, I think we
2 worked out that Fault Fix Guarantee would only cost
3 around £8m to implement. It was more economic for us to
4 make our own promises in this way than to offer
5 Care Level 2 to all customers (as the latter involved
6 a significant additional Openreach cost but did not
7 provide a compelling marketing message)."

8 As I read that paragraph, the implication is that
9 you decided — you looked at introducing Care Level 2 in
10 2016 but you decided not to do so, and you instead
11 introduced Fault Fix Guarantee. But that is not right,
12 is it?

13 A. No, I think it is wrong, because ultimately we did end
14 up introducing Care Level 2. I probably — sorry,
15 I should have made this as a correction — I think
16 partly because we were having to delay nuisance calls
17 and — sorry, BT Call Protect, because we knew that that
18 would be then less compelling, because it became a "This
19 is a trial" rather than a "This is launched", so it was
20 about creating the right balance of value for money
21 messages, and I think there was also a rebate we got as
22 well which made it more economic.

23 We still did Fault Fix Guarantee as well, though,
24 but that was then pushed to the next price change. That
25 took us longer to implement. Yes. I can talk more

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1 about the difference between the two.

2 Q. Yes, well, I have some questions on that.

3 I am told, I think it may be both of us, to slow
4 down a little bit for the transcriber.

5 A. I am sorry.

6 Q. I am sure it is largely my fault.

7 So we have established BT in fact did introduce
8 Care Level 2, and that was in July 2016, alongside the
9 £1 increase on Line Rental and other price increases.
10 That is right, is it not?

11 A. Yes.

12 Q. It was only later that you decided to replace it with
13 Fault Fix Guarantee then; is that right?

14 A. I do not think it was replaced. That was in addition,
15 Fault Fix Guarantee.

16 Q. Let us have a look at that. Could we look at {F/574/1}.

17 A. Sure.

18 Q. You should have this in your hard copy. It is
19 a document called "Changes to Care Level provision.
20 18 October 2017". Sorry, it is {F/574/1}.

21 A. I have not seen this document before.

22 Q. Yes, so it is dated 18 October 2017, so that is about
23 a year after your time as GM at Voice?

24 A. Yes.

25 Q. I am just hoping to use this to establish the

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1 chronology. By all means, if you do not recollect
2 anything, just say.

3 A. Sure.

4 Q. So if we look at page {F/574/6}. "Background to
5 Care Level 2." Do you just want to cast your eye over
6 that slide, Ms Blight. (Pause)

7 A. Okay.

8 Q. So there is a helpful, if you may say slightly
9 simplified — it is a summary of the two care levels
10 offered by Openreach. Care Level 1, so that is provided
11 at no additional wholesale cost to the provider, and
12 that is faults are fixed within two working days. So
13 everybody has that on the network?

14 A. Yes, so to clarify, these are SLAs. It can actually
15 fall outside of that or inside of that. So it is about
16 the money you pay to Openreach of which they are giving
17 you different service level agreements.

18 Q. Service level agreements, okay. Then Care Level 2, that
19 comes at a monthly wholesale charge of 53p per customer.
20 For that one, the faults are fixed by the following day,
21 including Saturdays.

22 Then you see:

23 "On 3 July 2016 ..."

24 So that is the date on which the 2016/2017 price
25 increase came into force, yes?

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1 A. Mm—hm.

2 Q. "... we uplifted our standard Care Level provision for
3 all customers from Care Level 1 to Care Level 2. It was
4 used as one of the main gives in the 2016 annual price
5 change, to mitigate the increase of Line Rental from
6 £17.99 to £18.99."

7 Yes? You can see —

8 A. Yes, I agree. I agree.

9 Q. You can see there, there is an ongoing cost attached to
10 the Care Level 2 service of around £50 million a year,
11 yes?

12 A. Yes.

13 Q. There is a reference there to Care Level 2 being:

14 "... a differentiator for BT as the majority of our
15 competitors offer Care Level 1."

16 I am going to come back to that.

17 "Insight suggests that awareness of our faster fault
18 fixes is low (less than 20% of customers recalled the
19 give following the Price Change), but those who did,
20 valued it highly."

21 You see all those points?

22 A. Yes.

23 Q. Then can you look at the next slide, {F/574/7}. "There
24 is an opportunity to change the Care Level for some
25 customers", and it says:

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1 "There are currently 8.3m active lines ..."
 2 That is the total Voice base, yes?
 3 A. Yes.
 4 Q. "... of which we could migrate to Care Level 1."
 5 That means back down to Care Level 1. That is the
 6 reference to "migrate"?
 7 A. Yes, reduce their SLA agreement with Openreach.
 8 Q. "However there are certain groups of customers for which
 9 we recommend treating as exceptions outlined below."
 10 Then can you see out of the 8.3 million total there
 11 are four groups identified in red boxes: BT Basic, Home
 12 Phone Saver, Carmen Base, Line Rental Plus. They are
 13 the exceptions that are being identified .
 14 Carmen Base, that is, I would say, VOCs, you I think
 15 prefer truly solus, but the customers who got the BT
 16 commitments discount on Line Rental?
 17 A. I think so, but I am inferring that being that this
 18 whole event is called Project Carmen or something.
 19 I was not there.
 20 Q. I understand that.
 21 You see the second bullet point under "Carmen Base":
 22 "Enhanced regulatory scrutiny post Carmen."
 23 So it looks as though the concern being identified
 24 there is that reversing the introduction of Care Level 2
 25 for those who receive the commitments discount, the

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1 concern is that it will attract regulatory scrutiny,
 2 yes, worsening the care level agreement, effectively?
 3 A. That sounds like that, yes.
 4 Q. Then can you see the blue column, 6 million, "Base who
 5 return to Care Level 1". So that is everyone who is not
 6 in the preceding four groups?
 7 A. Mm—hm.
 8 Q. That would include SPCs, would it not, Split Purchase
 9 Customers?
 10 A. Erm ...
 11 Q. Customers who purchased a standalone fixed Voice service
 12 from BT but a broadband service either from BT or
 13 another supplier?
 14 A. Unless they had BT Basic, Home Phone Saver or Line
 15 Rental Plus. I am interpreting the same thing as you
 16 from the slide.
 17 Q. Sorry, just to clarify . Home Phone Saver, I do not
 18 think you could be an SPC. That was for landline only
 19 customers, was it not?
 20 A. I might have understood SPCs, but I thought SPCs are
 21 landline — BT landline only. They can still have
 22 a broadband with someone else.
 23 Q. Not with BT, I think.
 24 A. Correct.
 25 Q. Yes, thank you.

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1 So the blue column, subject to the point you made
 2 about the other services, that would include SPCs who do
 3 not fall into any of those other categories, yes?
 4 A. That is my interpretation of these slides .
 5 Q. Yes.
 6 Then can we look at one more document on this point.
 7 {F/465/1}. We have been to this a few times.
 8 A. Yes, the OR.
 9 Q. It is the long one. This time I am after page
 10 {F/465/61}. We are going to memorise it by the end of
 11 this, Ms Blight.
 12 A. Sorry, so many pages.
 13 Q. Yes, 61.
 14 A. Okay, yes.
 15 Q. So quite a dense slide. I am just going to highlight
 16 the short point I want to take from it.
 17 So it is talking about "16/17. Voice: Looking
 18 Forward — Q2 KPIs". We see:
 19 "16/17 Annual Price Change and care level 2 uplift
 20 on track."
 21 Then can you see under "Headlines" in the box on the
 22 right:
 23 "Delivery of 16/17 Price Change which will drive
 24 £217m [revenue], offset by significant improvements in
 25 value for all customers including a £35m investment in

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1 Care Level 2."
 2 Yes?
 3 A. Yes.
 4 Q. Now, £35 million is in the region of the figure you give
 5 in your statement for the cost of Care Level 2. You say
 6 around £40 million —
 7 A. Yes.
 8 Q. — but it is of a similar order.
 9 So just to take stock on the chronology, not being
 10 critical here, but contrary to what I have taken from
 11 your statement, BT did introduce Care Level 2
 12 in July 2016 as a key give to mitigate the impact of the
 13 £1 Line Rental increase that was introduced at that
 14 time. That is right, is it not?
 15 A. We did.
 16 Q. Yes. Care Level 2 was something that applied to all
 17 Voice customers, not just solus customers, yes?
 18 A. Yes.
 19 Q. It looks from this slide as though it cost about
 20 £35 million to roll out, albeit that is in the context
 21 of a price change that is said to drive over
 22 £200 million in revenue, yes?
 23 A. These are in—year numbers, yes?
 24 Q. Yes. But we saw from the previous document that BT
 25 later shifted millions of customers, including SPCs,

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1 back down onto Care Level 1; yes, that is what happened?
 2 A. What I do not know is how things were changed — I do
 3 not know if that meant that their care ... Their care
 4 level seems to be changed, from what you are showing me.
 5 In terms of the contract between BT and Openreach in
 6 terms of the service level agreement, I do not know what
 7 that did in terms of service, because we are not
 8 discussing that here. What I do remember quite vividly
 9 is one of the reasons why I did not want us — I did not
 10 feel it was good value for money moving to Care Level 2
 11 is actually when I looked at the performance of our
 12 customers currently on Care Level 2 versus Care Level 1
 13 the difference was negligible, and that there were other
 14 ways of us providing better service, such as making
 15 changes to the CAPC, Fault Fixed Guarantee, using
 16 alternative engineering suppliers, such as Qube.
 17 So I think — sorry, what I am trying to say is
 18 I recognise what it says here in terms of the changes to
 19 the products that we were taking from Openreach. I do
 20 not know necessarily that that meant that people got
 21 a worse service.
 22 Q. I see. So just to check I got the answer you just gave,
 23 you said:
 24 "... I did not feel it was good value for money
 25 moving to Care Level 2 is actually when I looked at the

1 performance of our customers currently on Care Level 2
 2 versus Care Level 1 the difference was negligible ..."
 3 A. Yes.
 4 Q. In terms of "performance of our customers", you mean the
 5 value they ascribed to the service, or ...
 6 A. No, sorry, I should have been clearer. So the Openreach
 7 performance, as to how quickly that they were fixing
 8 faults and meeting the service level agreement, we were
 9 actually already getting the performance quite close to
 10 Care Level 2 without actually paying for it, and our
 11 customers that were paying the 53p extra a month were
 12 not necessarily getting a far better performance, or it
 13 was not that obvious; they were still getting bad
 14 performances. There were other ways we could replicate
 15 it, so we could use expedites, which is another cost,
 16 where we just — when something is too late, we spend
 17 more money to bring it in.
 18 My point being is if your objective is to improve
 19 your customer experience, I did not feel the service
 20 that I was getting from my supplier, Openreach, was
 21 necessarily the most cost effective way of delivering
 22 a better service.
 23 Q. Yes. So you say your objective was to improve customer
 24 experience.
 25 Could we just go back to paragraph 49 of your

1 statement, then, and look at what you say about the
 2 respective merits of Fault Fix Guarantee, which we will
 3 come on to in a minute, and Care Level 2.
 4 So the final sentence {D/4/13}:
 5 "It was more economic for us to make our own
 6 promises in this way [in other words, via this Fault Fix
 7 Guarantee, the account credit approach] than to offer
 8 Care Level 2 to all customers (as the latter involved
 9 a significant additional Openreach cost but did not
 10 provide a compelling marketing message)."
 11 So that is not looking at customer benefit, is it,
 12 it is talking about "economic for us" and "marketing
 13 message". Those are the factors you identify in your
 14 statement, yes?
 15 A. There are two factors when you are considering changing
 16 service. One is the actual experience of service,
 17 which, remember, only a proportion of customers
 18 experience a fault, and therefore only a proportion of
 19 customers will experience a difference if you make one.
 20 Then the other aspect is customers' perception or
 21 confidence in you as a business to be able to deliver
 22 solutions when something goes wrong and fix faults.
 23 The difficulty I had with Care Level 2, which
 24 I think was demonstrated quite well by the difficulty in
 25 explaining it, even written down. It was very hard to

1 say, because you could not sort of make a guarantee, you
 2 could not say: you definitely will be fixed within
 3 two days, because it would be: in two days, except for
 4 Saturdays, and not if there is a blue moon. So very
 5 difficult to explain to customers.
 6 Therefore — that is what I mean by "marketing", is
 7 that if you cannot — I thought it was better for us to
 8 be making a financial commitment of compensation to
 9 customers that was easier for customers to understand,
 10 and then at the same time use Expedites and Qube and
 11 other methods to improve service and minimise the amount
 12 of time we would give people that credit, versus giving
 13 more money to Openreach.
 14 At BT Group level that might have been different,
 15 but I was operating as BT Consumer.
 16 Q. Just to pick up on a small point of detail, I think you
 17 said there it was difficult to explain to customers:
 18 your fault is going to be fixed by a particular time,
 19 excluding Saturdays.
 20 In Care Level 2, I think Saturdays are included in
 21 the "by the following day"?
 22 A. So I have actually simplified it in the statement. If
 23 you look at — I have forgotten what the document is
 24 called — the Openreach product document. It is very
 25 specific. It depends upon actually when the fault is

1 reported and you cannot actually guarantee it because --
 2 it is annoyingly complex and unfortunately has not been
 3 designed by someone who is needing to explain it to
 4 a customer.
 5 Q. Okay. So be all that as it may, BT introduced
 6 Care Level 2 for all customers in July 2016 but then
 7 reverted for millions of those customers, including
 8 SPCs, in 2017, did it not?
 9 A. Based on the documents you have shown me, that is true.
 10 Q. Yes, and Mr Bunt actually confirms that at
 11 paragraph 62(b) of his statement. I do not think we
 12 need to turn it up.
 13 A. No, I trust you.
 14 Q. Unless you would like me to of course.
 15 Now, I am sorry, we have paragraph 49 of your
 16 statement on the screen, so the two factors you refer to
 17 there about the distinction between Fault Fix Guarantee
 18 and Care Level 2. Now, again, as I have read this
 19 initially these looked as though these were the reasons
 20 you were giving for not introducing Care Level 2 in
 21 2016/2017. I think it must be the reasons why BT opted
 22 to reverse the decision to introduce Care Level 2; is
 23 that right?
 24 A. I do not know because I was not there when they made
 25 those decisions, but I guess it is probably logical that

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1 they were thinking in a similar way as I was previously,
 2 but I am making a guess or an inference for that.
 3 Q. Focusing on the two points that you do make there, so
 4 the first point, more economic. So Fault Fix Guarantee,
 5 and we see this from the figures, was significantly
 6 cheaper for BT than the Care Level 2 approach, was it
 7 not?
 8 A. Yes.
 9 Q. As you say here, in your view, at least, providing
 10 Care Level 2 did not produce a compelling marketing
 11 message, yes?
 12 A. Yes, it was challenging to communicate it.
 13 Q. Yes, so your focus in your statement: cost to BT and how
 14 things have gone down from a marketing perspective, yes?
 15 A. From -- so -- sorry, just give me a moment. I think --
 16 yes, from a marketing perspective because what is
 17 important to me is my relationship with the customers
 18 and their perception of value for money.
 19 Q. Now, there is another relevant issue in relation to
 20 Care Level 2. I do not think you mention this in your
 21 statement but other suppliers were offering it already
 22 at the point in time at which it was introduced. That
 23 is right, is it not?
 24 A. Yes, I cannot remember which or how -- what proportion
 25 of their base though.

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1 Q. Okay, let us look at a document on that. So {F/381/1}.
 2 I hope you have a hard copy again. I am told that you
 3 do have a hard copy.
 4 A. Yes, sorry, it is just taking me a moment to ...
 5 thank you.
 6 Q. You see that is "16/17 Pricing service gives update --
 7 in strictest confidence", 23 December 2015. So a
 8 Christmas treat for somebody. That is during your time
 9 as GM at Voice?
 10 A. Sadly, yes.
 11 Q. I think you will have seen this document and perhaps
 12 been involved in preparing it?
 13 A. Yes, yes.
 14 Q. If we look at page {F/381/3} can you see that two
 15 options have been presented there?
 16 A. Mm--hm.
 17 Q. That is:
 18 "Option 1: service guarantee + LR at £18.99."
 19 Pausing there, so £18.99 I think is the amount that
 20 Line Rental did go up to as it transpired as part of
 21 2016/17. It had been £17.99 and it went up to £18.99?
 22 A. I think so, yes.
 23 Q. At this point you are still considering the precise
 24 price increase?
 25 A. Yes.

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1 Q. So option 1 is service guarantee plus Line Rental going
 2 up by £1?
 3 A. Yes.
 4 Q. You see from the description underneath that what is
 5 being described there is what you call Fault Fix
 6 Guarantee in your statement, is it not?
 7 A. Yes.
 8 Q. It looks as though from the purple text at the top of
 9 the page that at this stage the service guarantee,
 10 i.e. the Fault Fix Guarantee, was being recommended as
 11 it delivers a differentiated message for lower cost,
 12 yes?
 13 A. Yes.
 14 Q. Although just looking at the bottom of the option 1 box,
 15 there is a reference to:
 16 "Service guarantee revised policy and claims have
 17 not yet been through legal and marketing feedback."
 18 So it is a recommendation, obviously not a final
 19 decision and we know in fact there is a further one?
 20 A. Yes, it required going through trials and so on which
 21 I think is ultimately why it did not -- it had to be
 22 delayed. We could not deliver in time.
 23 Q. Then option 2 is upgrading customers, all standard Line
 24 Rental customers to Care Level 2 so that line faults are
 25 fixed 1 working day faster.

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1 On this slide option 2 involves a slightly bigger
 2 Line Rental increase, £19.25, yes?
 3 A. Yes.
 4 Q. Then can we go onto page {F/381/7}, please. You see the
 5 heading "We have considered upgrading all standard Line
 6 Rental customers to Care Level 2".
 7 "The proposition and key considerations."
 8 The first bullet point is the potential option of
 9 upgrading everybody to Care Level 2. In fact, that is
 10 what actually happens in July.
 11 "Regulators have given us feedback that this is
 12 important to customers."
 13 That is point 2.
 14 But then if you look at point 3:
 15 "We would not have a differentiated claim vs our
 16 competitors as they are already using Care Level 2."
 17 Do you see that?
 18 A. Yes, I do.
 19 Q. Then next bullet:
 20 "There is limited PR benefit from making the
 21 change -- customer expectations on fault fix have
 22 increased significantly over the last few years and
 23 delivering a 'wow' customer experience is cost
 24 prohibitive."
 25 A. Yes.

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1 Q. Then there is a reference in the final bullet point to
 2 implications for Line Rental Plus if you upgrade
 3 everybody to Care Level 2. I assume that makes Line
 4 Rental Plus less attractive?
 5 A. Yes, Line Rental Plus was a bundle of different services
 6 at a discount but, you know, good value and one of those
 7 benefits was Care Level 2, so taking it out meant we had
 8 to put additional benefits in and risk losing that
 9 incremental revenue.
 10 Q. Line Rental Plus being a higher priced product, yes?
 11 A. Yes, but with various benefits, bundles, yes.
 12 Q. Just focusing on the third bullet point. In the
 13 chronology there is some confusion, but Care Level 2 was
 14 ultimately introduced in July 2016 despite the
 15 recommendation in this slide deck?
 16 A. Yes.
 17 Q. It follows from the third bullet point that for the
 18 period in which Care Level 2 was enacted BT did not have
 19 a differentiated claim versus its competitors because
 20 they were already using Care Level 2. That is what the
 21 slide says, yes?
 22 A. I think that is correct, yes.
 23 Q. Perhaps this is apparent from your statement, but you,
 24 I think, personally had some concerns about the
 25 Care Level 2 approach being introduced in July 2016.

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1 Perhaps you were the one driving the recommendation we
 2 see in these slides?
 3 A. Yes, I was.
 4 Q. Could we look at {F/414/1}. I think we went to this
 5 earlier. It is the Ofcom briefing document that you
 6 discuss in your statement.
 7 A. Sure.
 8 Q. In fact, I think you say you prepared it?
 9 A. Yes, with my team I would think.
 10 Q. Yes. Can you see the first bullet point under "Key
 11 messages". So these are key messages for the regulator,
 12 yes?
 13 A. Yes.
 14 Q. "We are increasing Line Rental by £1 to £18.99."
 15 "This enables us to upgrade our whole customer base
 16 to Openreach's higher repair standard at Care Level 2.
 17 As a result our line faults will be fixed on average 1.3
 18 days faster."
 19 Now, can you see the comment BR2?
 20 A. Yes.
 21 Q. There is a small box. Can we look over the page, we
 22 will see it is a comment from you. {F/414/2}. It is
 23 the same point that we just saw on the slide. You say:
 24 "Does this work considering competitors on LLU are
 25 already at this level?"

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1 Now, LLU, that is local loop unbundling?
 2 A. Yes.
 3 Q. So it is a reference to people like Sky?
 4 A. TalkTalk.
 5 Q. TalkTalk, providers of bundle services, yes?
 6 A. Yes, that do not use WLR.
 7 Q. Yes, exactly. The point you are making consistently
 8 with the slides that you were involved in preparing,
 9 other providers were already providing Care Level 2 and
 10 you are questioning how introducing something that
 11 everybody else already had could be used to justify
 12 a price increase with the regulator. That is the point
 13 you are making, is it not?
 14 A. Yes.
 15 Q. To show you another document. So the position appears
 16 to be that you were concerned that Care Level 2 was not
 17 a sufficiently compelling justification for a £1 Line
 18 Rental increase?
 19 A. I was concerned that we would pay the money to Openreach
 20 and they would not deliver a benefit.
 21 Q. Well, what you say here is:
 22 "Does this work?"
 23 This is an Ofcom briefing. This is a message to the
 24 regulator?
 25 A. Yes, in here that is my concern.

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1 Q. So at least in this document --
 2 A. In this document my concern was whether that was the
 3 right phrasing or messaging for Ofcom as a segment.
 4 Q. Whether Ofcom would buy it, in other words?
 5 A. I do not think it was something we were selling. The
 6 point is whether it would be compelling using it here.
 7 We had already decided it was compelling as a benefit to
 8 customers.
 9 Q. Yes. Let us look at another document. {F/339/1}. This
 10 is an email so you do not have this in your hard copy
 11 bundle. It is a very short one though so perhaps just
 12 read it to yourself.
 13 A. Sure. (Pause).
 14 Q. It is an email from you to Kelly Barlow. I think we
 15 established earlier she was essentially your boss at the
 16 time?
 17 A. Yes.
 18 Q. Hi Kelly:
 19 "As discussed, here is the one slider as it stands
 20 although we are waiting on a few of the BB financial
 21 inputs. We are still working on the claims that can be
 22 delivered from the improved service options and Dom is
 23 pulling together a slide showing customer messaging vs
 24 costs for this."
 25 "At present, I do not think the message of faster

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1 repair is quite powerful enough to cover the extra £1 on
 2 Line Rental."
 3 Now, a couple of points. This makes completely
 4 clear, does it not, that you have already set upon a £1
 5 Line Rental increase, does it not?
 6 A. It does. I think I am referring -- well, I think I am
 7 actually referring to the fact that I was being
 8 challenged to look at an up to £2 increase.
 9 Q. Yes, the point you make in your statement. We are going
 10 to come to that.
 11 A. What I mean is the extra £1 is because -- you showed me
 12 an email earlier where we were challenged by John to
 13 come up with more.
 14 THE CHAIRMAN: The extra £1 making it £2 you mean?
 15 A. Yes.
 16 MR ARMITAGE: Sorry, the point I was making the fact that
 17 you are considering justifications for an extra £1, it
 18 follows does it, that the £1 increase, that has already
 19 been decided upon, that is going to happen. It is the
 20 extra £1 that is being considered, yes?
 21 A. I guess it is not decided until we lock it, but yes,
 22 that is what was in the medium term plan so it was on
 23 base line assumption.
 24 Q. We are going to come to some of those points, I suspect
 25 in the morning. But the point you are making is this

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1 CL2 give, your concern is that that is not powerful
 2 enough to cover increase in Line Rental by more than
 3 a £1, yes, by £2?
 4 A. That was my personal view at this point, yes.
 5 Q. But powerful enough to cover you are considering the
 6 position from the perspective of Ofcom, are you not,
 7 yes?
 8 A. No, I am not just thinking about Ofcom at all. I am
 9 thinking about creating value for money for our
 10 customers, the churn impact. My objective through all
 11 of this is to deliver price change that has the least
 12 churn, the least impact on NPS, the least impact on
 13 value for money that all of these things have. Ofcom
 14 have many strands of impacts that I am trying to balance
 15 in this role.
 16 Q. So Ofcom is a significant consideration when you are
 17 looking at these gives?
 18 A. It is one in a list of ten.
 19 Q. We saw an email right at the start of your evidence
 20 where you were challenged to come up with gives that
 21 could justify from the perspective of the regulator
 22 a higher Line Rental increase of £1. We saw that, did
 23 we not?
 24 A. I do not disagree. I am not saying that Ofcom was not
 25 an important consideration. They were an important

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1 consideration. I am just saying it is wrong to
 2 categorise us as only ever considering Ofcom.
 3 Q. Can we look at another document. This is {F/478/1}.
 4 I think Mr Beard took the Tribunal to it in opening.
 5 I think you do not have a hard copy.
 6 A. I do not.
 7 Q. That is my fault. If you wish --
 8 A. Do I have it as a different number or a different
 9 version?
 10 Q. It is possible you do. This unfortunately is the one
 11 I would like to look at.
 12 A. Sure.
 13 Q. We could alternatively prepare a hard copy and I could
 14 ask you about it in the morning.
 15 A. Let us have a go this way.
 16 Q. See how we go. So 29 July 2016. So you are still GM at
 17 Voice?
 18 A. I am.
 19 Q. But it is talking about the next price change process
 20 2017, yes?
 21 A. Yes.
 22 Q. Can you see page {F/478/2} it is quite small so we need
 23 to blow it up. In the third paragraph:
 24 "Recognition of the gives has been high (69%) and
 25 there is evidence that they have improved VFM

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1 perceptions — however there is more we can do to ensure
 2 they make an impact.”
 3 The first bullet point:
 4 "There was greater awareness of gives that were
 5 featured ATL or were more in line with previous
 6 messaging e.g. faster speeds and BT wifi."
 7 Those are broadband related gives, are they not, not
 8 gives which would have been relevant to SFV customers?
 9 A. This bullet point, because the executive summary is very
 10 tight, it is talking about two things, the gives that
 11 would feature above the line which did include the
 12 service improvements I believe as well as those that
 13 were more in line with previous messages. So I am
 14 trying to make two points in one bullet, maybe badly
 15 but, yes.
 16 Q. But the two identified are — it is a fairly limited
 17 point but they are broadband related gives, are they
 18 not?
 19 A. Yes, but the above line point is not just broadband
 20 related gives.
 21 Q. So that would have covered you said service level?
 22 A. I think so. I think probably in this slide pack it has
 23 the marketing.
 24 Q. We will come on to that. In fact, the next bullet :
 25 "Service gives are relevant but not believable — it

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1 is important that for service gives we have a visible
 2 commit. (eg guarantee) and/or we build the position
 3 over a longer period of communications."
 4 Then can we look on at page {F/478/5}?
 5 A. Yes.
 6 Q. "What response did customers have to the main message?
 7 Although the lead message of we'll fix line faults
 8 within 24 hours is very relevant to consume exercising,
 9 there is a degree of scepticism around BT's ability to
 10 deliver on this promise."
 11 Then can you see the heading is "Q1 Price Rise
 12 Defence"?
 13 A. Yes.
 14 Q. So that is the way in which this give is characterised
 15 in the documents?
 16 A. Yes.
 17 Q. Then you see a description of the give and then some
 18 statistics for relevant, believable, new and different.
 19 Then you see some, one assumes, indicative comments.
 20 "Just get tired of the same old promises. A bit
 21 like political parties, you don't know what to believe."
 22 "I think the advert is untrue, the truth is service
 23 is patchy inconsistent and not always reliable and
 24 customer service when you call is poor."
 25 So this is talking about CL2, yes?

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1 A. Yes.
 2 Q. We saw earlier, you may recall or we can go back to it
 3 briefly, I am conscious of time, there was a problem,
 4 was there not, with awareness of this particular give:
 5 very few customers were aware of it?
 6 A. Sorry, I do not think we concluded awareness was low.
 7 Where was that?
 8 Q. I will just show you that. {F/574/6}. That should pop
 9 up on the screen just to show you this one point. Can
 10 you see the final paragraph, second sentence:
 11 "Insight suggests ..."?
 12 A. So this is the document you showed me from 2017, so ...
 13 Q. Yes.
 14 A. So this does —
 15 Q. I appreciate they are different points in time, yes.
 16 A. This does not tally to the results I remember from after
 17 the price change. I think there are other documents
 18 that are contemporaneous to the price change of which
 19 the awareness is higher than 20%.
 20 Q. Okay, I take the point they are different points in
 21 time. But the point I am making, and perhaps we could
 22 go back to the previous document, {F/478/5}. What is
 23 being identified there is a degree of scepticism among
 24 BT's customers with this particular give, yes?
 25 A. I think what this is showing, I agree, is a level of

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1 scepticism which matches unfortunately to the concerns
 2 I raised about how easy it would be to create
 3 a compelling message and communicate the improvements of
 4 Care Level 2 because it is hard to make a very
 5 definitive statement about it even though there is an
 6 improvement. That is why I think a Fault Fix Guarantee
 7 is better.
 8 MR BEARD: Awareness, may be you should go back to slide 4.
 9 A. Yes, I think there is awareness —
 10 MR ARMITAGE: Yes, if Mr Beard would like me to do that.
 11 {F/478/4}.
 12 A. Yes, so this is 54, 54% are aware of at least one give.
 13 Q. Among the 30% reached by the campaign, yes?
 14 A. I know from your perspective it may seem low but I think
 15 for those of us who have experience in marketing it is
 16 actually quite a high recall of what something which was
 17 quite a small campaign. People are told something maybe
 18 once, maybe twice and for them to recall that at a 30%
 19 rate is actually quite high.
 20 Q. Okay, so just to conclude perhaps for today. So
 21 Care Level 2, which you introduced in July 2016, the
 22 point you make in your statement, it was expensive for
 23 BT?
 24 A. Yes.
 25 Q. Although still a pretty small amount relative to the

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1 additional revenue we see being generated by this
 2 particular price change?
 3 A. A high proportion of the Line Rental revenue.
 4 Q. A higher proportion of the Line Rental obviously than
 5 the overall revenue, yes?
 6 A. But also it was not the only give that was part of it,
 7 so there was a lot of revenue that was driven by
 8 broadband pricing of which we also did speed upgrades
 9 during this change as well.
 10 Q. So cost a lot of money, but scepticism even amongst
 11 those customers who were aware of it, yes, as we see
 12 from the slide a moment ago?
 13 A. Yes.
 14 Q. It was for those reasons that BT reverted to Fault Fix
 15 Guarantee, is it not?
 16 A. I was not in the country or part of this team at that
 17 time but I think that is a reasonable inference.
 18 Q. From the documents?
 19 A. From the documents and me projecting what I would do in
 20 that role, but ...
 21 Q. But it is not focusing on value from the perspective of
 22 a consumer. That is the point. It is value to BT that
 23 is the focus, yes?
 24 A. No, because, as I have said before, I do not think that
 25 the Care Level 2 versus Care Level 1 was the best, the

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1 most effective way of delivering the experience, so
 2 there are multiple issues here. There is how you
 3 communicate it and there is actually the concrete
 4 experience that customers have when they have a fault.
 5 MR ARMITAGE: Perhaps that is time.
 6 THE CHAIRMAN: Yes. Just give me a moment. (Pause).
 7 Now, Mr Armitage, how much longer do you think you
 8 have in cross-examination?
 9 MR ARMITAGE: I will look at my script overnight, see where
 10 I am. I suspect I do have another couple of hours
 11 though.
 12 THE CHAIRMAN: Another couple of hours?
 13 MR ARMITAGE: I think so, yes.
 14 THE CHAIRMAN: Just a moment. Are you dealing with the
 15 cross-examination of Mr Cackett as well?
 16 MR ARMITAGE: I am not. That is Mr Spitz.
 17 THE CHAIRMAN: Mr Spitz, how long do you think you are going
 18 to be with Mr Cackett?
 19 MR SPITZ: Sir, I suspect a little bit more than an hour, so
 20 I think we ought to be safe from the point of view of
 21 time tomorrow.
 22 THE CHAIRMAN: That does not include any time for
 23 re-examination or questions from the Tribunal, and we do
 24 need to finish tomorrow.
 25 Just give me one moment, please.

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1 We are going to start at 10 o'clock tomorrow
 2 morning. I hope that is all right with the transcriber.
 3 It does not mean there is licence to go right the way
 4 through to 4.30, but just in case there is a problem.
 5 MS KREISBERGER: Sir, I wonder if I could just raise
 6 something for a very brief moment. It is actually on
 7 the hot tub for the following week. Two short points.
 8 We are very grateful for the agenda which we have
 9 had an opportunity to have a look at it. In sections
 10 1.1 and 1.2 on market definition, a number of the points
 11 raise issues about costs, cost allocation and margin,
 12 and those are matters addressed by Mr Duckworth in his
 13 evidence, so we were going to suggest that the Tribunal
 14 might find it more helpful to have Mr Duckworth in the
 15 tub for at least sections 1.1 and 1.2 on market
 16 definition. Of course we are in your hands, but those
 17 are matters which he deals with.
 18 THE CHAIRMAN: Right, we will give some consideration to
 19 that ---
 20 MS KREISBERGER: I am very grateful.
 21 THE CHAIRMAN: --- and revert to you tomorrow.
 22 MR BEARD: We will have a look at that as well.
 23 MS KREISBERGER: I should say we have not raised it with
 24 Mr Beard because I only had confirmation 20 minutes ago
 25 that he is available.

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1 THE CHAIRMAN: Of course. Have a word between yourselves
 2 and we will give it some thought as well.
 3 MS KREISBERGER: I wonder if I should also raise, again, one
 4 to take away, if there is sufficient room in the witness
 5 box for more than two experts. We will leave that with
 6 you, but, if not, we would need to re-arrange ---
 7 THE CHAIRMAN: Did the protocol point not deal with this
 8 question of what happens when we ...
 9 MS KREISBERGER: If Mr Duckworth ...
 10 THE CHAIRMAN: We will come back to you on that tomorrow as
 11 well.
 12 MS KREISBERGER: Sorry, just one very brief --- just as
 13 a matter of courtesy, Mr Spitz and I, as we divide up
 14 the case, we will not always both be here every day,
 15 with the Tribunal's permission.
 16 THE CHAIRMAN: That is understood. Thank you.
 17 10 o'clock tomorrow then, please.
 18 (4.34 pm)
 19 (The hearing adjourned until Thursday, 8 February at
 20 10.00 am)
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