

TOTSCO

The One Touch Switching Company Ltd

TOTSCO MANAGEMENT REPORT 2023

ISSUED DECEMBER 2023





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INTRODUCTION FROM THE CEO

Paul Bradbury

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TOTSCo was established by the UK telecommunications industry in May 2022, to deliver fixed voice and broadband switching processes.

In the 18 months since incorporation, we have made enormous progress towards achieving this purpose and enabling communications providers to offer One Touch Switch (OTS) and other switching processes to their customers.

In this report I am delighted to detail our activities and successes during the period which have contributed to the achievement of our purpose.

We look forward to working with industry stakeholders to complete the task.

PAUL BRADBURY

Chief Executive Officer



TOTSCo
**MANAGEMENT
REPORT**

2023

CUSTODIAN OF THE OTS INDUSTRY PROCESS

- The OTS Industry Process was written by a committee of industry members. In September 2022 TOTSCo became the custodians of the process.
- In this capacity, we published the process to industry in November 2022, and defined a change process. The TOTSCo board is the ultimate decision maker for changes to the OTS Industry Process. To ensure that the Industry Process reflects the latest state of industry knowledge, we established and co-chair the OTS Industry Process Group, comprising up to 12 members from industry which meets weekly to consider suggested changes and to do detailed drafting work. There have been a number of revisions to the Industry Process and the group has also published some best practice guides.

**PROCUREMENT OF THE TECHNOLOGY
AND SUPPORTING SERVICES**

- Based on the OTS Industry Process, and with the assistance of industry stakeholders, in October 2022 TOTSCo issued a comprehensive Request for Proposal (“RfP”) and key contract terms to interested parties who were capable of designing and building a technical solution for the TOTSCo Hub, as well as hosting and supporting the solution and its users.
- We received several strong proposals, with a variety of technical approaches and commercial terms. These proposals were rigorously assessed by a panel comprising subject-matter experts drawn from hub users and technical specialists using a pre-agreed scoring system. After three rounds, Tech Mahindra was chosen as our partner, with initial contracts for a multi-year arrangement signed in early April 2023.
- The contract comprises several statements of work, with payment milestones against agreed deliveries.

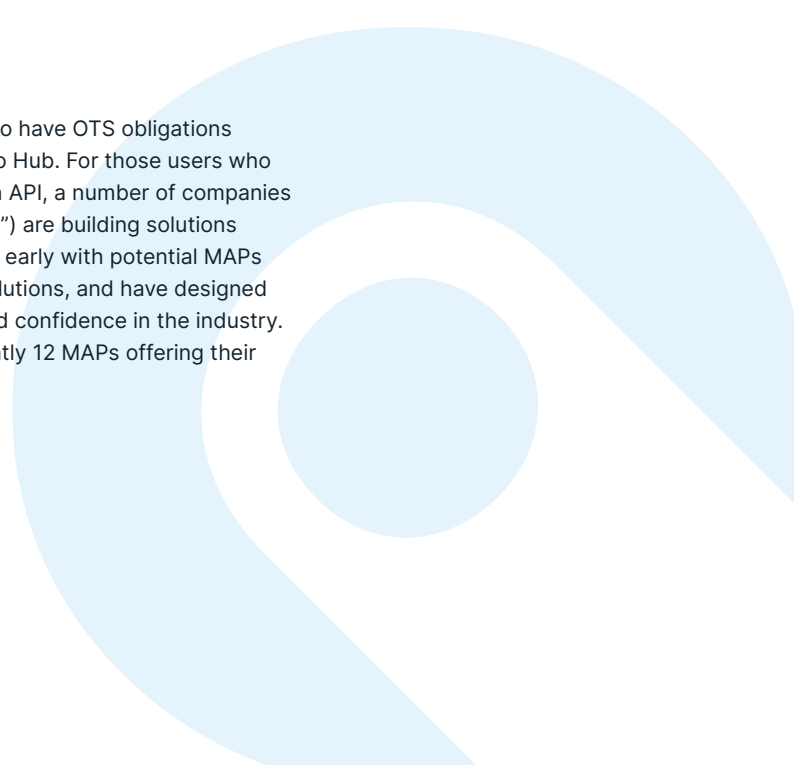
DELIVERY

- Since contract signature with Tech Mahindra, we have worked closely with them to agree details of the technical and service solutions. We have scrutinised test results, and engaged in regular reviews of progress against project plans.
- Following the on-time delivery of onboarding technology in late July, and successful testing of the message-exchanging hub, we were pleased to announce the early availability of the hub, in early September, for integration testing. Enhanced connectivity options followed in mid-October.
- The final stages of technical delivery include enhancements to the user portal, reporting and billing. The technical and customer support services are in place and will mature in the period to OTS go-live. We anticipate opening the live industry trials environment to users in early 2024.



MANAGED ACCESS

- All communication providers (CPs) who have OTS obligations need to be able to access the TOTSCo Hub. For those users who prefer not to connect directly using an API, a number of companies (managed access providers, or “MAPs”) are building solutions enabling indirect access. We engaged early with potential MAPs to encourage the provision of such solutions, and have designed a “TOTSCo Ready” programme to build confidence in the industry. We are delighted that there are currently 12 MAPs offering their services to CPs.





USER AGREEMENT AND PRICING

- The user agreement defines the terms on which we provide services to hub users, including service levels, obligations, and liabilities. We consulted extensively with industry over a period of months to ensure that we achieved a fair balance within the agreement.
- We consulted separately on the structure of pricing in producing the price list that is a schedule to the user agreement. We are pleased that the published pricing was at the lower end of our initial estimates.

ONBOARDING

- Users started their initial onboarding to the TOTSCo Hub in July. We have defined a staged process through onboarding and testing which takes users on the journey to OTS go-live. To help hub users we have established a customer-support desk, published a user guide, and allocated named individuals to onboarding CPs. There are currently 140 users who have started their onboarding journey.

INDUSTRY TEST PROGRAMME

- In February 2023, industry asked us to co-ordinate the period of industry testing needed before OTS go-live. We convened industry discussions in a number of test groups to define the industry testing approach, which involves a stepped approach from connection testing to integration testing then industry trials. We have established a dedicated Industry Readiness team to work with groups of users to accompany them through the testing process.

COMMUNICATIONS AND ENGAGEMENT

- We have developed a thorough communications plan with a clear focus: keeping our stakeholders promptly informed about essential updates, consultations, and information they need to prepare for One Touch Switch, and to receive their feedback.
- Monthly stakeholder forums have provided the face-to-face communication that is essential in any change project. These have consistently drawn well over 100 industry stakeholders, providing everyone with the latest information and promoting valuable discussions and insights.
- We have sought industry contact by attending and speaking at industry events and trade associations, notably hosting a successful stand at Connected Britain in September. These engagements have been invaluable, fostering discussions to support industry to enable OTS.
- Our website remains a central communication hub, providing stakeholders with comprehensive resources to guide and assist them along their OTS journey. We have released 38 bulletins covering essential information to aid the industry in this journey. Additionally, we have conducted consultations on pivotal topics including hub encryption, data reporting, pricing, and user agreement. We're planning a website refresh before year-end to enhance its overall value and usability.
- Recognising the vital role of collaboration in OTS success, we've co-chaired industry working groups to harness collective knowledge and expertise. Our Technical Industry Group (TIG) and Industry Process Group (IPG) have played pivotal roles, offering expert guidance and insights. Notably, the IPG released a set of best practice guides benefiting the entire industry in their OTS endeavours. Moreover, the establishment of testing working groups was crucial in shaping the testing approach and supporting documents.

ORGANISATION

- While the development and delivery of the hub and other services relies largely on outsourcing, we have built a team at TOTSCo to manage the activities outlined in this report. The TOTSCo team will reduce in size once OTS go-live is complete to a level consistent with appropriate management of the technology provider, monitoring of the OTS process, change management, relations with industry, and good governance and orderly management of the company. We have outsourced company functions such as invoicing and cash collection, book-keeping, payroll and HR. Many of our team members are contractors, which gives us the freedom to flex our manpower as required.
- All TOTSCo staff and contractors are home-based, which allows us to access talented individuals independent of their geography, and to accommodate those with a preference for flexible working patterns.

EXPENDITURE AND BUDGET

- Our actual financial results and short-term projections are shown in the table below. Our financial year runs from April to March, and our 2022/23 results have been audited.

Profit and Loss			
The One Touch Switching Company Limited			
	2022/23	2023/24	2023/24
	P/e 31.3.23	H1	H2
	Actual	Actual	Latest view
Revenue	0	5,629	1,898,316
Cost of Sales	0	0	776,667
Gross Profit	0	5,629	1,121,649
Overheads			
Temporary & Contract Staff	377,565	1,103,467	1,081,802
Staff costs	301,850	331,101	473,117
Other overheads	435,002	208,480	369,132
Total Overheads	1,114,416	1,643,048	1,924,051
EBITDA	(1,114,416)	(1,637,419)	(802,402)
Depreciation			
Depreciation Expense	1,410	3,122	127,402
Total Depreciation	1,410	3,122	127,402
EBIT	(1,115,827)	(1,640,541)	(929,804)
Interest Cost			
Interest Cost	25,216	76,132	194,568
Total Interest Cost	25,216	76,132	194,568
Net profit	(1,141,043)	(1,716,673)	(1,124,372)



- Some 60% of TOTSCo's 23/24 costs are for salaries and contractors, with a further 9% from consultancy and other legal and professional fees. As all staff and contractors are home based, we have been able to save on establishment costs.
- Costs increased throughout the first half of FY23/24 as we built the team to take acceptance of the software and services from Tech Mahindra, as we onboarded customers and became engaged in CPs' testing programmes, and as we increased the volume of communications to the market.
- We expect resource to stay close to current levels until after OTS go-live. From around January 2024, we will start to incur regular monthly technical and customer support costs from our technology partner.
- We have capitalised the hub development costs and depreciation will start at the beginning of 2024.

VALUE FOR MONEY

- We recognise that the costs of the hub and associated services are significant and we consider value for money in all our decisions so as not to place an undue burden on hub users.
- Our single biggest cost is the hub and associated services, and the competitive procurement exercise was demonstrably effective in determining the best-value solution for industry. We have undertaken competitive processes for other significant commitments.
- The Board reviews monthly expenditure and we undertake regular financial planning exercises. We will publish our 2024 – 2025 budget in February and invite industry feedback and comments.



NON-RESIDENTIAL SWITCHING

- We have engaged with stakeholders involved in business switching throughout the year. We anticipate working closely with these stakeholders to make the hub available for business switching, once we have secured funding from potential users, to protect OTS users from any financial exposure.



GOVERNANCE AND COMPLIANCE

- The Directors report in the annual report and accounts details the activities of TOTSCo's Board. The Board is composed of Directors elected by different constituencies from across our industry (as well as three independent Directors) and this ensures that industry voices are fully involved in all major decisions at TOTSCo. Summarised versions of Board discussions are available on our website.
- We take appropriate legal, financial and other specialist advice to ensure compliance with applicable laws and regulations.



MEMBERSHIP

- Membership of the company is open to users and potential users of the TOTSCo Hub. Members vote for Directors of the company and may attend General Meetings. Membership carries with it no obligation to fund the company, and liabilities are limited to £1 per member. The Board has set the annual membership fee at £50.
- We currently have 60 members. There are 4 from the Large Retail Providers Constituency, 5 Medium Retail Providers; 12 Small Retail Providers; 11 Business Focused Providers and 28 New Infrastructure Providers. Please see our website for an up-to-date list of members.

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2023

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The One Touch Switching Company Limited (TOTSCO) is a not-for-profit private company limited by guarantee. Registered number 14115273.

Registered office
Gresham House
5-7 St Pauls Street
Leeds LS1 2JG

Email
enquiries@totsco.org.uk

Website
www.totsco.org.uk