

Response from Sytel

to Consultation Questions
contained in the Ofcom document...

**“Revised statement of policy
on the persistent misuse
of an electronic communications network or service”**

of 17 December 2007

1. Introduction

Sytel has been a supplier to the contact centre market for the past decade and its products, including its dialler, are used in over 35 countries around the world. We have always believed that a healthy outbound market requires suppliers and call centres alike to ensure that their products do not abuse consumers. We campaign for what we believe in and for many years Sytel has had a long history of working with regulators and national marketing organisations all over the world to help frame effective rules to prevent silent calls. Much of the detail of rules in the UK and elsewhere, such as the minimum ring time for live calls, stem directly from recommendations made by Sytel.

In this paper the main issue we wish to address is the use of answering machines. We have consistently opposed the use of this technology on the basis not just that it can be a major source of silent calls, but also that the business benefits are usually poorly understood and are also usually negative.

2. False positives and the use of answering machine detection

In its Consultation Paper Ofcom has highlighted the issue of false positives. These calls are live calls dropped by diallers in mistake for answering machines. Historically such calls have been ignored by regulators, dialler suppliers and call centres alike. One main reason for this has been that in an operational environment there is no effective way of providing a good estimate of what the level of such calls are on any particular campaign. To get around this problem, in Clause 1.21.7 of its paper Ofcom calls for a "reasoned estimate" of such calls to be included within its maximum measure for abandoned calls it. In Clause 1.21.3 Ofcom notes "An assumption that one in five answer machine detections represents a false positive might be a reasonable starting point for discussion."

The maximum allowable rate for abandoned calls was set at 3% of live calls by Ofcom in 2006. With this in mind it is instructive to look at some typical dialling situations to understand what impact false positives have on the ability of call centres to work within this maximum figure.

Let's take a typical outbound campaign, having the following assumptions:

a) Call outcome percentages

Live calls	30%
Answering machines	30%
Other call types	40%

A live call is where a person answers a call. In our experience the use of answering machines has grown over recent years and their numbers are usually similar to those for live calls, if not higher. In absolute terms, and again based on our experience in the UK, 30% is a typical share for these two classes of calls.

b) Percentage of answering machines detected by dialler

We have assumed that 80% of answering machines will be detected by dialler technology. Some suppliers may claim higher detection levels but based on our considerable experience this represents a good industry average.

c) Percentage of false positives in all detections

The first two assumptions help us to identify with a typical outbound campaign but the key assumption to understanding the impact of false positives is look at the rate of them as defined by Ofcom in their Consultation Paper. This is

False positives

Answering machines detected by diallers **plus** false positives

As we noted above, Ofcom has suggested that a typical rate might be 20%. In our experience this rate can vary considerably. At the high end this figure is probably typical; at the low end, the rate might be as low as 6%. In our view this figure is as good as it gets and is probably rarely achieved.

With this range in mind, it is worth exploring what the contribution of false positives is to abandoned calls, for different false positive rates. See the table below.

If we consider the rate for false positives suggested by Ofcom then **without** any abandoned calls resulting from predictive dialling, we get an abandoned call rate of 20%. Even at a 6% rate for false positives, the abandoned call rate **without** any abandoned calls resulting from

predictive dialling, the rate of abandoned calls of 5.1% is still well above the maximum set for such calls by Ofcom.

False Positives and Abandoned calls					
Key Assumption:		All figures are %			
False positives as % of all detections		20.0	15.0	10.0	6.0
Live Calls					
...answered by agents	i)	24.0	25.8	27.3	28.5
...dropped by dialer as false positives	ii)	6.0	4.2	2.7	1.5
...otherwise abandoned by the dialer	iii)	0.0	0.0	0.0	0.0
	Live Calls Total	30.0	30.0	30.0	30.0
Answering Machine Detection (AMD)					
...done by agents		6.0	6.0	6.0	6.0
...done by dialer		24.0	24.0	24.0	24.0
	AMD Total	30.0	30.0	30.0	30.0
Other Calls					
...no answers		31.0	31.0	31.0	31.0
...busies		4.0	4.0	4.0	4.0
...othe non-connects		5.0	5.0	5.0	5.0
	Other Call Total	40.0	40.0	40.0	40.0
Total Calls		100.0	100.0	100.0	100.0
Abandoned Call Rate		20.0	14.1	8.9	5.1
= (ii + iii) / iv					

On the basis of this analysis, then there is no place for the use of answering machine detection and Ofcom should just ban its use.

Sytel is aware of the strong lobby favouring answering machine detection that exists in many countries. Before coming to such a conclusion, which would be a first in outbound dialling, let us consider whether there might be a reasonable way out from or around this conclusion.

The possible arguments are:

- a) Don't include false positives within the maximum calculation for abandoned calls.** A false positive is not just an abandoned call, but is a silent one as well, with no message being left. Hence it probably causes more consumer upset than an abandoned call where a message is left, as per the existing Ofcom

regulations.

- b) Perhaps technology advances can mean that the rate of false positives will decline to zero?** There are limits to what technology can achieve here. Until the early 1990s most answering machines were tape-based and it was relatively easy to detect them without confusing them with life voice. Latterly some voice answering systems run by telcos may emit a beep before a message is played, which can allow easy and quick detection. Otherwise detection technology is having to contend just with the presence or absence of voice. In the circumstances, the lower level suggested for false positives of 6% has to be seen as a major achievement i.e. getting it wrong only about once every seventeen times.
- c) Raise the maximum allowable level for abandoned calls from 3%.** We are left with the argument or conclusion that if industry wants to continue to deploy answering machine detection technology then the only way it can do so would be to get Ofcom to raise its maximum allowance for abandoned calls to well above the 3% level, perhaps as high as 10% or more, depending on what consensus is reached on false positives. If such a figure seems high it should be borne in mind that such a figure has not just to account for false positives but also abandoned calls being made as a by-product of predictive dialling. N.B. In the table above, in order to comply with Ofcom rules, no (additional) abandoned calls are allowed to be made, beyond false positives, effectively turning off predictive dialling!

3. The benefits of answering machine detection

Many call centres in the UK will be unaware of the impact of false positives on abandoned calls and Ofcom may well receive representations stating that the use of answering machine detection is essential to the continued use of predictive dialling. This has been a recurrent theme in the dialler industry for some years, among some users, and it is simply wrong. When answering machine detection is switched off several things happen...

- a) an agent can be available to speak to the called party as they say 'hello'
- b) the agent talk time per hour will fall – by just a few minutes
- c) called parties don't hang up immediately because of 'dead air'
- d) and, crucially, called parties don't feel insulted because they were kept waiting while a machine decided whether or not they were a person, before putting an agent on the phone to talk to them

The balance of these issues virtually always means better productivity when answering machine detection is switched off. Even so, and despite the analysis and conclusion in Section 2 above, Ofcom will be mindful of any business cases made by those in favour of continued use of answering machine detection. Some call centres may fear that foregoing the use of answering machine detection may undermine their ability to dial predictively. The reverse is the case! As the above analysis shows, if false positives are accounted for within Ofcom's current limit for abandoned calls, then usage of answering machine detection actually kills off the ability to dial predictively.

4. Measurement of abandoned calls

In Clause 1.21.1 of its paper, Ofcom defines its measurement for abandoned calls as follows:

$$\frac{\text{Abandoned calls}}{\text{Abandoned calls} + \text{calls passed to live operators}} \times \frac{100}{1}$$

We have two concerns about this definition. The first is that some calls 'abandoned' by a dialler, independently of detection, may be answering machines. If no detection is being done, as we suggest above, then this is certain to be the case. The second is that calls passed to live operators will always include an element of answering machines, whether or not answering machine detection is deployed.

With these points in mind we recommend as follows

- a) that measured 'abandoned calls' be adjusted to exclude that proportion of answered calls that can be deduced as being answering machines.
- b) the measurement of calls passed to operators should exclude any non-connects and all machines (answering, fax and modem) and focus on just live calls.

5. Delay before call abandonment

In its first misuse statement published in March 2006, Ofcom specified that a call should be abandoned "within two seconds of the call being answered". In its latest consultation paper in Clause 1.22.2 it is now suggesting that this time should be extended by timing it from the point that the salutation starts. This can add up to a half a second on average.

It is not clear why Ofcom have done this unless it was to allow greater time for answering machine detection. But as the analysis in Section 2 above shows the case for using this detection is no longer justifiable.

In the circumstances, and in order to reduce to eliminate the 'silent call' impact of any delayed call we strongly recommend that Ofcom reduce the hangup delay to the standard set by the UK Direct Marketing Association (UKDMA) some years ago, when with consumer interests and best practice in mind it set a maximum delay of one second from the point that the call was answered, i.e. the phone going offhook.

6. An effective ban on answering machine detection?

If Ofcom decide that answering machine detection is no longer tenable then they will wish to consider the best way to ensure that its practice ceases. There are two ways of doing so.

- a) One way is to just set a short call delay before calls are abandoned; see Section 5 above where we have suggested that this time should be reduced from the proposal of 2+ seconds in Ofcom's consultation paper, to just one second. This should be effective in most cases. Unfortunately, for reasons best known to themselves but not vested in any reality, some suppliers insist that their systems can do effective detection within one second of a phone going offhook. There is no doubt in our mind that some call centres believe this and would seek to deploy detection equipment for this length of time. This would be undesirable practice and would probably see a very high rate of false positives. But there is another reason why this is not a good idea. The absence of a firm ban on detection itself would suggest that Ofcom countenances the idea and as soon as call centres realise that they aren't getting results at the one second point, there would be a great temptation for detection creep beyond the one second point. This was certainly the experience in the UK, when the UKDMA set a one second hangup rule in its code of practice, prior to Ofcom bringing in its two second rule in 2006. Non-conformance with the UKDMA standard was widespread.
- b) The other way would be to insist that all answered calls be put through to agents and not be subject to any screening or detection process of any kind. This is the only way that all silent calls can be effectively eliminated. Answered calls include not just live calls and answering machines but also faxes and modems. Some years ago the proportion of the latter two machines was as high as 5% of all calls. Diallers have the ability to detect particular frequencies given out at the time of connection and can drop such calls quickly, in most cases within a second. Modems are now very rare occurrences within campaigns and the incidence of faxes is also low at no more than one per cent. The minor

inconvenience of having agents handle such calls is in our view preferable to running the risk of silent calls going beyond say the one second point.

Appendix - Response to consultation questions

Q1	<i>Do you agree that the proposed changes make for a clearer set of rules that enable compliance to be achieved with a greater degree of certainty?</i>	We believe that Ofcom have made significant progress in highlighting the issue of silent calls in their Consultation paper and we have made a number of suggestions in our response to help Ofcom effectively eliminate them.
Q2	<i>Do you agree with Ofcom's approach to determining whether the use of automated messages constitutes misuse?</i>	Yes
Q3	<i>Do you believe that it is possible to define objective criteria for applying the public interest test.</i>	Yes
Q4	<i>Do you believe that outbound call steering should only be used with customers who have given their prior consent?</i>	Yes
Q5	<i>Do you agree with Ofcom's clarification that the exploitation of all types of revenue-sharing numbers represents a form of misuse?</i>	No view