

Norfolk Broadband Discussion Meeting 26th February 2010

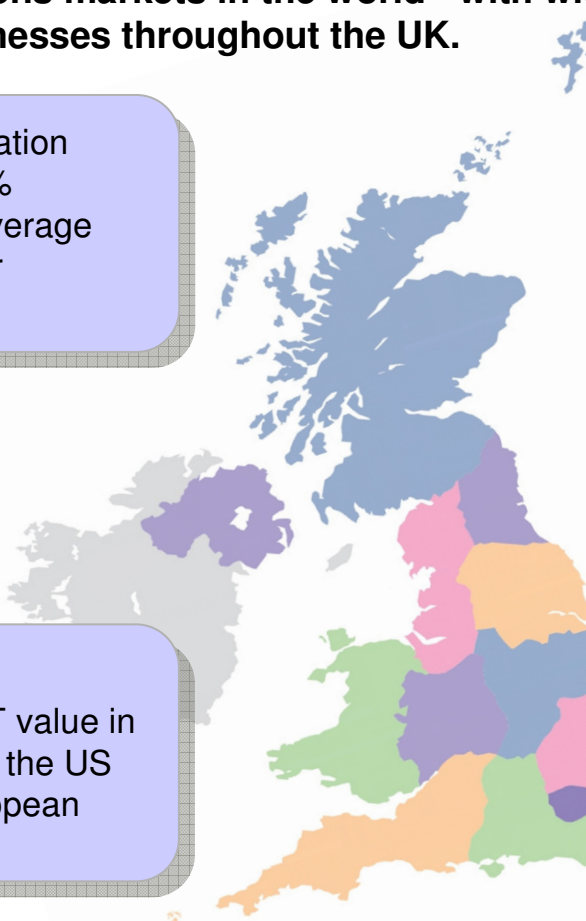
Annette Thorpe – Regional Partnership Director
Casey Balkham- Head of Regional Public Policy, Openreach

Agenda

- 1 The UK Broadband market
- 2 Norfolk Specific Information
- 3 The UK Mixed Economy
- 4 Options for public funds/Criteria for potential partners

The UK has one of the most open, competitive and innovative communications markets in the world....

BT invests over £2.5bn a year in building and maintaining modern networks which it opens up to other Communications Providers - creating one of the most open, competitive and innovative communications markets in the world - with wide reaching benefits and choice for consumers and businesses throughout the UK.



Lower prices. Communication services in the UK are 33% cheaper than combined average prices in the US and major European economies¹.

Higher consumer take up. c61% of UK households have a broadband connection². Higher than 20 other European countries – including France, Italy and Spain.

Powering business. UK businesses drive more ICT value in the UK than businesses in the US or in any of the major European economies³.

Creating modern jobs. The UK has a higher proportion of ICT related jobs than the US or any of the major European economies³.

¹Source: OCED Portal 2008

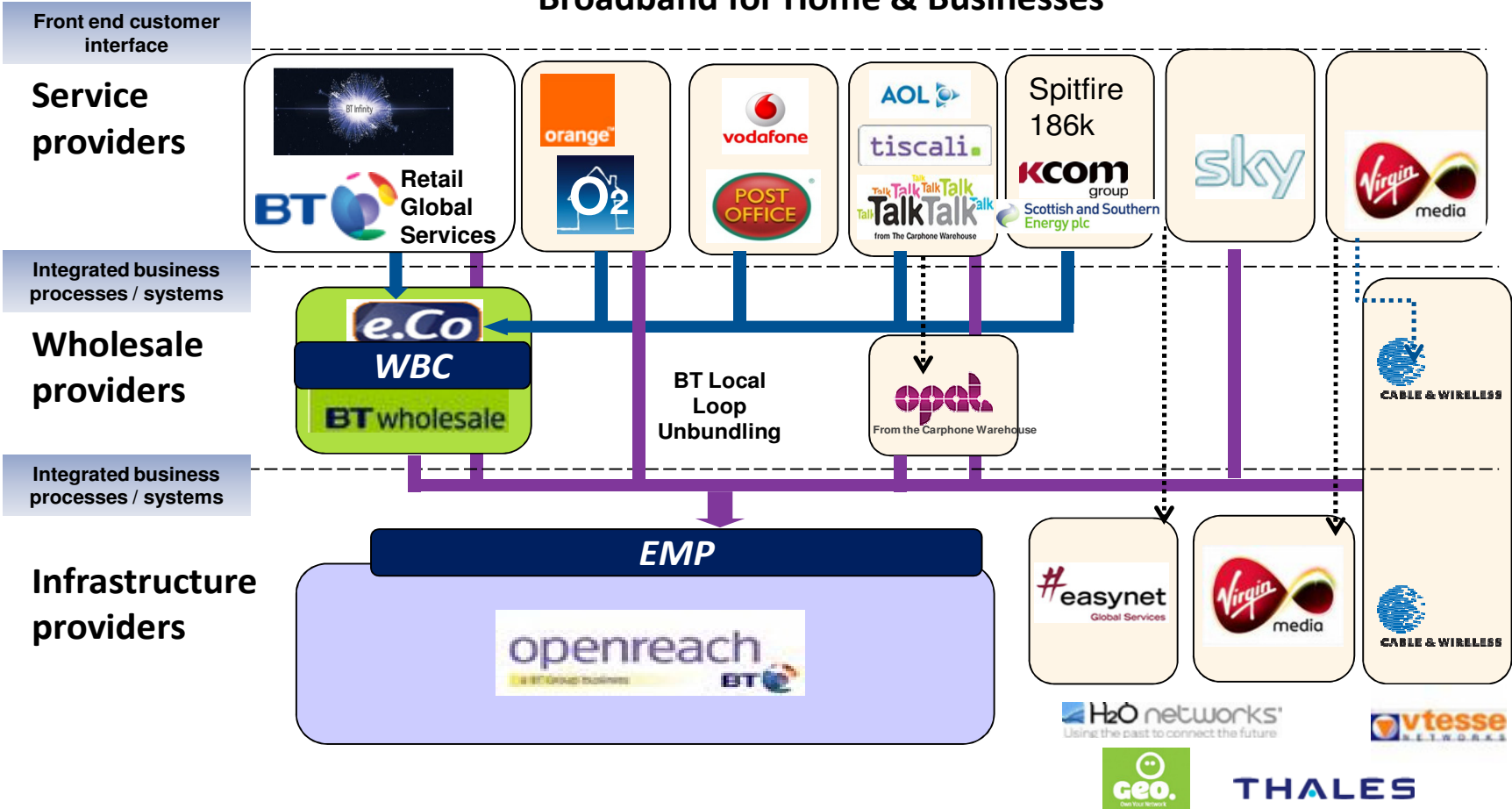
²Source: OECD Portal 2008


³Source: OECD


UK broadband market is competitive at all layers from end user services through to infrastructure – let's keep it that way



Broadband for Home & Businesses

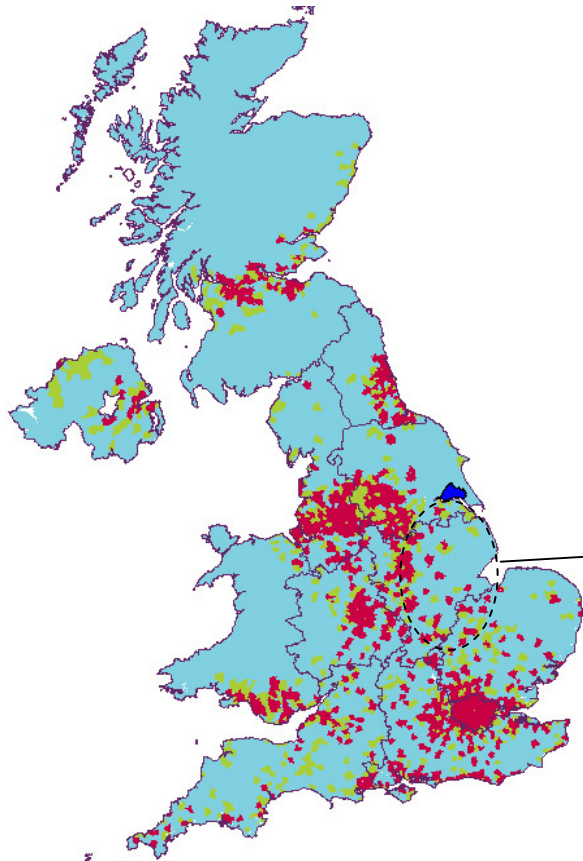


 Wholesale Operational system

 Equivalence Management Platform

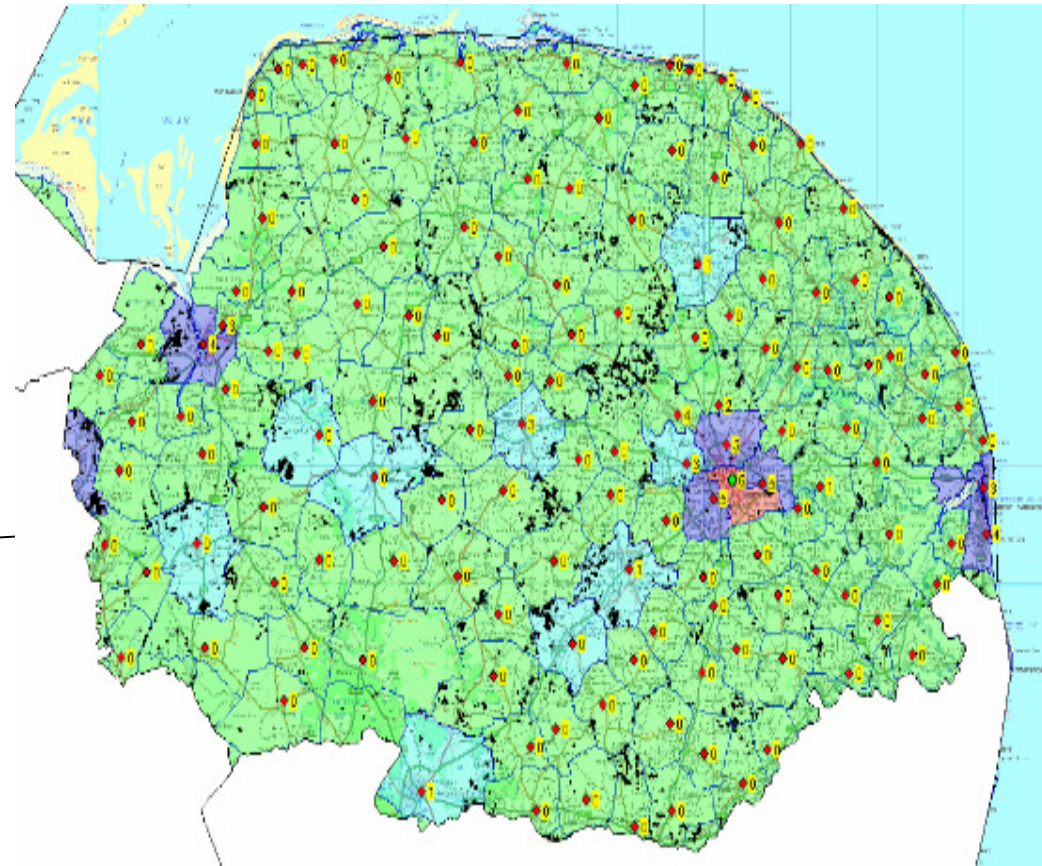


Norfolk – Broadband Coverage & Challenges





4 or more operators – 69%
 2 to 3 operators – 14%
 BT only – 16%
 KCOM only – 1%

Competition is greatest in urban areas with BT providing wholesale services for communication providers in the more remote locations



BTEExchangeAreaAug08 by WESBESLES_cctends_Ap

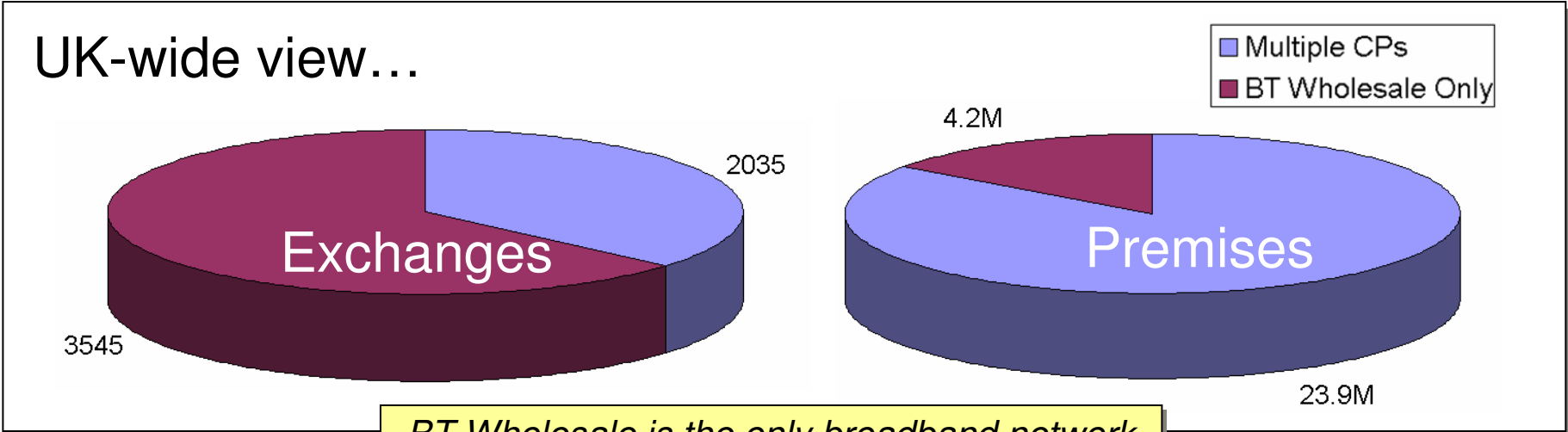
100 to 9,000
20 to 100
5 to 20
1 to 5
all others

 LLU Operators
 WBC <20Mbit/s

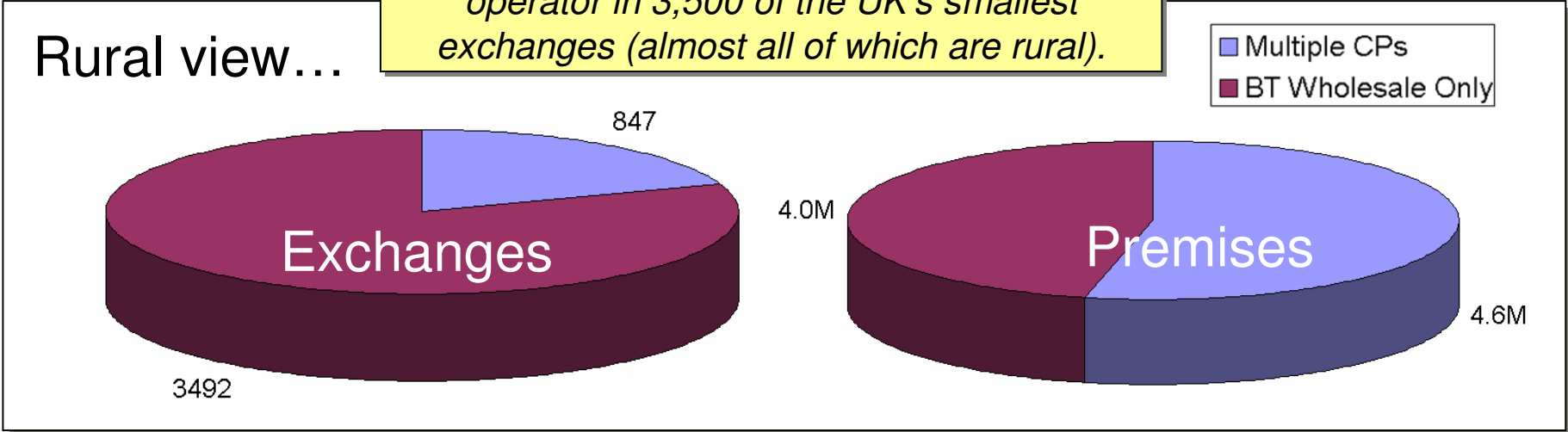
Norfolk Specific Detail- The scale of the challenge

Telephone Exchanges in Norfolk	142
Telephone Exchanges in Norfolk with Broadband	142
Largest Exchange – Norwich City	29,096
Smallest Exchange - Nordelph	248
Exchanges with other operators present	16
Exchanges dependent on BT	126

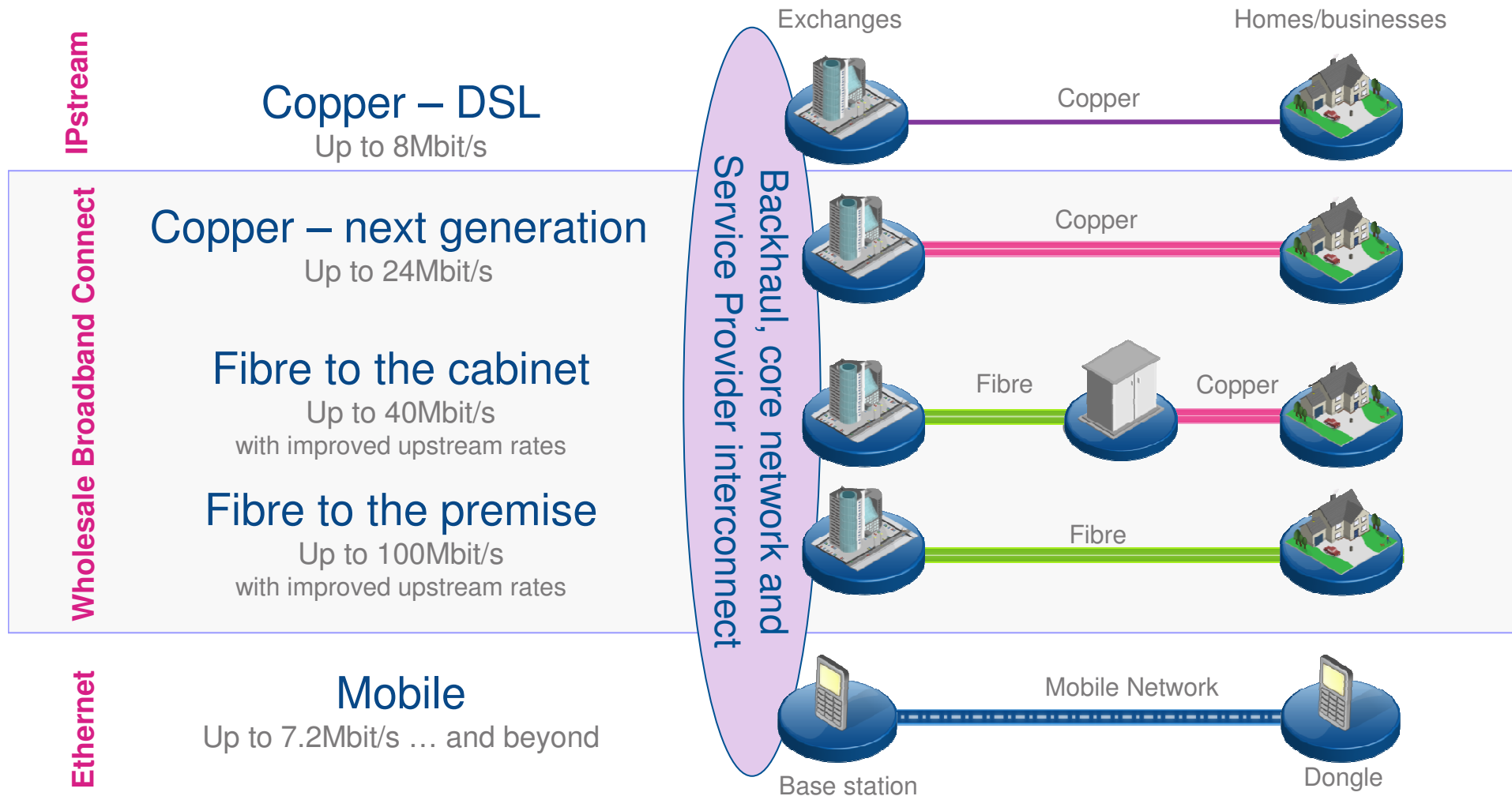
Communication Provider Presence – UK Exchanges



BT Wholesale is the only broadband network operator in 3,500 of the UK's smallest exchanges (almost all of which are rural).



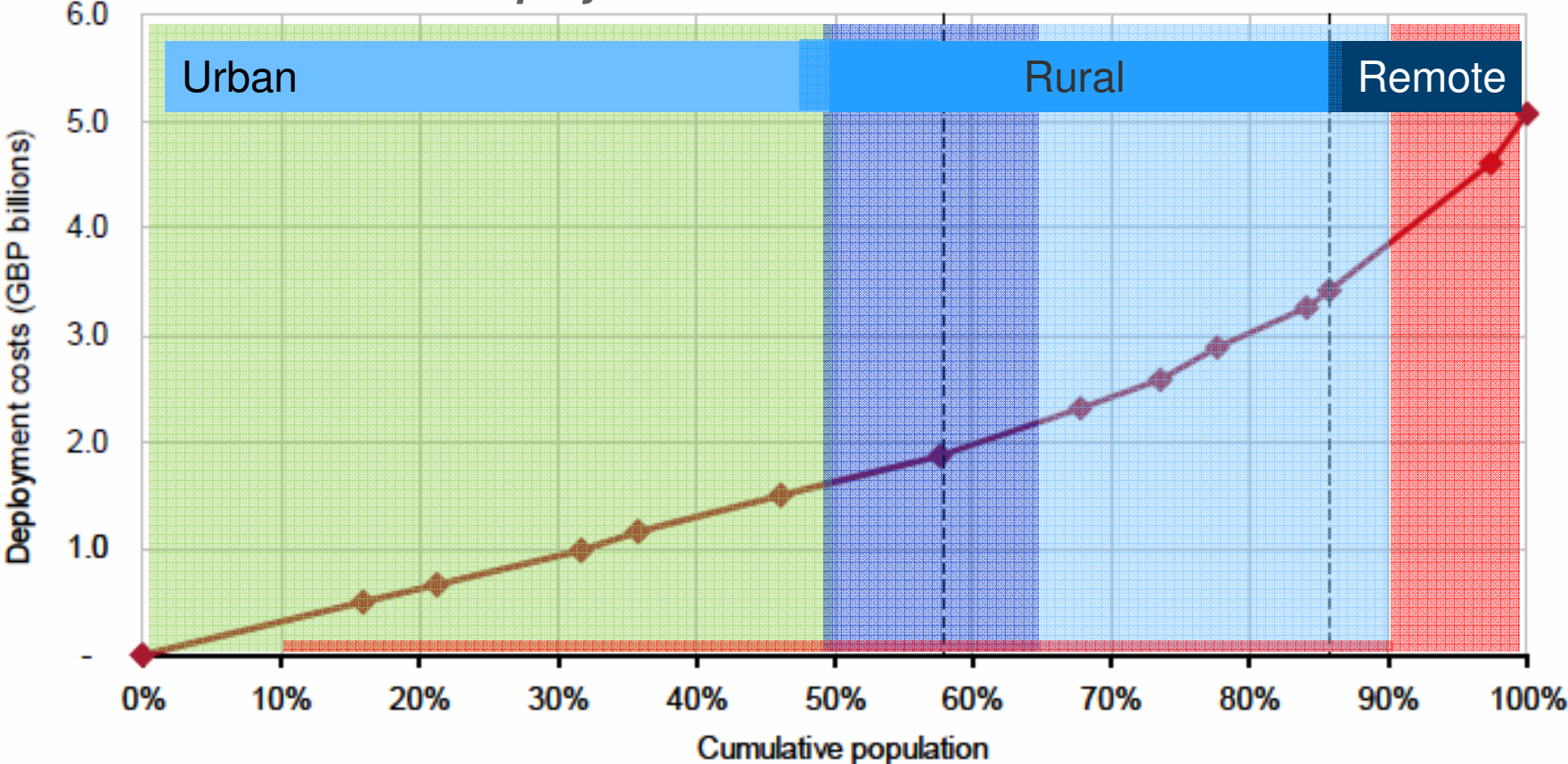
BT Wholesale offers a “mixed economy” of broadband products and services to communications providers throughout the UK...



Broadband services that include exchange equipment, core networking, routing equipment and interconnection to service providers

For Fibre-to-the-Cabinet, Analysys Mason estimate that the most remote 10% of the UK would cost the same as the most urban 35%

UK-Wide Deployment Costs for Fibre-to-the-Cabinet



Source: Analysys Mason for the BSG



- The graph shown above has been produced by independent analysts “Analysys Mason” for the Broadband Stakeholder Group (BSG).
- For the full report, see “<http://www.broadbanduk.org>”.



These trends in the broadband and ICT market place present local authorities with a compelling opportunity to address their objectives

Social Inclusion

- To overcome the digital divide either by providing equal opportunities to access information, training and other services

Attracting new Inward Investment and skilled work force

- To compete by attracting new businesses (SMEs and MNCs) and organisations (eg Government agencies) into the area either as clusters or individual businesses.
- To attract new skilled people to live in the area.

Place Shaping

- Opportunity to develop a vision of the future for the region and generating PR and marketing material & messages to tell a story to stay ahead of the competition.

Improving local competitiveness

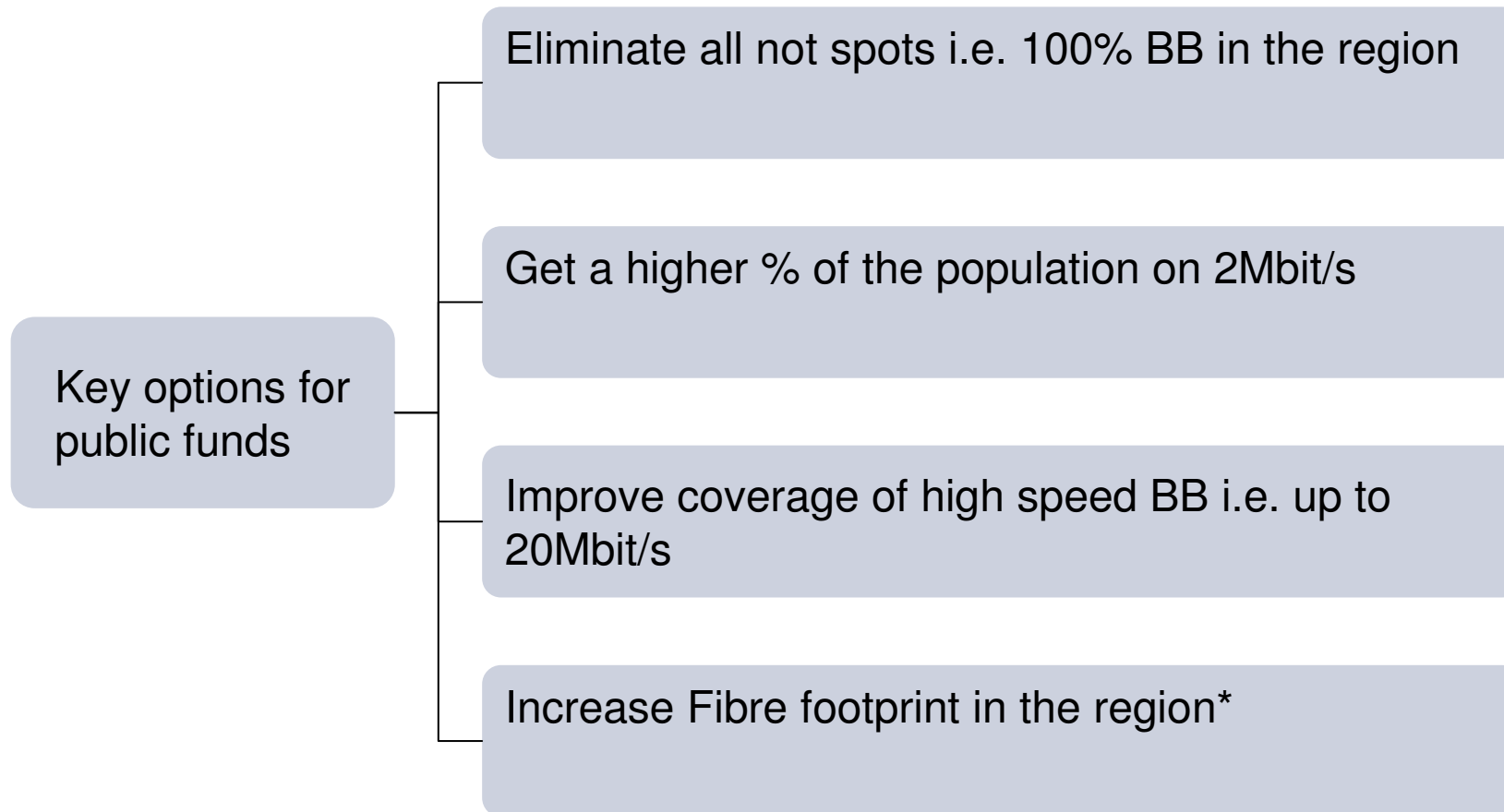
- An opportunity to compete to retain and attract businesses and a skilled workforce to grow GVA in the region by providing enabling infrastructure and access to services.
- To grow organically by helping to improve the effectiveness of local businesses and developing highly skilled and high value add jobs (ie the knowledge economy).

Low Carbon Economy

- Opportunity to reduce the carbon footprint by changing travel patterns or reduce ICT power consumption to displace CO2 emissions

There are four key options when considering how to use public funds

Options




* Either by considering additional Ethernet POPs or extending SFBB footprint

There are various different approaches to intervention each with differing degrees of risk and return

- Intervention can broadly be matched to the ‘layers’ in the market:
 - infrastructure layer intervention
 - *passive eg. duct/ dark fibre*
 - *active eg “lit fibres”*
 - wholesale layer intervention (*wholesale + infrastructure*) eg. *wholesale operator*
 - retail layer (*retail + wholesale + infrastructure*) eg. *anchor service provider*

increasing
likelihood of
active
competing
service
providers



- There are also a number of approaches to intervention that can be adopted which depend on the scenario:

Supply side	1 pure public sector	1-3 mutually exclusive
	2 public-private partnership	
	3 gap funded investor	
Demand side	4 anchor tenant <i>eg. public sector</i>	4-5 complementary
	5 demand stimulation (EREBUS)	

What does good look like...Some key questions to ask potential partners

- **Commercial sustainability** – what are your partner's long term plans ?
- **Future proofing** - how will broadband speeds be increased in the future?
- **Service providers** - who will sell services to end users & what will they cost?
- **Committed investment** - where is the money coming from ?
- **Resources to build and support** - where are the resources coming from ?
- **Cherry picking** - will there be coverage of disadvantaged or excluded communities ?
- **Customer service** - what is your partner's commitment to a good customer experience?