

Will next generation broadband deliver next generation benefits?

New report examines economic and social value of next generation broadband and concludes there's more value in doing it right than doing it now.

The UK could reap significant social and economic value from the wide-spread deployment of next generation broadband, according to a new report that studies how to weigh up the costs and benefits, from the Broadband Stakeholder Group (BSG), the government's leading advisory group on broadband and digital convergence.

By looking at the potential private value (value accruing to commercial investors and consumers) and the wider economic and social value, the BSG has found that the long-term benefits to the UK associated with the wide-scale deployment could outweigh the cost of deployment, which could be as much as £16bn (to reach 80 per cent of UK homes).

However, the report does not conclude that operators should invest now. There is still real uncertainty about the extent to which investors will be able to realise enough of this value to justify investment. The BSG believes that in the short-term, there are unlikely to be significant costs associated with delaying deployment and there may actually be considerable value in waiting for a limited period in order for more information to emerge, before investing.

But the value in waiting will diminish over time and the report recommends that commercial providers, government and regulators continue to work to create an environment that is conducive to timely and efficient investment.

Antony Walker, CEO of the Broadband Stakeholder Group explains: "Next generation broadband has the potential to transform the way we do things as individuals, businesses and as a nation as a whole. It is tempting to jump in feet-first but it matters more to do this right than to do it now. There is a lot of uncertainty about issues on both the demand and supply side and much that we can learn from experience elsewhere without adverse affects in the short-term. On the other hand, the UK can't wait too long. If widespread network deployment didn't happen in the medium term (perhaps three to five years), then this report suggests that the UK could be losing out.

The report also warns that it will take longer to deploy next generation broadband than it took to deploy the current generation and that some areas might be beyond the reach of market forces. Communities and individuals that remain beyond the reach of commercial deployment in the long-term will be disadvantaged. Close attention must therefore be paid to the emergence of a new digital divide.

The report follows the BSG's Pipe Dreams report published in April last year which said the UK needs to start preparing for next generation broadband by 2009. The current report, along with another on models for public sector intervention in the deployment of next generation broadband, will be launched at the BSG's conference: Beyond Pipe Dreams in London on Monday 9 June.

CORRECTION - 23 June 2008

Please note that the version of the report launched at the conference contained an incorrect calculation of the value of spectrum efficiency. This has been recalculated as £5bn, rather than the £9bn stated in the launch version. The tables and charts referring to this figure have been altered, and the corrected report is now available on the website.

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