

Press Release



## 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.*

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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. The report is available at: [www.broadbanduk.org/value](http://www.broadbanduk.org/value)

## **Notes to Editors**

According to the report economic and private value are expected to come from:

- Private value will be generated in three ways: doing what people do now more productively (the value of time savings); doing more using existing applications; and doing new things that can't be done now (transformations in behaviour).
- Wider economic benefits that would accrue in the long-term, include reducing the cost of transport congestion, enabling virtual agglomeration – achieving the productivity benefits of cities and clusters without the need for people to be physically located in such places; improved economic adaptability and resilience, based on increased possibilities for substitution.
- In terms of social value there may be real benefits in terms of access to life-long learning; social inclusion; more flexible working and enhanced social capital.

## **About the Report**

The BSG report 'A Framework for Evaluating the Value of Next Generation Broadband' develops a framework for undertaking a cost-benefit analysis of next generation broadband, and provides estimates for the costs and benefits highlighted by the framework. The report carries forward Recommendation 1 from the BSG's April 2007 report 'Pipe Dreams? Prospects for Next Generation Broadband in the UK'. The report was developed with contributions from economists and others from government, industry, academia and the regulator. The research was undertaken by Plum Consulting on behalf of the Broadband Stakeholder Group, with support from BERR and the Ofcom Consumer Panel.

## **About the Broadband Stakeholder Group**

The BSG was established as a cross-sector government advisory group in 2001 to help the UK lead the G7 in broadband penetration and connectivity. It provides a neutral forum for collaboration between organisations across the converging broadband value-chain with the ultimate aim of helping to create a strong and competitive UK knowledge economy

It aims to be a critical friend of government and the regulator, and comprises companies from the telecoms and technology sectors through to content providers and rights holders. It also

has direct representation from government departments and Ofcom. It is funded through a combination of government funding and industry sponsorship.

The BSG focuses on strategic, medium- to long-term challenges, which have latterly included next generation access networks, predicting future bandwidth requirements, the EU Television without Frontiers Directive, digital inclusion and self- and co-regulation in the audiovisual media market.

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