

Press Release

BSG report shows the UK is facing big challenges to the future of broadband



16 April 2007

The Broadband Stakeholder Group (BSG) – the government’s advisory group on broadband and digital convergence – will today state that uncertainties surrounding next generation broadband must be resolved within two years or UK competitiveness may suffer and the digital divide widen. This claim forms part of a report it will publish later today on the prospects for next generation broadband deployment in the UK.

Broadband is the critical enabling infrastructure of our modern, knowledge-based economy and is an integral part of many people’s lives. Yet, according to the report, the UK’s current and planned broadband infrastructure may not meet the future needs of the most intensive users and we cannot assume that the market will continue to deliver the ever-increasing bandwidth that many content providers and users increasingly expect. In addition, a number of key competitor nations are now deploying networks that are capable of delivering much higher access speeds than are currently available in the UK.

However, there seems to be little prospect for the widespread deployment of next generation broadband in the UK at present. Although the benefits to the economy - including improved productivity and innovation – could be significant, it remains extremely difficult for operators to justify the multi-billion pound investments required for the next generation of broadband networks.

The report makes several recommendations that could change the situation. It calls on the government to establish a target to ensure that by 2012 the UK remains in the upper quartile of OECD nations in terms of the quality and reach of broadband services in the UK. The report also recommends that Ofcom sets out the principles of its regulatory approach to next generation access within the next twelve months in order to achieve the right balance of investment incentives and competition needed for the market to deploy next generation broadband.

Commenting on the report, **Kip Meek, BSG Chairman** said: “Broadband is key to the UK economy and has a critical impact on many people’s daily lives. We have a limited window of opportunity: if steps are not taken now to prepare for next generation broadband, then we may well find ourselves in a position where it is too late to catch up.

This is not special pleading on the behalf of broadband providers, but a call to policy makers and regulators, as well as to the commercial participants in the industry to put significant effort into understanding the dynamics of the market. Failure to act on the issue of next generation broadband will be to the detriment of both our economy and our society.”

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Notes to Editors

About next generation broadband

In this report, the BSG has used the same definition of next generation broadband as Ofcom did in its Next Generation Access discussion document:

‘Broadband access services that are capable of delivering sustained bandwidths significantly in excess of those currently widely available using existing local access infrastructures and technologies.’

In practice this general definition currently suggests services that are capable of providing in excess of 20Mbps downstream (which would be sufficient to support services such as multiple HDTV feeds using MPEG4, broadband internet and voice services) as well as faster upstream access capable of supporting an increasing range of peer-to-peer applications and interactive and user generated services.

There is a range of technologies capable of delivering next generation broadband. Some are effectively evolutions of existing access infrastructures that have already been deployed (copper and cable), while others would involve the deployment of entirely new physical infrastructures.

About the report

“Pipe Dreams? Prospects for next generation broadband deployment in the UK” was written by the BSG.

The objectives of the report are threefold:

- to raise awareness of the issues related to the deployment of next generation access network with government, the regulator and industry
- to provoke discussion and inform policy development
- to suggest a number of actions that can move this debate onto the next stage.

The report examines the potential demand for high bandwidth broadband; the factors likely to accept market development and network requirements; the likely developments in capability and capacity of access network; the constraints to investment in next generation networks, content and services; the transition from the current model to future; and the role of public sector intervention.

The research and writing took place between spring 2006 and spring 2007 and comprised desk research, one-to-one meetings with stakeholders and a series of round table meetings and seminars with key players which took place under Chatham House rules. A list of those who have take part in the review process is available from the BSG.

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