

## **Broadband Summit 26 November 2007 notes**

### **Main Points**

#### **Government Interest:**

- Government's interest stems from its responsibility to consider issues that may impact on the UK's ability to match international competitors' performance in delivery of services and applications over broadband. This question has led to public and private debates around suitability of access network to match the core and the ability of the access network to provide for future needs.
- Government also wants to do what it can and to take any necessary steps to create an attractive environment for investing in Next Generation Access to broadband.
- The Government believes it is important that the UK can offer an Innovative and competitive environment in which business can flourish and which provides an attractive place for investment, as well as one where consumer choice stimulates business innovation.
- The Government wants there to be an informed debate, avoiding hysteria, but recognising the importance and challenge of remaining internationally competitive. It is important to be in a position where market investment decisions are based on best available information.
- The Government also believes that to avoid any undue delay, or perceived undue delay, in investments a dialogue between stakeholders is essential to provide transparency and reassurance that Business and Government are not complacent.
- Government also believes that care needs to be taken to avoid a digital divide as a result of NGA roll-out in the UK. As other countries move forward with FTTH and FTTC, however, we must ensure that UK's competitiveness is not constrained by limited availability of high speed networks and recognise that upgrading access to match the core is in the UK's economic interest.

#### **Process:**

- Opinion varied over the period of time in which NGA investment should take, with some stating that any programme of investment for widespread next generation access to broadband would be likely to take a decade or more to implement, with others, particularly the public

sector, but including some in the private sector, arguing that taking 10 years would bring greater risk of falling behind international competitors. The meeting view was that in reality a move toward NGA in the UK is likely to be incremental, not a dramatic transition, with a patchwork of technologies and NGA projects gradually transforming the UK telecoms landscape, but some argued for more urgency and coordination of projects.

- The UK Government and business have been engaged in dialogue working alongside Ofcom and through the Broadband Stakeholder Group for over 2 years to raise level of debate and help prepare for investment decisions and continues to do so.
- Government and business have supported the BSG to develop a work programme to identify the economic and social value of NGA, efficient investment models, regulatory environment issues and the role for efficient public sector investment.
- BERR's role has been to coordinate the debate, bringing together interested parties, government, Ofcom and public sector in a neutral environment to explore the depth and detail of the issues facing investors. The summit was a milestone along the journey to NGA that sought to raise the level of discussion and debate amongst Ministers, senior business people and Government officials to focus on how to deliver NGA.

### **Summit Discussions:**

- The summit successfully drew together diverse views and achieved a shared understanding of the challenges facing potential investors in NGA.
- A range of complementary, and sometimes conflicting, views were expressed on how NGA could be achieved in the UK. Participants spoke from different perspectives. There were some visions of a future UK NGA offered and it was agreed that a single, expressed, shared view would be helpful.
- A shared consensus emerged that the direction of travel toward NGA was mostly likely, but not exclusively fibre, but opinions differed on the pace of travel that was required.
- There was acceptance that unlike first generation broadband, NGA costs were more about civil engineering challenges, than technology challenges. This was considered a bigger challenge than delivering basic broadband access and discussions led some to questions whether there was consumer appetite for higher speed broadband services that would lead to economically viable investment opportunities for providers.

Others, however, argued that non fibre technologies, such as mobile should be explored as alternatives to fibre and that they presented less of a civil engineering challenge.

- There was broad consensus that services and applications were key to building business cases for investment, with some stating that there were developers and content providers already waiting for new capacity to emerge to enable new services to be brought to market. There was agreement that there is a need to provide a forum to hold more focussed discussions and opportunities for collaborative approaches
- The view that a predominately Private Sector led approach was correct was widely expressed, although those with responsibility for under-served areas wanted to focus attention to tackling these areas at the same time as more densely populated areas had NGA delivered. There was a concern about a widening digital divide around access. The public sector's role was, however, generally considered to be a supporting one, rather than one of direct intervention.
- It was recognised that where NGA had been deployed elsewhere in the world upstream traffic and peer to peer based services had grown at a significantly faster rate than corresponding growth in additional downstream activity. There was a call for a more symmetrical, or greater parity between upstream and downstream bandwidth available in NGA strategies in future, although there was recognition that much of the current peer to peer activity is illegal file sharing. There was also some concern expressed over increased risks to data security and recognition that improved security should be an equal priority to NGA deployment.
- It was highlighted that solving access capacity, would be likely to lead to congestion elsewhere in the network and indeed there was evidence to this effect emerging in Japan, where they were looking hard at packet shaping to preserve the integrity of the core network.
- Some expressed the view that careful thought needed to be given to network architectures to preserve competition and that new/differing business models over fibre, with appropriate levels of control built in to products would be essential – Ability to unbundle point to point fibre for example as opposed to potential difficulties around unbundling passive optical networks employing fibre splitters to share fibres. An alternative might be different products available over differing layers of IP networks.
- It was argued that if investment could be encouraged and with approximately five years to industrialise the technology, it would be possible to deploy Wavelength Division Multiplex Passive Optical Networks (WDM PONs) i.e. fibre splitters and coloured light. This approach could offer significant economies over point to point fibre with the same benefits of transparent access, i.e. speed and the ability to unbundle

- There was some discussion of the relevance and fitness of current regulatory models in NGA environment. There was some interest expressed in more collaborative models to deliver an enhanced national access infrastructure and also in the concept of open access. Collaboration could be envisaged either on a horizontal or vertical basis. There was a question whether the current regulatory framework, directed at promoting access to copper was itself a barrier. Regulation would be a vital element of the debate moving forward and that it was essential to get it right.
- Some participants from both Industry and Government expressed the view that a way to speed up investment needed to be found as waiting was not an option, believing that bandwidth hungry applications would quickly follow availability of more bandwidth.
- The view was expressed that NGA had the potential to contribute to the strategic objectives of regional and local public authorities, and that several were taking, or envisaged, a pro-active role in NGA provision
- There were a number of pilots on the horizon, which would provide the opportunity to test and harness consumer demand, appetite for new services and applications, and to test business models for delivering NGA. These might also be used to examine the potential for closing so called not spots.
- It was recognised that the UK is on an NGA journey and that many complex issues needed resolution before we could expect an ultra fast broadband network across the UK, but issues like ubiquity and digital divides, were also a necessary considerations as part of that journey.
- Estimates vary but there was overall agreement that in excess of £10 billion will be needed to finance the deployment of fibre networks throughout the UK.

### **Outputs:**

- Agreement that cross industry, Government and Ofcom dialogue was the right approach and should continue;
- Broad acceptance, with some caveats, that a shared vision statement would be helpful;
- Formation of an advisory group to advise the Minister and the Government more broadly;
- Willingness to explore new approaches - collaboration etc.

- Willingness to investigate how to harness consumer demand. This was widely seen to have contributed to the roll-out of first generation broadband and offers opportunities for mitigating investment risks.

Virgin Media also confirmed their announcement from earlier in the day that they would be introducing a 50mbps service from end 2008

## Next Steps

- A mandate for BERR to move forward to:
  - taking account of diverse interest, develop a draft vision statement for consultation at end of January 2008
  - make proposals regarding the make up and terms of reference of an advisory group on NGA.
  - consider setting up a further summit, or similar event, to review progress.

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If you would like to take part in this important debate or gain more information please contact the Broadband Stakeholder Group (BSG), who are looking at the issue of Next generation access on behalf of Government and Industry.

They have been asked by Government to identify the role of the public sector and the economic and social value of broadband. The BSG are also working to identify alternative commercial models and to ensure that the regulatory regime in consultation with Ofcom is appropriate for next generation broadband.

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Broadband Stakeholder Group (BSG) [Next Generation Access](#)

Broadband Stakeholder Group “Pipe Dreams” Report  
[Pipe Dreams? Prospects for Next Generation broadband deployment in the UK](#)

Or alternatively you can contact

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Useful Information NGN Websites:

1. Broadband Stakeholder Group (BSG) [Next Generation Access](#)
2. Broadband Stakeholder Group “Pipe Dreams” Report [Pipe Dreams? Prospects for Next Generation broadband deployment in the UK](#)
3. OFCOM Report [Future broadband- Policy approach to next generation access](#)
4. Telecommunications – Broadband [BERR Broadband policy](#)
5. A video of Timms introducing the broadband summit can be [found on YouTube](#)