



Westminster eForum Seminar – Future of Broadband in the UK

Introduction

- Thank you for the invitation to speak today.
- For those of you who don't know, the Communications Consumer Panel is a panel of independent experts appointed under the Communications Act to advise Ofcom, Government and industry on what is in the interests of consumers and small businesses in the communications sector.
- The Panel has a long-standing interest in encouraging NGA rollout to as much of the country has possible. We have collaborated with the Broadband Stakeholders' Group to raise awareness of the economic and social value of stimulating NGA investment in the parts of the UK the market won't reach.
- I would like to talk about:
 - the idea of a 'killer application' for next-generation broadband or NGA;
 - the role that public services can play in stimulating take-up; and
 - the need for a universal broadband commitment that is future-proof.

The killer application?

- Consumers should be central to any debate about stimulating the NGA market, but asking what will be the killer application is the wrong question.
- There are two reasons for this.
- First, consumers are not homogeneous. Many different things will drive demand. In the meantime, the absence of a single compelling application gives ammunition to those whose instinct is to 'wait and see'.
- Second, to identify the applications that will really take off we need to get under the skin of consumers, find out what they need and want, and build out from there. We should think about the gaps from a consumer perspective rather than seeing NGA as a shiny new toy for industry.
- It is also important to remember small businesses. In rural areas, most businesses are small and medium-sized. They are a key source of innovation and wealth creation. Many depend on reliable broadband connections.

Online public services

- But looking at consumers and the way they live their lives, there is at least one big gap in the online world – public services. Only the DVLA and NHS Direct offer any truly interactive services. The rest are information-based.
- Many of the people who are not online – older people and people on low incomes – are very heavy users of public services. Indeed, most of us are and the appetite for online services like vehicle licensing shows the potential demand.
- For this reason the Digital Britain report said that in 2012 Government will start the digital switchover of public services and asked departments to put forward two services to form part of this programme.
- Better, more interactive public services online could give more people a reason to get online. By showing people how to claim benefits, get health advice or study for a qualification, we can increase people's skills and understanding and increase broadband penetration. We can also make savings for taxpayers.
- But this will happen only if online services are designed around the needs of consumers – rather than to achieve the biggest cost savings. Services also need to be designed with an eye on the future and take advantage of technological possibilities. More advanced telemedicine services offer even more potential. We shouldn't underestimate the organisational change that the NHS will need to undergo, but the benefits could be huge, particularly for the growing proportion of older people in our society, many of whom are physically isolated.
- So in thinking about what will drive NGA take-up and promote digital inclusion, I urge you to think about the role of public services.

Digital Britain

- There is another important reason why NGA is important to consumers – it is the means by which 2 Megabit universal broadband commitment will keep up with developments. Without something like a 'Final Third' Fund to stimulate NGA rollout to most of the UK, we will need to upgrade the universal broadband commitment at regular intervals. 2 Megabits may be too little by 2012 when it is due to be in place.
- The Panel's research shows that soon it will be essential for everyone to have current-generation broadband at home. It is essential already for some groups – people who are physically-isolated and families with school-age children. People with broadband value it more highly than other communications services, including their mobiles.
- They are using it for the things you would expect – shopping, finding information, keeping in touch with people and increasingly, for entertainment.
- But these findings don't tell the whole story. Broadband is becoming more and more central to people's lives and households are carrying out multiple activities at the same time. Consumers are demanding faster, more reliable connections and before too long will need next-generation broadband.

- So the UK's broadband infrastructure will need to meet consumers' future needs. To this end the Panel supports the 'Final Third' Fund as a way of stimulating the deployment of NGA where the business case for commercial rollout does not stack up.
- We should not wait until some indeterminate point in the future to find out the precise limits of market-led NGA rollout. The maximum benefits to the economy and to society will come from public investment in NGA now. And this investment will cost less if it happens alongside commercial rollout.