

EETT's 4th international conference on broadband

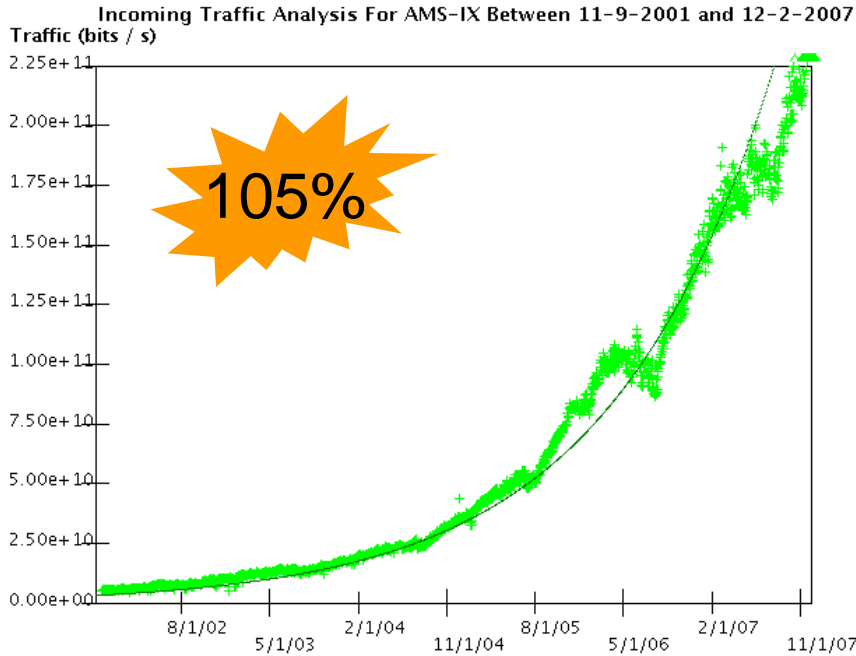
Extracting the benefits of convergence

Matt Yardley

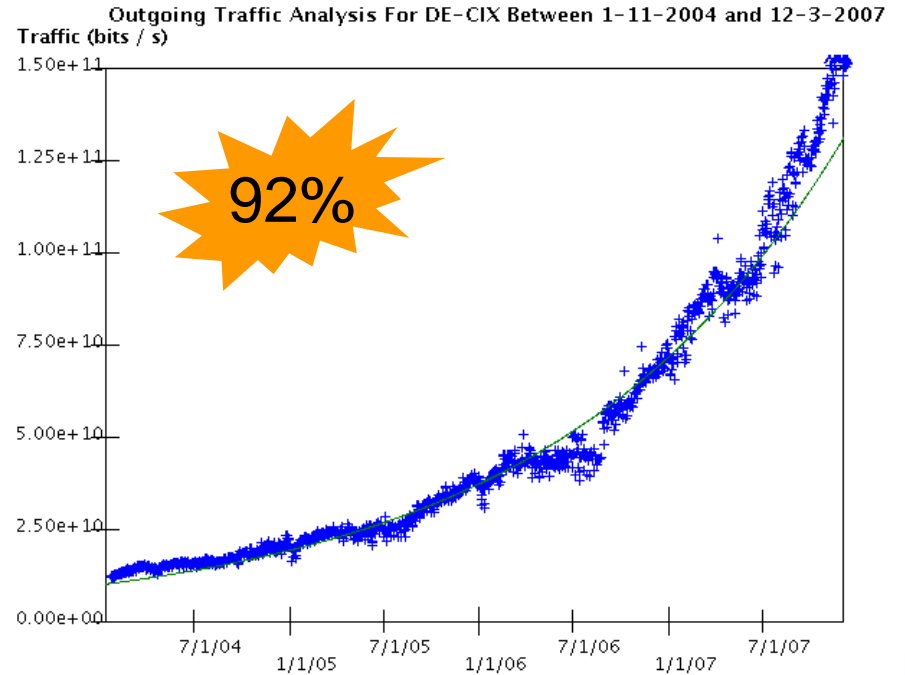
20 May 2009

Huge growth in Internet usage

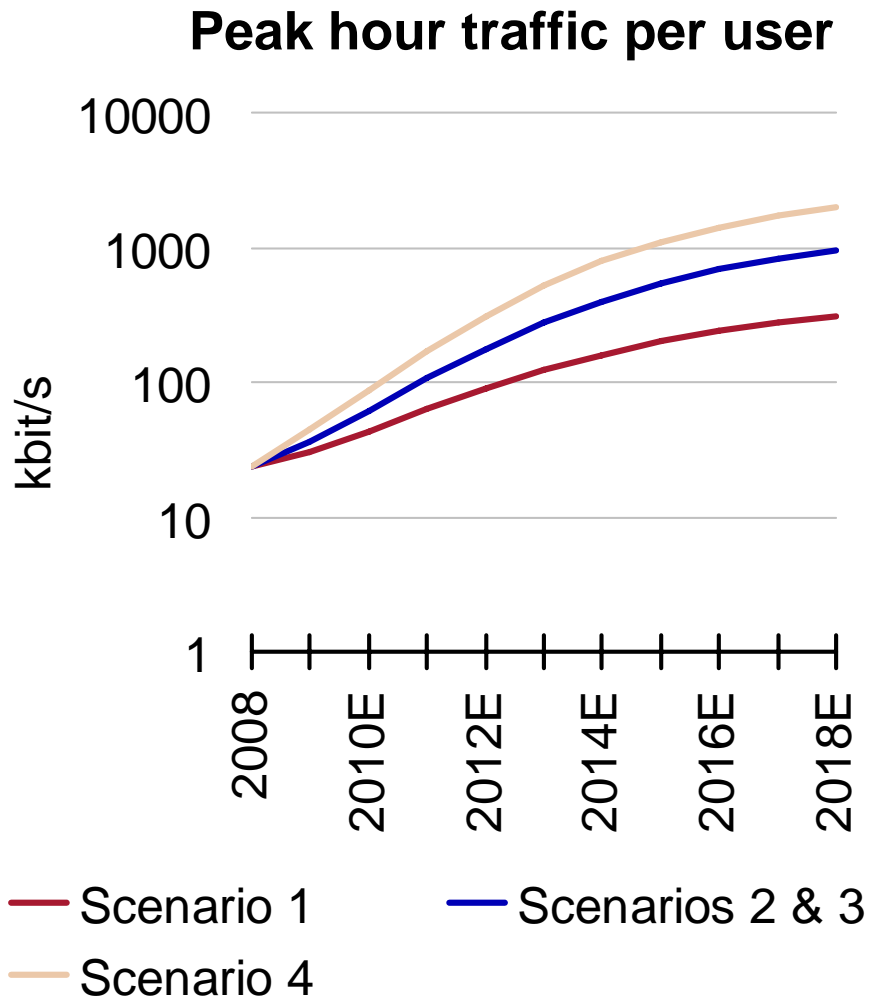
Netherlands



Germany



Convergence will fuel future growth



- Video usage now main driver
 - ◆ e.g. BBC *iPlayer*
- Future growth from:
 - ◆ high-definition (HD)
 - ◆ web content on the TV
 - ◆ more connected devices

10-80x growth
over 10 years

Many expect economic benefits from broadband

TABLE 2: UK JOBS CREATED OR RETAINED FOR 1 YEAR BY A £5 BILLION BROADBAND INVESTMENT

Job Type	Total Jobs	Small Business Jobs
Direct	76,500	22,500
Indirect & Induced	134,500	37,000
Network effect	69,500	34,500
Total Jobs	280,500	94,000

But connectivity offers social and other benefits too

- **Connecting elderly communities** – e.g. *Ciudades Digitales*, Madrid; *OnsNet*, Nuenen)
- **Social inclusion** – e.g. *Amazon Kindle*; large type and audio for the poor-sighted (USA)
- **Improving / creating markets** – e.g.
 - ◆ *Manobi* in Senegal; an SMS-based real-time agricultural and fisheries market price service, cuts out exploitative middlemen
 - ◆ *M-PESA* in Kenya; *GCASH* in the Philippines – mobile financial services (payment, transfers etc.)

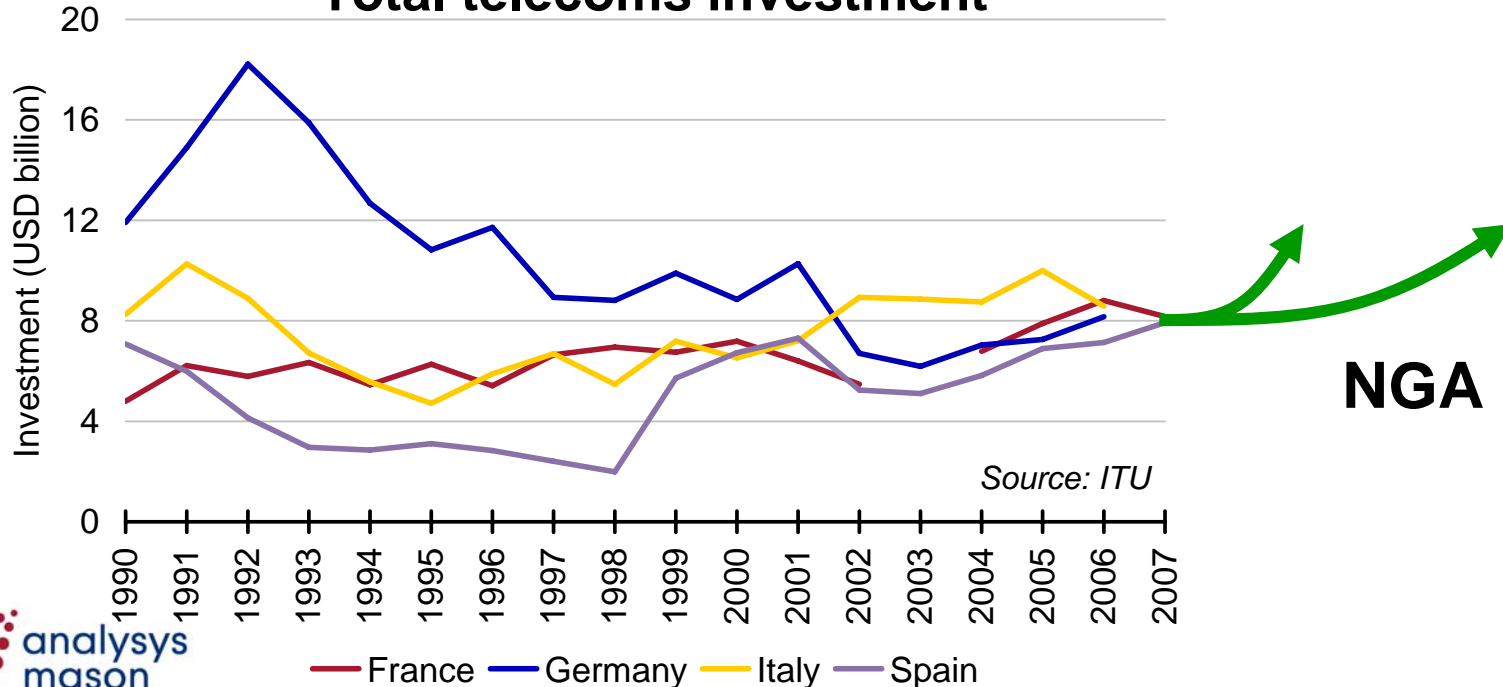
Markets are responding with new investment

Next generation access (NGA) plans

Country																	
Technology	FTTH/B	FTTC	FTTC	FFTH	FTTC	FTTC	FFTC	FTTC	FTTH	FFTC	FTTC/H	FTTH/B	FTTH/B	FTTH	FTTH	Cable	FTTC
Target coverage	4%	9%	16%	26%	40%	61%	80%	90%	90%	90%	0.4%	2%	4%	17%	38%	47.5%	40%
Target year	2008	2010	2010	2010	2009	2008	2010	2010	2011	2010	n/a	2009	2009	2009	2013	2009	2012
Coverage so far	0.6%	n/a	8%	7%	21%	59%	75%	n/a	84%	7%	n/a	0.9%	0.5%	2%	n/a	n/a	n/a

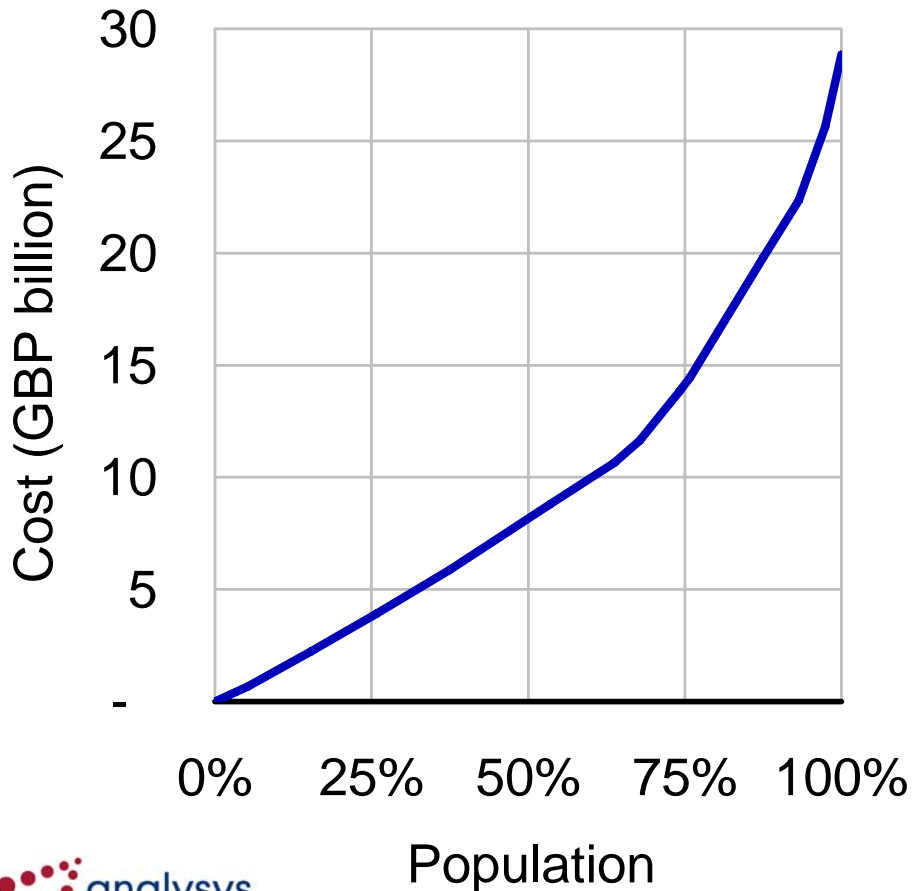
Source: Ofcom (except final column in yellow)

Total telecoms investment

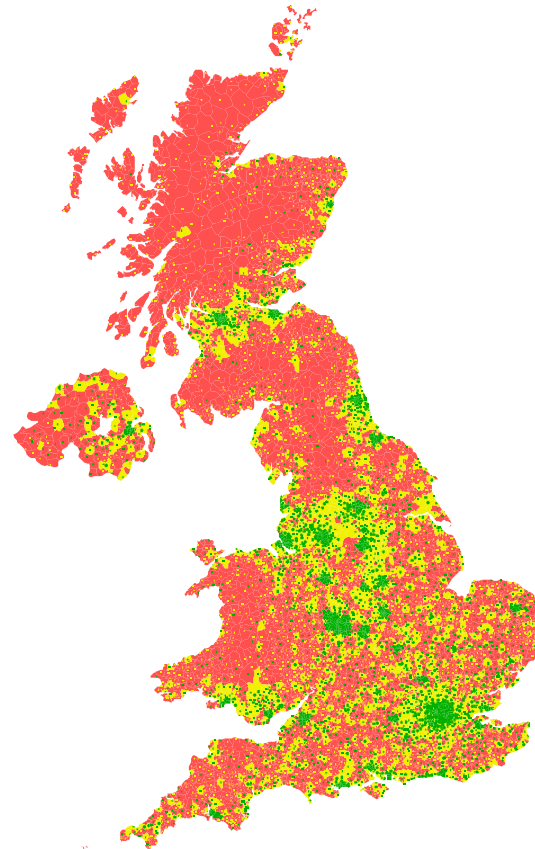


But commercial NGA deployments will only go so far

Cost of UK fibre to the home




Relative costs of fibre to the home

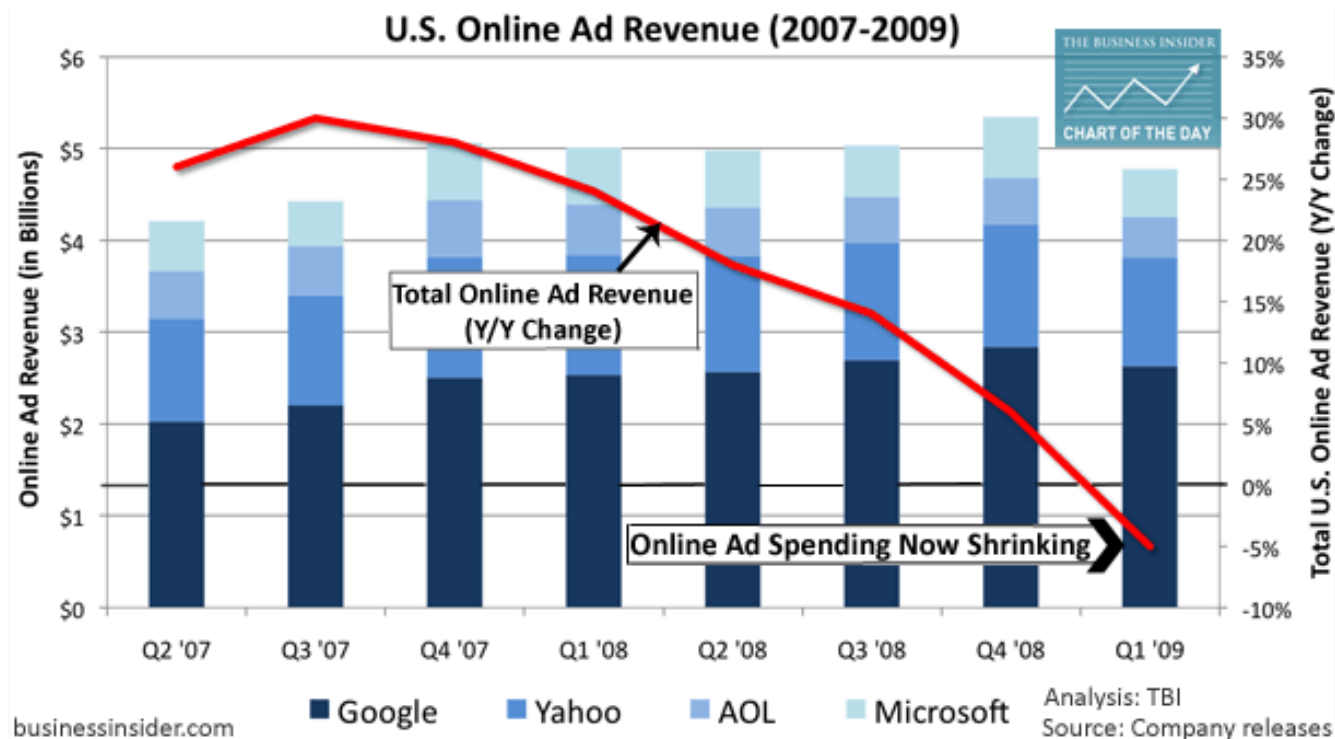


Mobile broadband: one generation behind

<i>Downstream speed (Mbit/s)</i>	<i>First generation</i>	<i>Current generation</i>	<i>Next generation</i>
Fixed broadband	1-2	8-10	25-50
Mobile broadband	<0.1	1-2	8-10

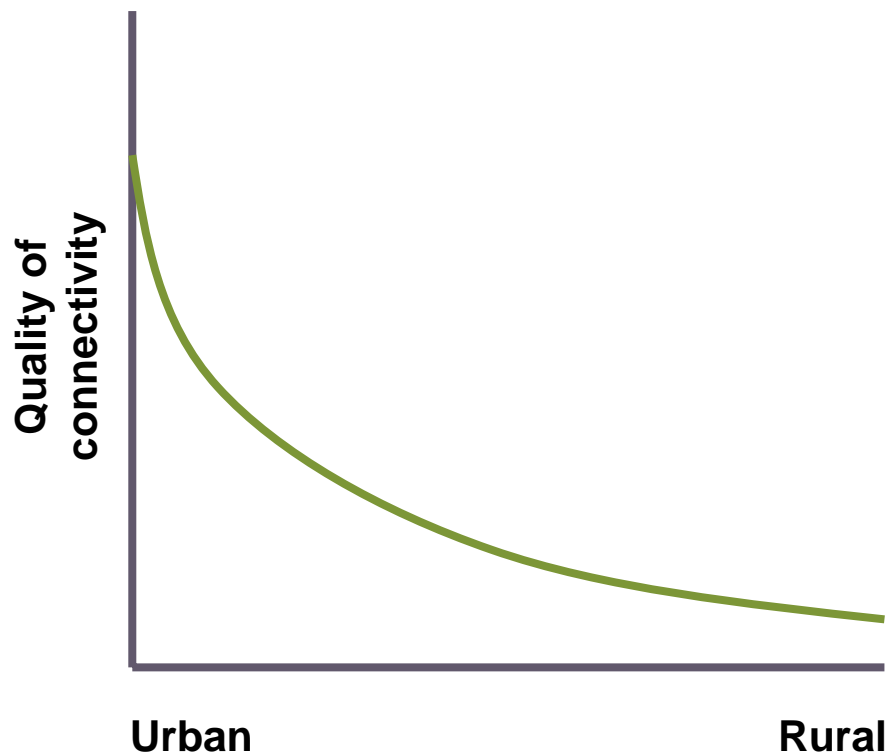


Online media faces new challenges



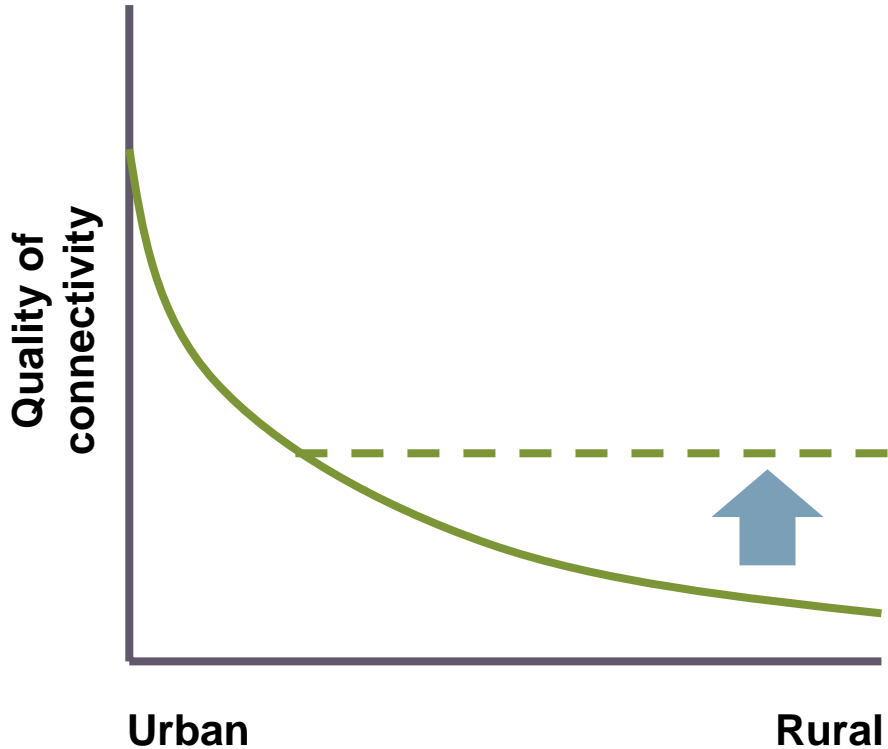
Plus ... Rights regime? Technology standards?
Role of public sector broadcasting?

There is a risk of digital exclusion

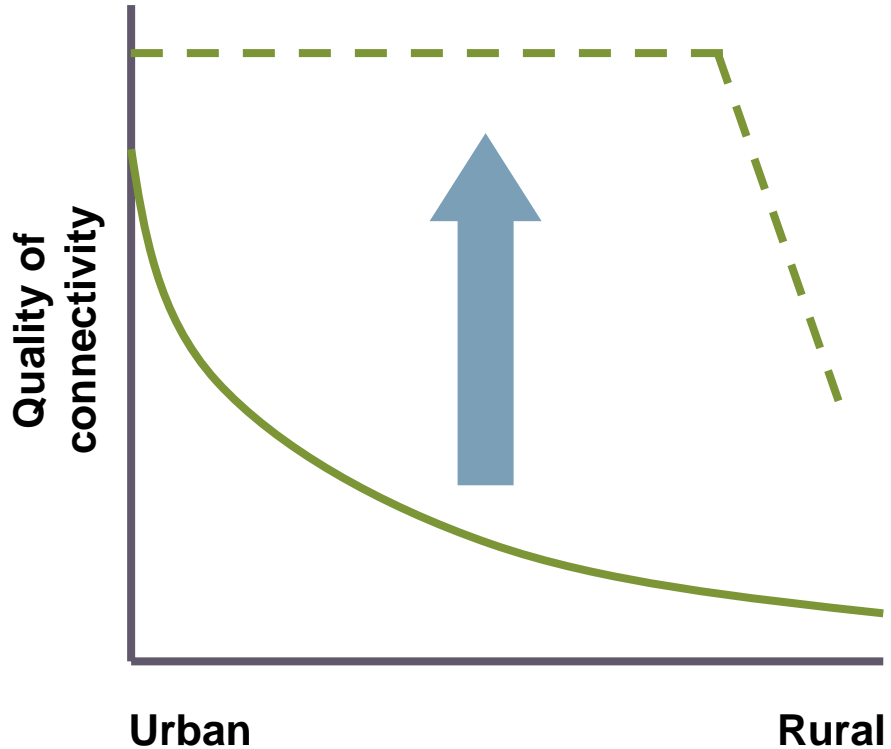


Some Governments are taking action

“Universal service”



“Investing for the future”



What's required to extract the full benefits of convergence?

- Clear Government strategy and policy
- Supportive telecoms and media regulation
- Possible re-architecting of the value chain
- Some public-private partnerships

Thank you

Dr Matt Yardley

Partner

Analysys Mason

matt.yardley@analysismason.com

+44 7766 058 242