

# Broadband Market Investment Challenges

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# Issues of Concern

## ➤ Push vs Pull

- Should individual choice be the sole determinant of technology adoption? \*
- Could inadequate demand cause underinvestment in the technology?
- The principle of relative constancy\*\*
  - ... over time the % of household income spent on mass media consumption remains constant. Therefore, the only way to get consumers to adopt a newer medium is to give them reason to abandon an older one...



## ➤ Internet vs Broadband

- *Innovation requires extensive focus on research and development and being willing to take financial risks. Corporations that have to answer to shareholders and operate under product quotas and strict profit margins are rarely eager to allocate funds to projects with no immediate pay-off. Should the Government and Academic Institutions assume the initiative?*



## ➤ The Regulatory angle

\* Hadden S.G., Lenert E. 'Telecommunication Networks are not VCRs: The public nature of new information technology for universal service', *Media, Culture and Society*, 17, pp 121-140, 1995

\*\* McCombs M. E. 'Mass media in the market place', *Journalism Monographs*, p.24, 1972

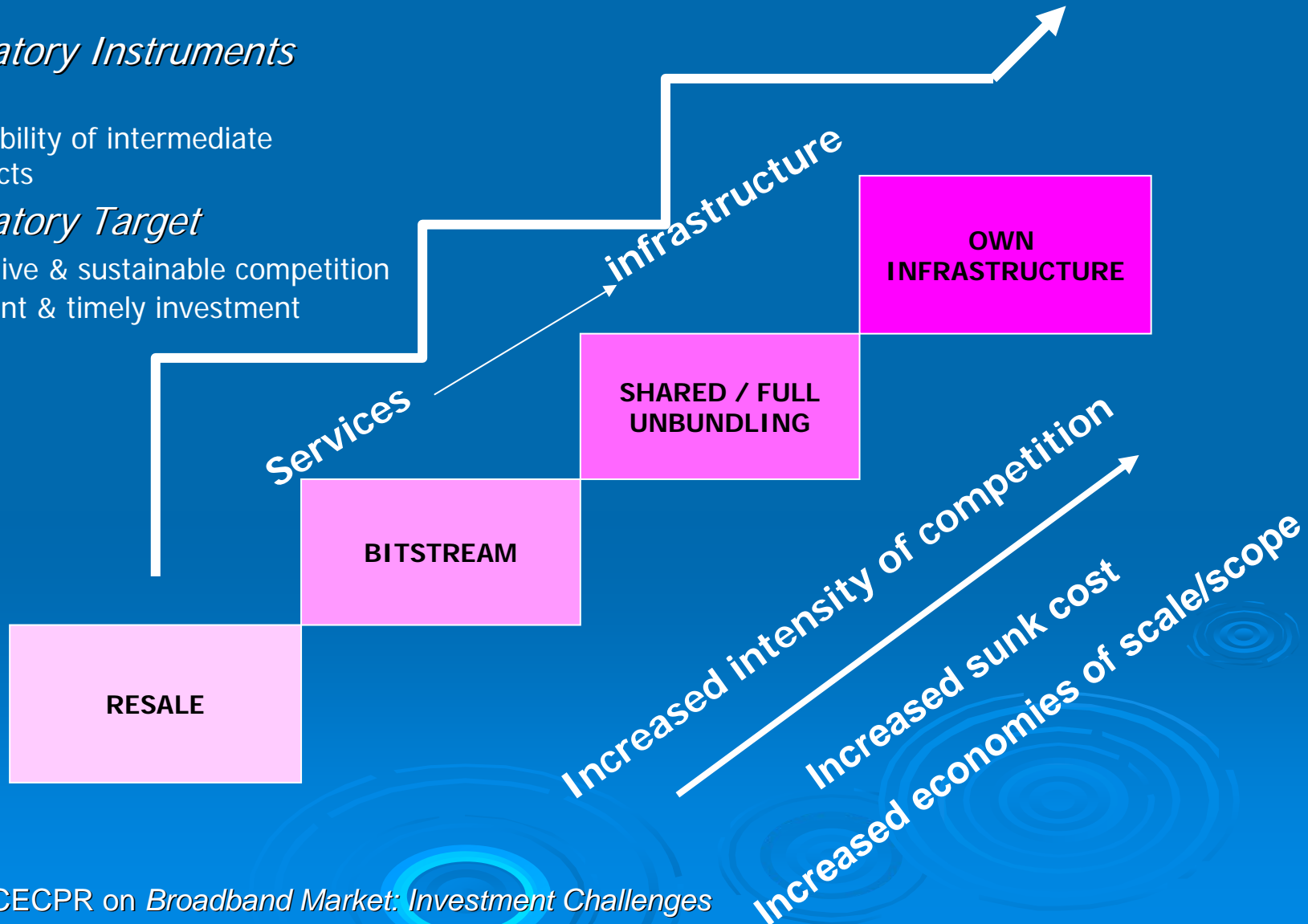
# The Regulatory point of view: *The Ladder of Investment*

## *Regulatory Instruments*

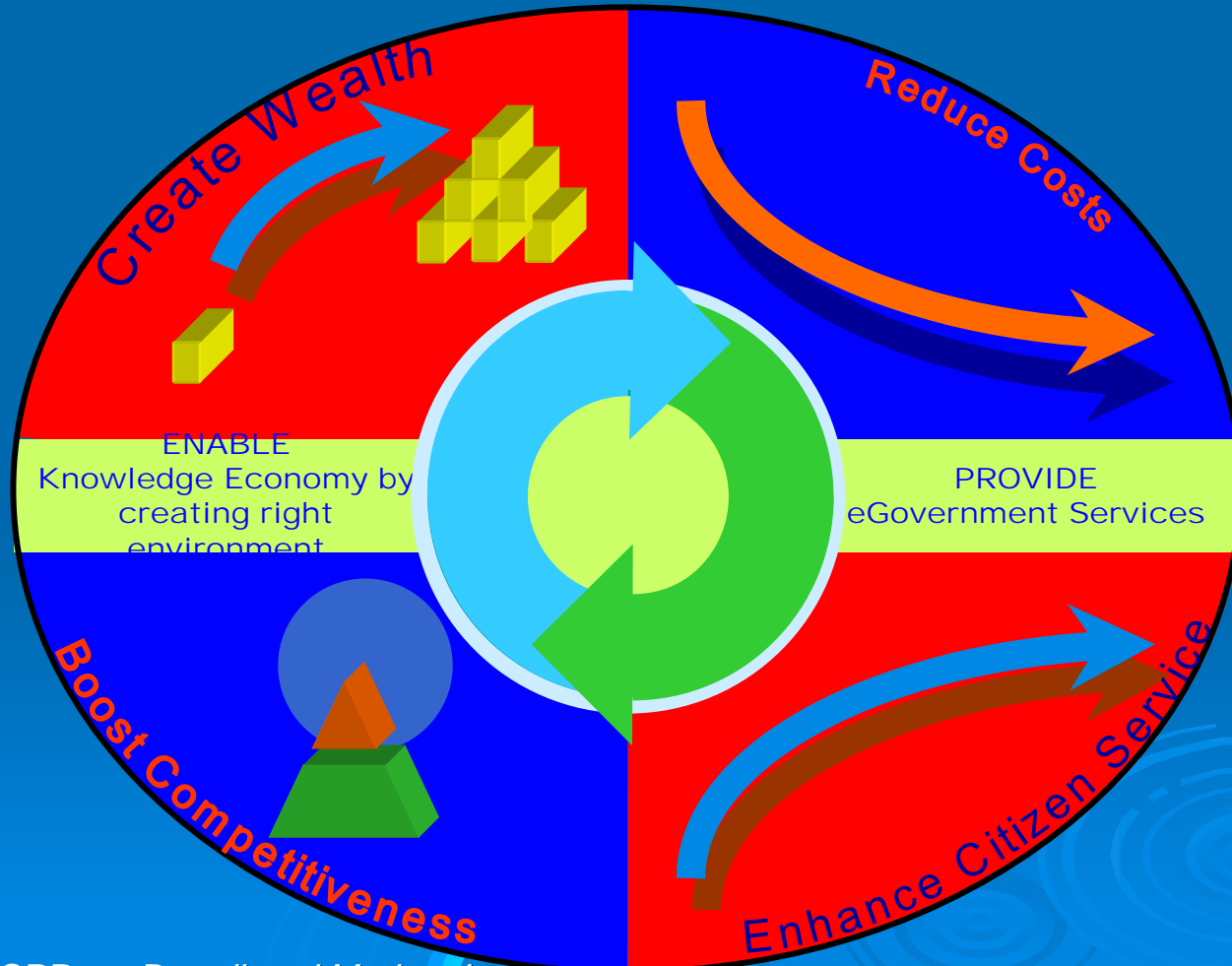
- Price
- Availability of intermediate products

## *Regulatory Target*

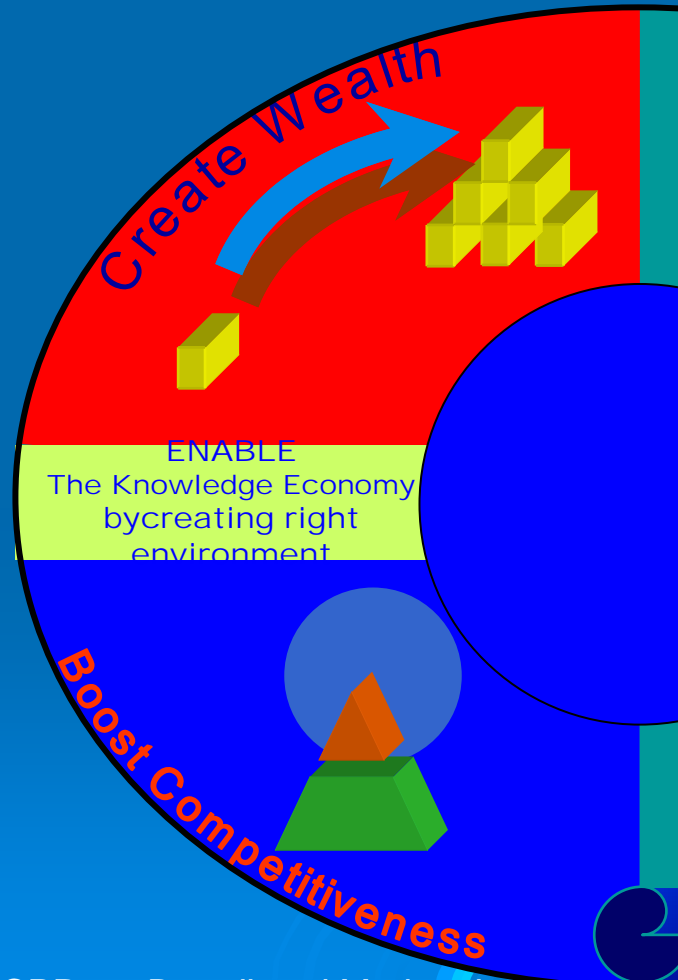
- Effective & sustainable competition
- Efficient & timely investment



# The Dual Role of Government in the Knowledge Driven Economy



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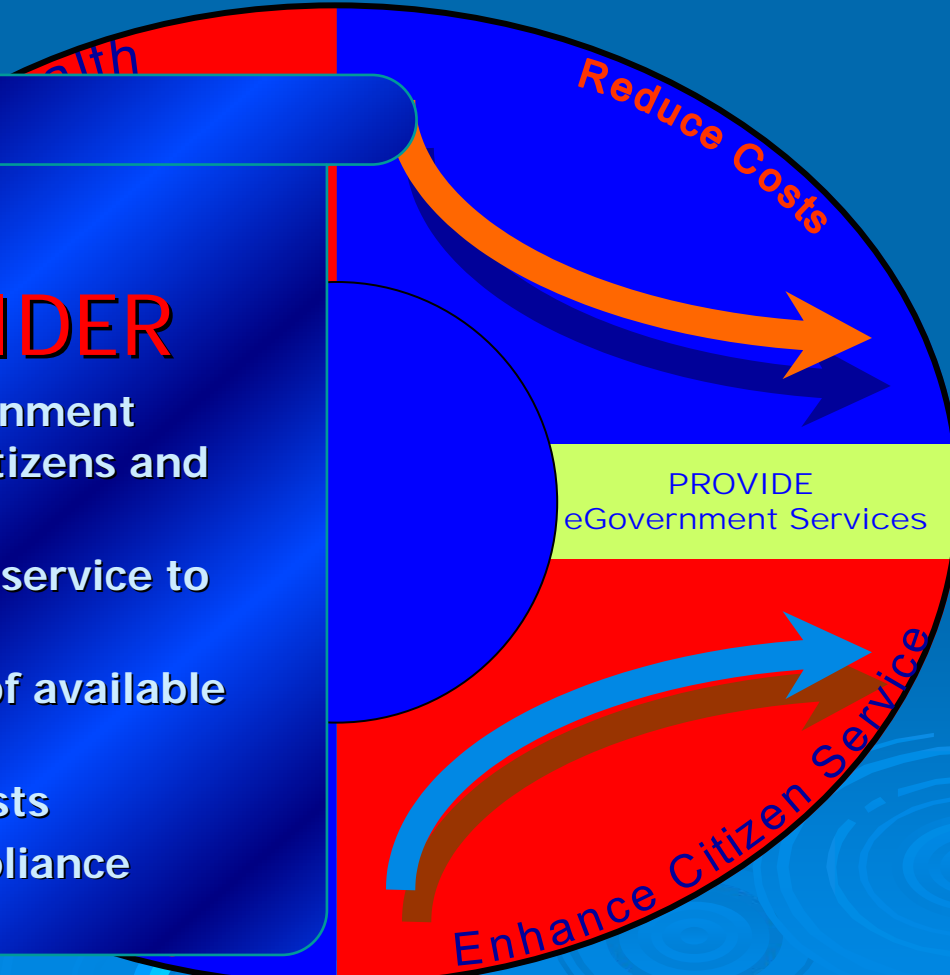
## ➤ ENABLER

- Putting in place the right environment for eCommerce to thrive...
- Regulatory environment (tax, security, etc)
- Infrastructure (e.g. create competitive environment for cheap high bandwidth access)
- Education/Communication (make sure citizens and businesses understand the eEconomy)
- Confidence (leading by example)

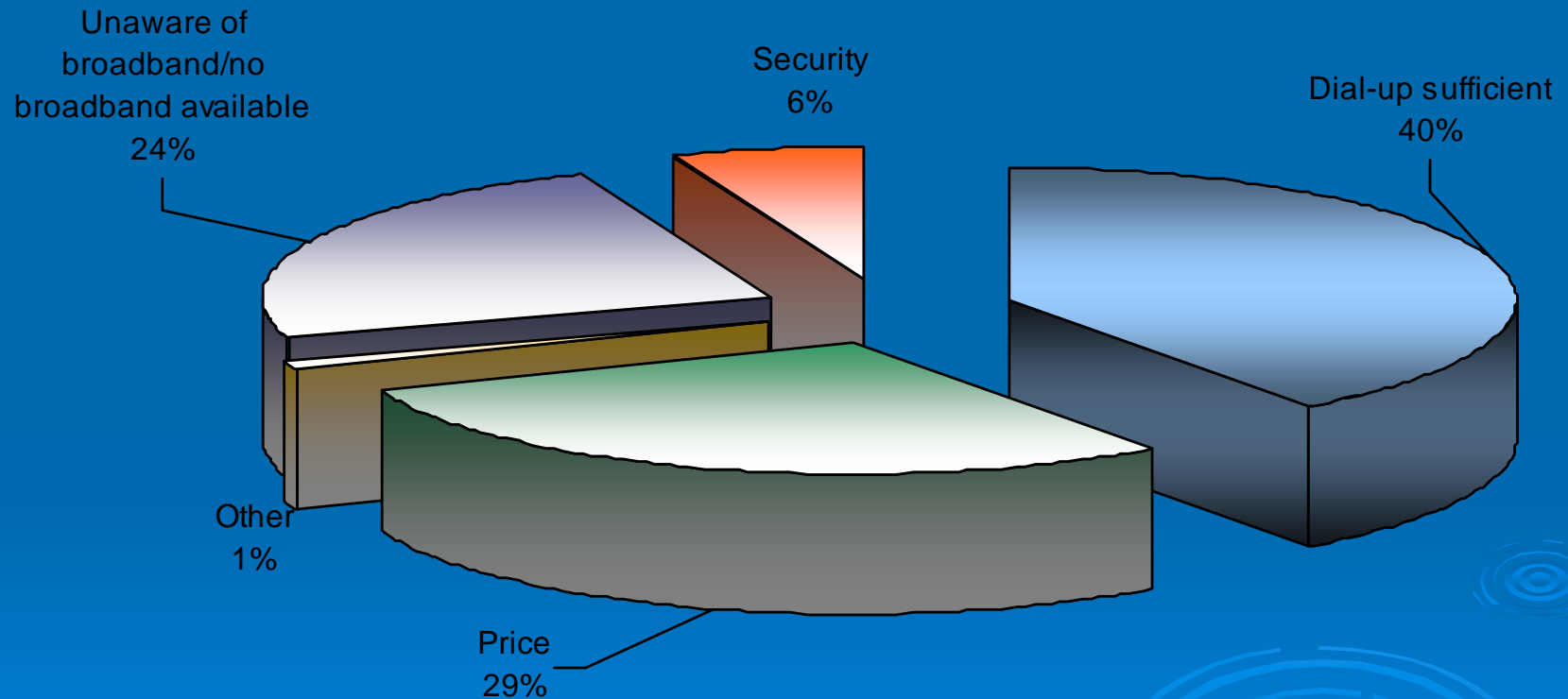
# The Dual Role of Government in the Knowledge Driven Economy

## ➤ PROVIDER

- Delivering Government services to its Citizens and Businesses
- Providing better service to ALLcitizens
- Inform citizens of available services
- Driving down costs
- Increasing Compliance
- Reducing Fraud



# Reasons for not changing Dial-up to Adsl broadband access to Internet

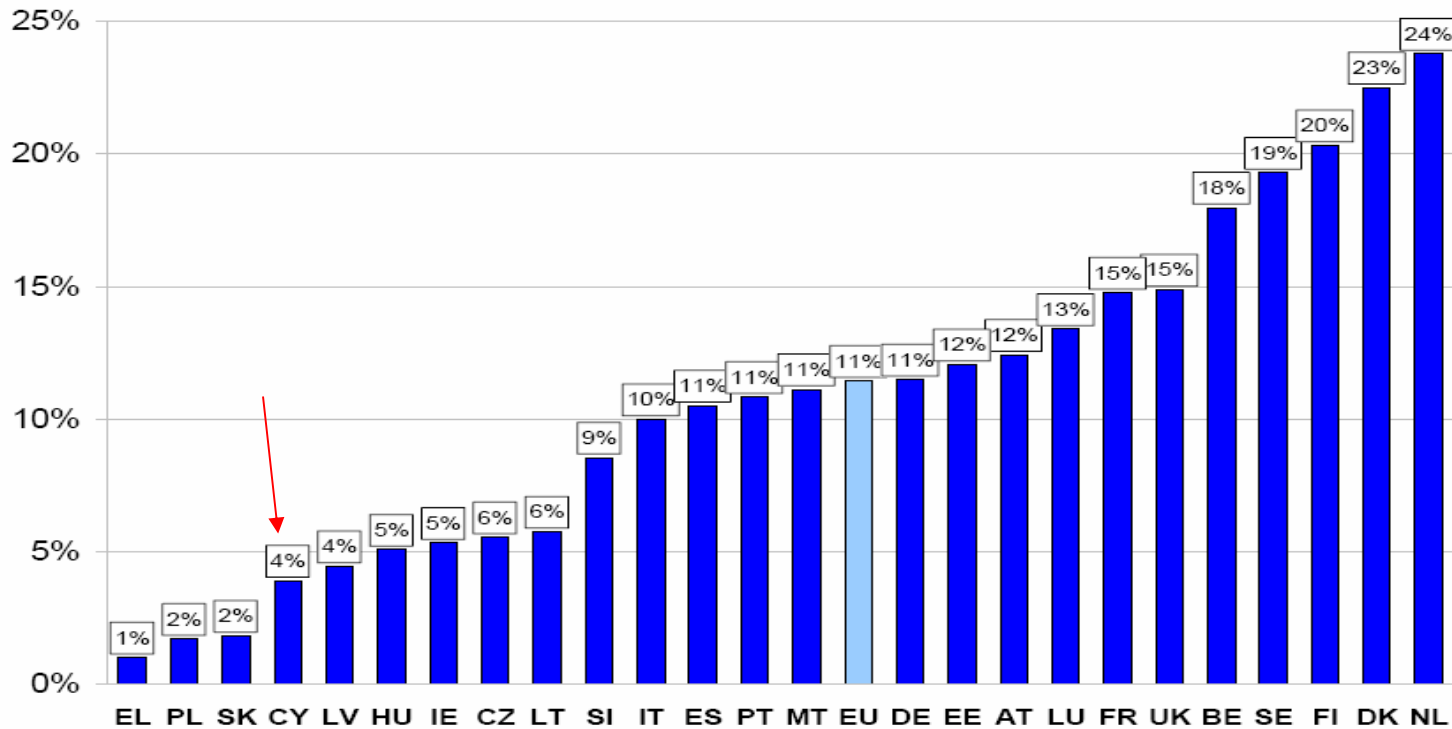


Source: Consumer Survey OCECPR 2005

# Broadband penetration in Cyprus



EU Broadband penetration rate, 1 October 2005



Source: Commission services based on COCOM data