

Mobile Broadband

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Thank you for kind invitation.

Vodafone is proud to be a part of Greek economy. We continue to invest through challenging economic times since we believe that our sector is critical to the economic regeneration both of Greece and of Europe generally.

In fact, we know this. ICT has been a driver of economic growth for the past 20 years in both developed and developing markets. World Bank studies suggest that broadband has had the biggest effect of any technology so far: a 10% increase in broadband penetration drives a 1% increase in GDP growth. But nobody yet knows what the impact of combining these platforms together will be, what mobile broadband - the combination of mobile, broadband and the internet - can do for growth. We think it can be transformational.

We have some challenges. I am less concerned about the technology and investment, as I explain in a moment. The key is how we adopt the technology.

Recent studies by the London School of Economics show that ICT investment is a necessary but not sufficient condition for growth. We cannot fully realise the benefits of a Digital Europe unless we also change the way we work and the way we live. This is the harder task.

The data shows that ICT has a greater impact on the growth rates of developing markets than developed markets. It is easy for Europeans and others in developed markets to assume this is because developing markets have more to gain. This would be a grave mistake. In Vodafone's experience - and we have feet in Europe and the US as well as feet in India and Africa - developing markets extract more from ICT

because they are more flexible and more innovative in adopting new technology than we Europeans. We have some very good examples here in Greece, particularly in the use of mobile to improve healthcare delivery, but the overall record in Europe is poor.

European policymakers should not congratulate Vodafone for providing mobile payment services or innovative healthcare services in Africa. They should ask why we don't have the same thing in Europe!

The networks and technology will be delivered. There is strong momentum behind mobile broadband in Europe today. 34% of Vodafone's European customers are already using data – that's already 10% more than those using fixed broadband services in Europe. 2010 is the year of the smartphone. Phones are being replaced by powerful data devices that are always connected to the internet.

Peak data rates are moving to 28 Mb/s in many urban areas and to 43 Mb/s in some. This is more than the 30 Mb/s the European Commission wants to see available to every household in ten years from now. Why do we have a target for connecting households anyway? In the mobile world, broadband coverage will be, and will need to be, available everywhere – outside the home every bit as much as inside.

We are already building a universal broadband future. Spectrum refarming and the release of digital dividend spectrum at lower frequencies are allowing us to extend broadband to areas which did not previously make economic sense. This year we announced plans to cover 90% of the Romanian population – extending broadband to 10% of the population in that country who currently have no access to any kind of broadband.

Refarming and the release of digital dividend spectrum are vital for Greece, and an area where the country currently lags behind. Extending coverage to rural areas will require more effective sharing of base station sites between the Greek operators. If this is not to be achieved through commercial negotiation then it is vital that the regulator steps in quickly and decisively to resolve disputes in the national interest.

We cannot be complacent. This year our joint venture in the United States, Verizon Wireless, will use its digital dividend spectrum to deliver the next generation of 4G services to over 100 million Americans. Yet many European countries still have no clear plans to even release this spectrum for mobile broadband.

Europe is in danger of losing the leadership in mobile that we have enjoyed for the past decades.

Europe needs to do four things to regain that leadership in mobile, and in mobile broadband in particular.

First, we need, as the FCC has done in its Broadband Plan, to put mobile broadband as a central part of our Digital Agenda for Europe. We do not do this yet. We are still missing a cohesive strategy which joins the various policy issues – how wireless will replace copper to meet universal service needs, how we switch off copper as we transition to fibre networks, how these fibre networks underpin the next generation of wireless networks and how we bring the same level of competition to the fixed sector as we already have in mobile. There is a lot more work to be done here.

Second, we need a stable environment for investment. Nowhere is this more critical than here in Greece where base stations and planning approvals have been a source of uncertainty for years. The whole issue of spectrum security also needs to be tackled. We must avoid arbitrary fees for renewing or acquiring spectrum. The current fiscal crisis cannot be solved by taxing the mobile sector, which is one of the few sectors that can actually enable to growth to get us out of the crisis. Using spectrum to tax the mobile industry would be perverse and short sighted.

The third challenge is to ensure consumers to trust their mobile broadband services – the speeds that are available, the way their traffic is managed, the features they get. This is a challenge for the industry itself, but regulators may have a part to play too.

Finally, we also need more innovation in mobile data services. This will mean more choices for customers and better returns on investment for operators.

It is already clear to us that not all customers want the same 'best efforts' broadband service, yet our services are pretty undifferentiated today. Here we need to be careful that regulators do not do anything under the guise of net neutrality to restrict the possibility for continued innovation. Protect users by all means – but not at the expense of killing the innovation which makes the internet so valuable.

Europe can – and should - take the lead on these issues. Other regions will make mistakes which handicap their development in mobile – as India's recent approach to spectrum or the United States' proposals for net neutrality rules show. But they are pushing ahead at the same time – India and China are fast becoming global players in ICT and the US has a public commitment to being the world's mobile leader and an ambitious plan to achieve it.

Europe needs not only to have the same level of ambition, but the strategy, flexibility and commitment to deliver it together. So I will leave you with a short video which explains how Vodafone is committed to doing so.

Thank you.