

Delivering super-fast broadband in the UK: Setting the right policy framework

Arqiva strongly supports believes that very high speed broadband, both fixed and mobile, will bring real benefits and opportunities.

In the retail market consumers increasingly demand access while mobile to IP-based services and content which are personalised, location- and context-specific, and which require increasing bandwidth. In the business market increasing home working and mobility of workforces has created a demand for wireless to extend corporate VPNs (Virtual Private Networks). And the recent take-up of mobile broadband has been astonishing, although there remain concerns as to the long-term commercial sustainability of offers at today's retail prices.

We agree that the evidence to support demand for very high speed broadband is still emerging and it is unclear who will want to use such networks for which services, how, and what their willingness to pay may be.

Nevertheless, like other industry players, we have little doubt that there will come a time when increasing consumer demand will threaten to outstrip available network capacity, although Ofcom and Government will likely be no more able to identify when existing access networks would no longer be able to meet customer expectations than industry. But we agree that the supply of very high speed broadband, whenever and wherever it is offered, will be based on a range of different technologies, both fixed and wireless.

Arqiva welcomes the recognition, both by Ofcom and in the recent Caio review, that wireless will play a crucial role. The role of wireless will be both complementary to fixed supply, satisfying increasing consumer demand for nomadic (if not necessarily mobile) internet access, and substitutive, where a wireless NGA network could be built out faster than a fixed network, beyond densely populated areas, and without digging up streets.

While we welcome the announcements of major investments in fixed high speed broadband by 2011-12 from BT and Virgin Media, there haven't been any announcements of major investment in new wireless supply which potentially leaves the more than 50% of UK households which won't be addressed by the BT and Virgin Media investments on the wrong side of an impending digital divide.

In large part this is because investment in wireless networks faces a regulatory hurdle which fixed networks don't have: access to spectrum. While Arqiva strongly supports spectrum liberalisation, where demand for spectrum should increasingly be met by the emergence of a liquid and transparent secondary market, in the short term the primary market dominates supply of spectrum.

As a result, the speed with which Ofcom and the MOD (itself considerably reliant on Ofcom for the release of spectrum it manages) can make available spectrum to the market has a direct effect on investment in new wireless networks and therefore their value to UK plc- where value is destroyed by delays in release of spectrum.

Arqiva therefore strongly supports the encouragement of speedier release of spectrum, itself echoing Caio, and we will be looking to Ofcom for evidence of this in action.

In particular, we would hope that Ofcom will have greater regard to balancing the market's desire for earliest availability of some suitable spectrum (even if not all the spectrum under consideration) with pursuit of the theoretical benefits resulting from attainment of a "perfect" auction design.

Arqiva also hopes that where an external delay occurs then Ofcom will consider whether *some* spectrum could be made available to satisfy *some* of the anticipated demand. For example when the current legal action delaying the 2.6 GHz auction emerged, which was likely to delay the auction by at least the best part of a year, we are not aware that Ofcom considered separately auctioning the "centre 50" MHz which wasn't directly impacted by the judicial review and/or re-prioritised the quasi-substitute MOD spectrum.