

Next generation access stakeholder event

Delivering super-fast broadband in the UK

Ed Richards, Chief Executive, Ofcom
22 October 2008

Next generation access stakeholder event

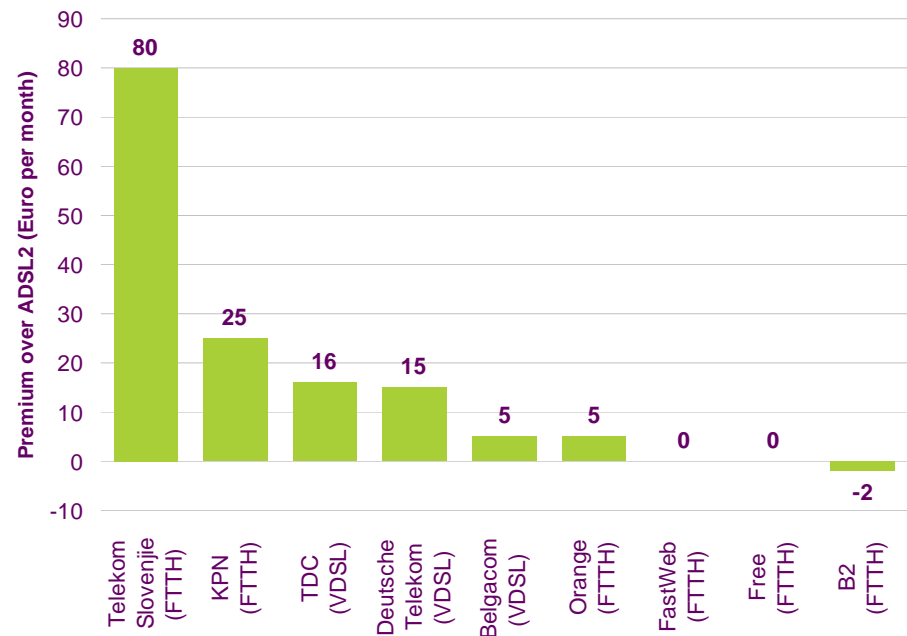
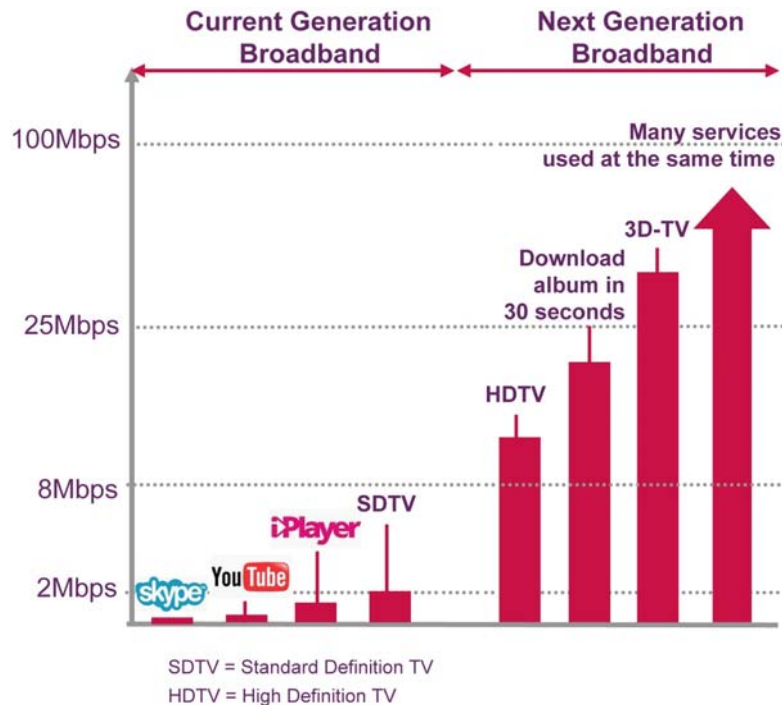
Super-fast broadband: setting the right policy framework

Clive Carter, Principle, Strategy and Market Developments
22 October 2008

Super-fast broadband will support new and improved applications, but the commercial case remains uncertain...

There is limited visibility of the services that require higher speeds

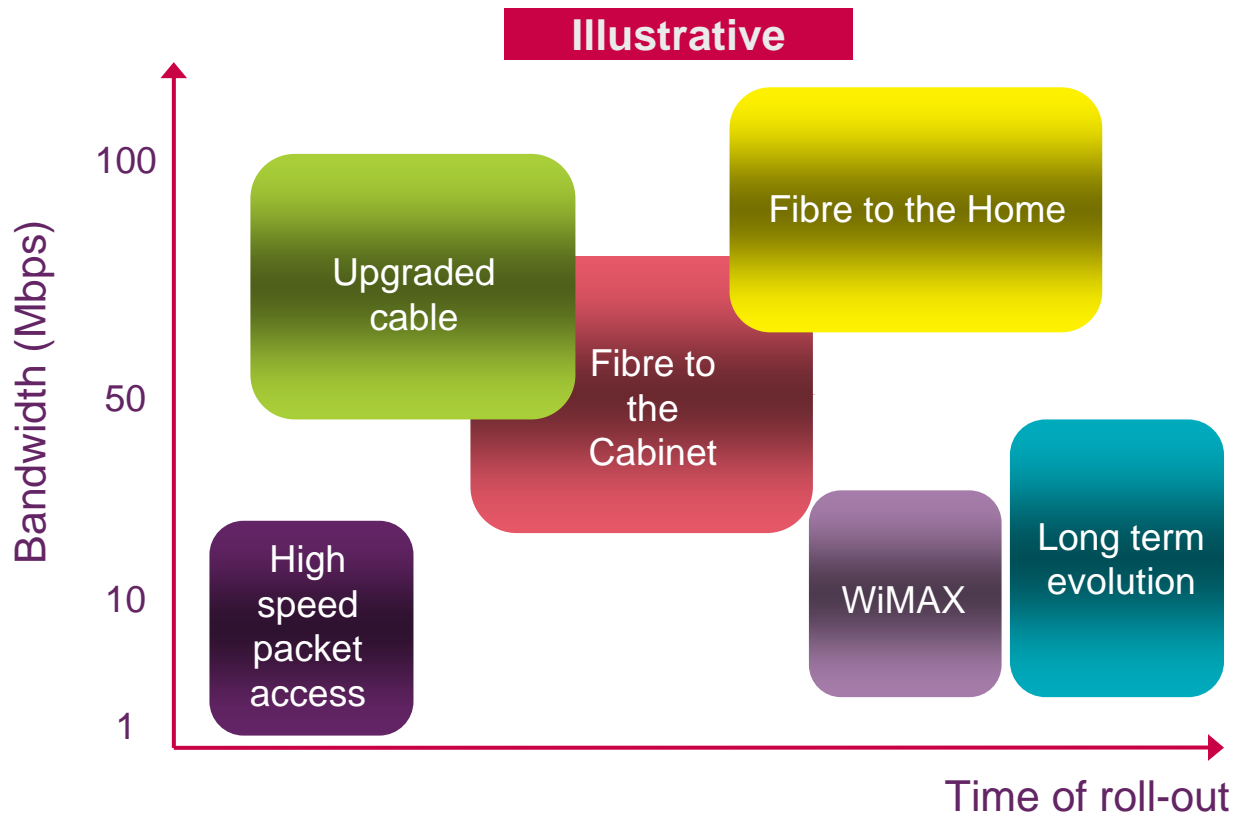
Retail price premiums vary between deployments substantially



Source: Telecoms Markets

... as does the mix of technologies that will be used

There are a range of technologies to deliver higher bandwidths – both wired and wireless



Ofcom has two main aims with respect to next generation access

How do we ensure that there is timely and efficient investment in NGA networks?

How do we ensure the continued promotion of competition to deliver consumer benefits

We also have a part to play in wider policy questions

What is the role of the public sector in delivering next generation access?

Announced deployments as well as current competition need to be supported by the regulatory environment

We have seen both overlay and new build announcements

Regulatory issues posed are covered in our two September publications



There are four main areas for our current consultation to develop the regulatory environment

Our regulatory objectives

Delivering on these objectives through:

Securing timely and efficient investment

Promoting competition



Creating room for passive access products in response to demand

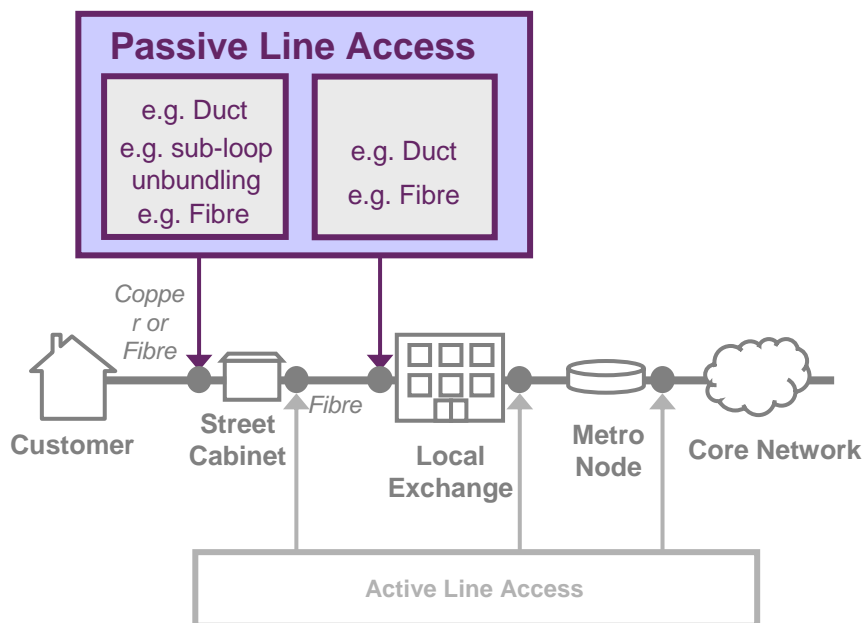
Supporting industry led development of active access products

Allowing pricing freedom for next generation wholesale products

Developing a framework for transition

Creating room for passive access products in response to industry demand

Models for competition in a next generation access world



Aims and focus of consultation

- Passive remedies are our preferred way to deliver competition
- They offer the most innovation and differentiation...
- ... but they may be less feasible than today



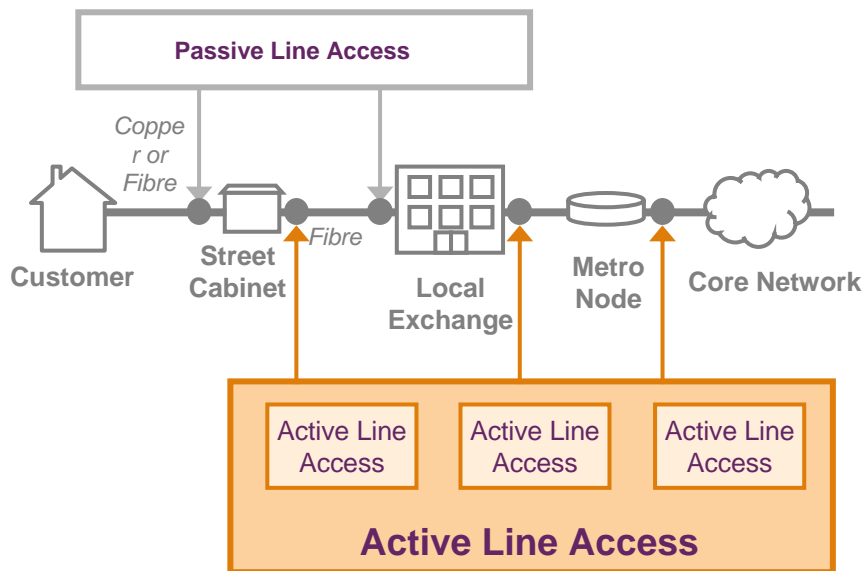
- Can the economics of passive access can be improved, including options for joint investment

Questions

- Supporting passive products requires clear demand from industry – is there such demand?

Supporting industry led development of active access products

Models for competition in a next generation access world



Aims and focus of consultation

- Passive products will not work everywhere. Active products offer the scope for competition more widely
- In future these can support more innovation and differentiation, but will still have drawbacks



- High quality active products are fundamental to delivering competition
- Industry has started this – we think this is the right way to develop these products now

Questions

- What are the characteristics of high quality, fit for purpose active products?
- What role for Ofcom in standardisation?

Allowing wholesale pricing freedom for active next generation wholesale products

Aims and focus of consultation

Pricing is key to investment incentives, and should take account of the level of risk incurred at the point of deployment

Active products

- Flexible prices allows industry to define rate of return where there are suitable pricing constraints
- Consumer choice via wholesale offers remains vital

Passive products

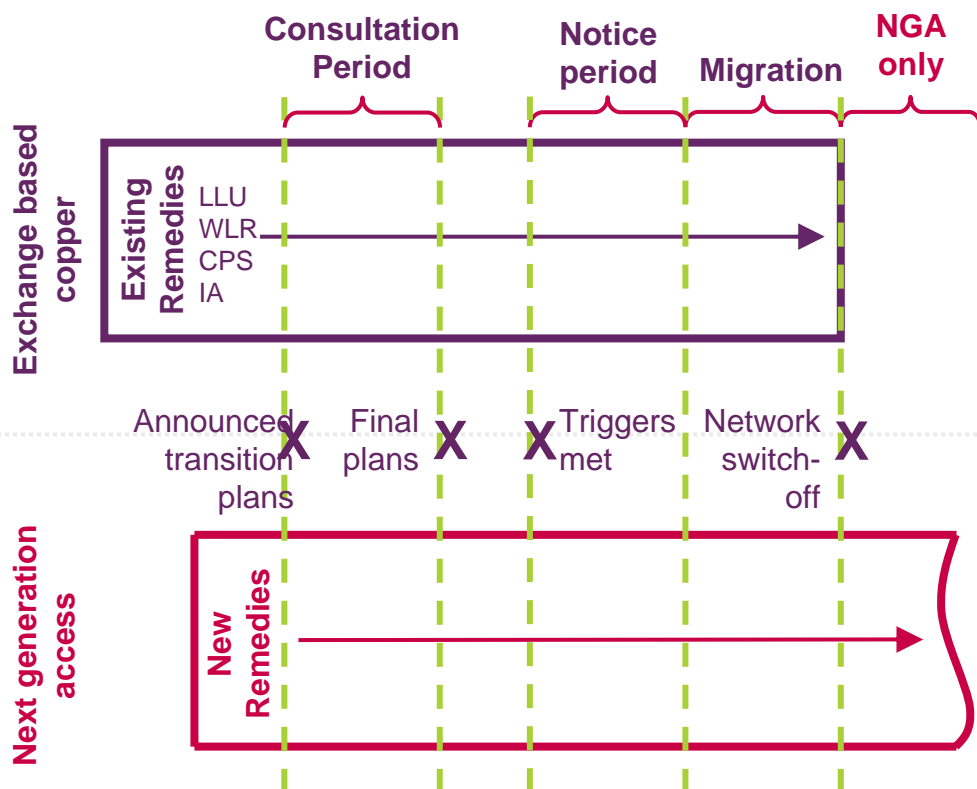
- Passive products already priced based on cost – there is less scope for product differentiation these products
- Cost orientation with adjustments for risk most appropriate for these products

Questions

- Is the approach outlined appropriate at this stage of the market development?
- Does it balance the aims of securing investment and promoting competition?
- Over what period should such an approach apply? What could trigger a review?

Developing a framework for transition

Example model for transition



Aims and focus of consultation

- Commercial cases for investment may hinge on network transition
- Transition may be the most efficient outcome for consumers in the future



- A managed process, starting at the right time and ensuring continued competition and consumer benefit, is key

Questions

- What could trigger a transition process: take-up, available wholesale products, migrations processes

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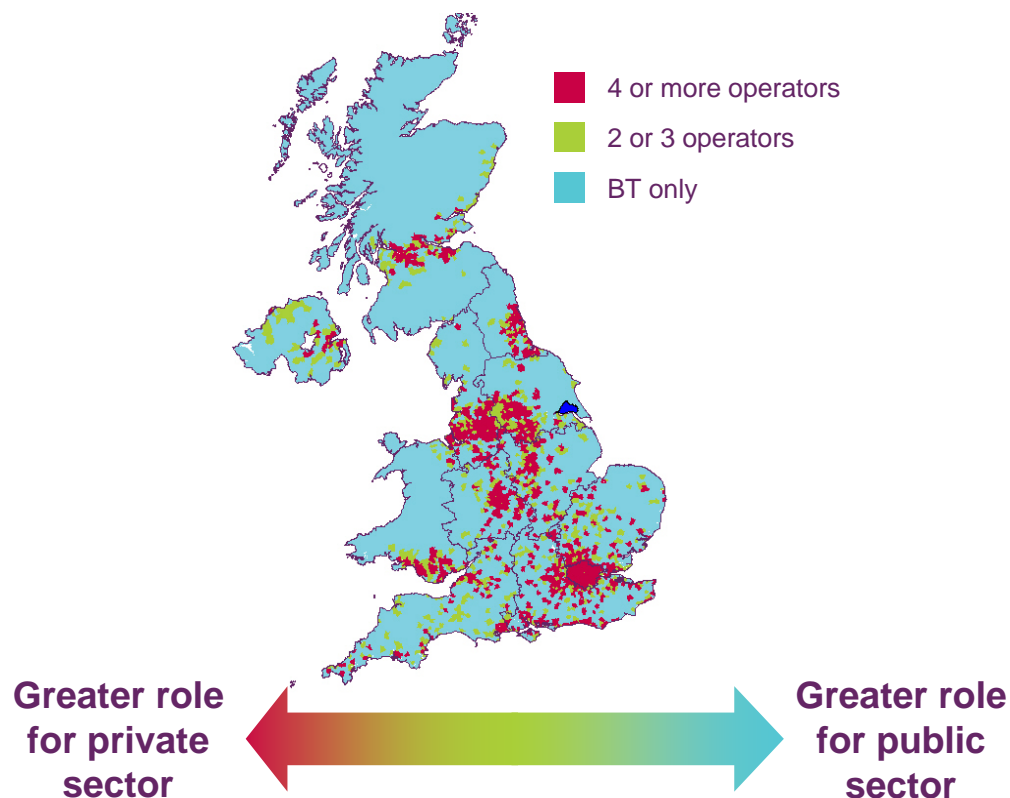
How do we ensure the continued promotion of competition to deliver consumer benefits

We also have a part to play in wider policy questions

What is the role of the public sector in delivering next generation access?

What role for the public sector in delivering super-fast broadband services?

LLU shows how private sector investments target certain locations



- Our vision is for private sector led investment, complemented by public sector investment in less economic areas
- The main issue is where to focus now – those areas where the market will clearly not deliver?

Our consultation is part of a broader picture

Caio Review

European Commission

Broadband Stakeholder Group

The Next Phase of Broadband UK: Action now for long term competitiveness

Review of Barriers to Investment in Next Generation Access

Final Report

Francesco Caio

September 2008

Customer briefing
Fibre to the Cabinet Product Proposal
Issue date: 25/08/2008 Status: For Action Ref: GENITAF08

COMMISSION RECOMMENDATION
of access to Next Generation Access Networks (NGA)

news release
2008/234
17 October 2008
Digital Britain – the future of communications
JOINT DCMS/BERR PRESS RELEASE

Openreach GEA consultation

Digital Britain report

Key elements of Ofcom's plan for action

**Developing the new
wholesale product set,
in conjunction with
industry**

**Understanding
industry's opinions on
next generation access
pricing**

**Supporting the build of
and transition to next
generation access
networks**

**Providing regulatory
flexibility for
experimentation and
innovation**

**Working with the public
sector in progressing
next generation access**

**Ensuring consumers
are protected in the
future**

Next generation access stakeholder event

Stakeholder discussion

Peter Phillips, Partner, Strategy and Market Developments
22 October 2008