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Universal Broadband Needs to Arrive Sooner for UK Economy, says CMA

CMA, part of BCS, The Chartered Institute for IT, is calling for sea-change in the Government and opposition parties' attitude towards the roll-out of universal broadband to enable the online economy to flourish—and help the UK out of recession.

This week it emerged that the owners of a bed and breakfast business in Cumbria were given the chance to upgrade their internet service to broadband at a cost of £45,000 because the process would have meant installing new equipment for their village—which was already at capacity for broadband users. A vivid illustration of the poverty of thought and action that is serving UK businesses so badly.

While the CMA understands the respective strategies by the Conservative and Labour Parties to provide universal broadband, it does not believe plans by either will achieve this quickly or comprehensively enough to take advantage of the potential opportunity for growth provided by the online economy.

It is therefore calling for two distinct, but related actions:

- A clear commitment from all main political parties to implementing universal access to affordable, high-speed, symmetrical broadband before 2017.
- Positive encouragement of local authorities and businesses to invest in online services and social infrastructure, to take advantage of universal access to broadband. This could be achieved, for example, by favouring business plans that specify web-based services. Such plans would be supported through positive action by both Regulator and Government, and would allow return on investment to be tracked.

Carolyn Kimber, CMA Chairman, says: "Talking about £150-200m of investment a year rolling out broadband to the unserved areas is not going to create the flourishing online economy which we at CMA know is the economic future of the UK.

"Lots of councils and most Government services are already going down the online route - for example via the G-cloud - and there are benefits in terms of improving services that people can expect, and it can also help to cut costs. For businesses, trading online means attracting customers from anywhere in the world, leading to massive opportunities for UK enterprises.

"However, success stories are not currently the norm, and CMA believes that it is necessary to stimulate the environment a long time before 2017. The current drip-drip approach is not working.

"As soon as we build the road, the business will surely come."

The Conservative Party has recently pledged to get superfast broadband into the majority of the UK's homes by 2017, and proposes using part of the BBC's Licence fee in rural areas where this is not delivered by the market. The Labour Party has already announced its intention for a 50p a month levy on every landline to pay for the roll-out of broadband in rural areas.

CMA believes that current proposals for either a landline tax, or diversion of part of the BBC licence fee would provide a return on investment only for a limited number of very specific projects. A more adventurous and innovative approach is needed if the relatively small sums generated by either proposal are to be effectively spent.

CMA will also look to the post-May government to create:

- Real, effective and sustainable competition in the supply of telecommunications goods and services, plus appropriate revisions to the present, or creation of a new, Communications Act.
- A focused government department able to develop national policy to take maximum advantage of the convergence of broadcasting, phone and internet

technology, and to represent the interests of UK business consumers in international forums.

The UK lags far behind leading countries such as Korea, Japan and Sweden in terms of broadband provision. Indeed, the UK only just makes it into the top 30 in terms of BQS (Broadband Quality Score). At this rating, UK broadband services, such as IPTV (Internet Protocol Television) are already pressing at the limits of what today's less than adequate infrastructure can deliver, while many of our international competitors, having invested in the necessary bandwidth, are able to develop and deliver services that will meet their future needs.

In 2008, the proportion of UK businesses using a website for their internet sales rose to 12.6 per cent, representing 9.8 per cent of the value of all sales of UK non-financial sectors and 36.6 per cent year-on-year growth. Ofcom's working plan consultation for 2010-11 includes how best to implement regulation to support effective competition and investment in super fast broadband. It is a start, but it lacks the clarity, urgency and stimulus that a national policy could provide.

The Digital Britain initiative was a giant step forward, but CMA is now looking for fresh thinking and a renewed drive behind a national policy to enable the information society through economically and socially-linked network development.

Ends

Editors' notes:

CMA (Communications Management Association) is an association of ICT professionals from the business user community who have a professional interest in the communications, in both private and public sectors.

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