

Digital Challenges in 2011

“The Importance of Broadband ... for All”

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- 11 satellite operators in 8 MSs of the EU



- Flying over 150 satellites
- Global coverage of communications services
- The world's 4 largest satellite operators are European companies

The Importance of Broadband ... for All

- IN THE 1930'S ONLY A FEW PERCENT OF RURAL HOUSEHOLDS HAD **ELECTRICITY**

- Authorities had to ensure its availability, &
- Educate citizens on how it would enhance their lives

⇒ Today, no one would question the importance of electricity

- SEVEN DECADES LATER WE HAVE THE SAME CHALLENGE BUT FOR **BROADBAND SERVICES:**

- Authorities have to ensure 100% coverage, &
- Educate regions on costs & benefits of investing in different solutions

⇒ THE IMPORTANCE OF MAKING BROADBAND FOR ALL A REALITY IN EUROPE IS STILL NOT FULLY APPRECIATED

The Digital Agenda AND The Digital Divide

THE DIGITAL AGENDA FOR EUROPE HAS TWO TARGETS:

- 2013 - 100% Coverage
- 2020 - 100% at 30Mbps & 50% at 100Mbps (Next Generation Access)

⇒ The focus on high speeds makes more citizens ask “Why are we Excluded?”

THE DIGITAL DIVIDE:

- 10 years old
- High speed broadband investment is happening across Europe but ...
- “Not-spots” still persist
- Mobile broadband is not always filling them

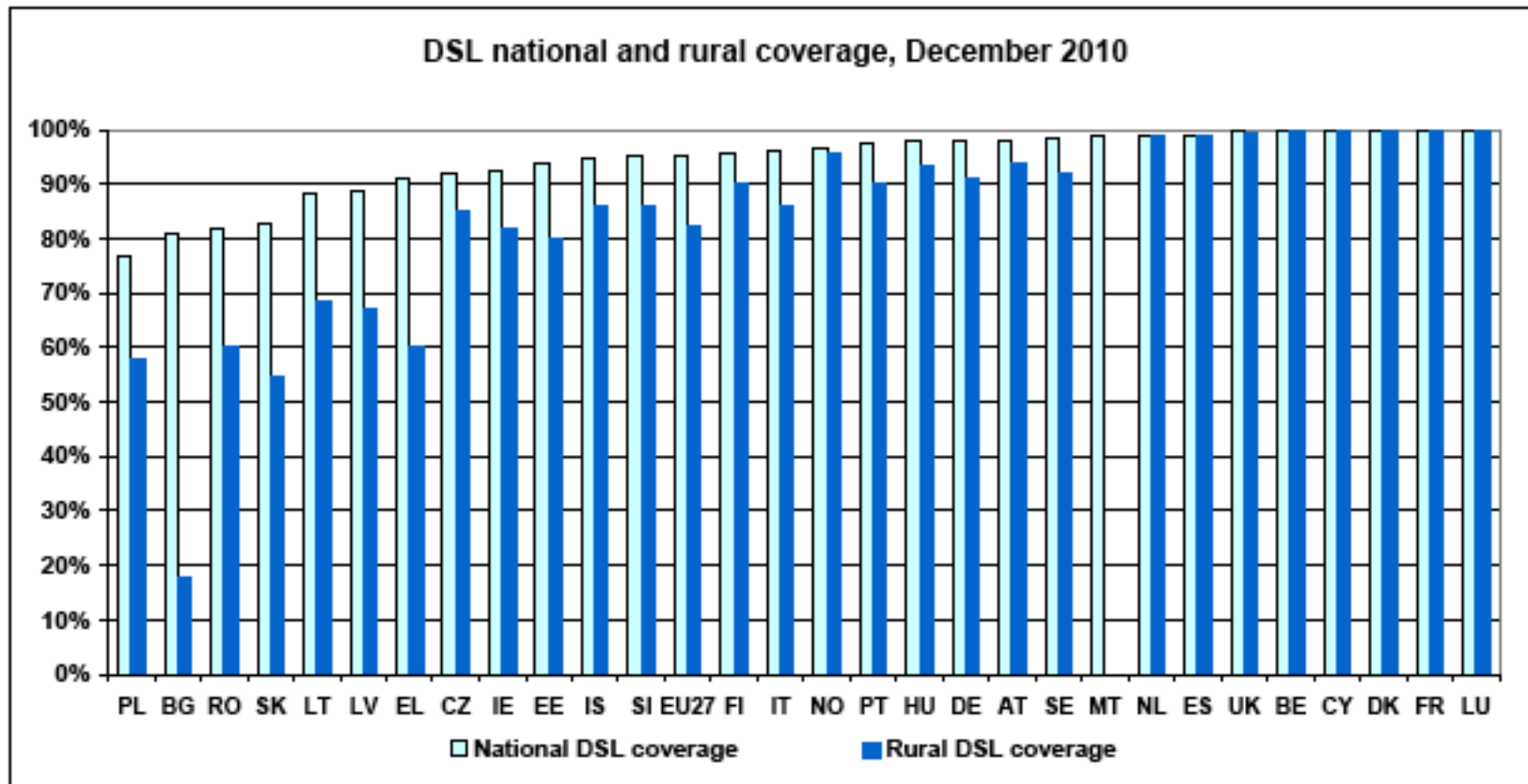


“To deliver that last 5%, we are going to have to get creative about the technology solutions. New satellites offer downloads at 10 Mbps, which compares well against many of the wired ADSL speeds consumers now receive”

- Commissioner Neelie Kroes, 31st May 2011

DSL NATIONAL & RURAL COVERAGE AS % OF POPULATION, DEC 2010

TAKEN FROM THE EU DIGITAL AGENDA SCOREBOARD 2011



SOURCE: IDATE

MANY EU MEMBER STATES HAVE COVERAGE IN THE 90% - 100% RANGE, BUT
10 MILLION EU CITIZENS STILL WITH NO BROADBAND SERVICE TODAY

Broadband for All – An Enabler Direct Economic Benefits

DIRECT ECONOMIC BENEFITS – GDP & PRODUCTIVITY GOALS*

Always online with good quality speeds enable:

- Lower costs & higher quality services
 - eCommerce/ banking/ music/ films/ TV content
- Improved information/ experiences
 - Advertising/ blogs/ social networks
- Gains in public service management
 - eHealth/ online education/ eGovernment

EVIDENCE:

“Studies from Canada, the United Kingdom, & the United States find that broadband connectivity has a positive economic impact on job creation, community retention, retail sales, & tax revenues”

- *The World Bank, “Extending Reach and Increasing Impact”, 2009.*

Direct Economic Benefits Evidence at the Regional Level

“THE IMPACT OF BROADBAND ON GROWTH & PRODUCTIVITY”

- A study on behalf of the European Commission (DG Information Society & Media) 2008

“Two regional broadband development programs were investigated, in **Cornwall** (UK) & **Piedmont** (IT). Both programs focus on the adoption of value-added broadband services in companies and in public services.”

CORNWALL, UK:

“Four years after the start, 10% additional yearly growth & 7% additional productivity increase per year in the business services sector can be observed as compared to the rest of the country”

PIEDMONT, IT:

“Two years after the start of the WI-PIE program, the regional IT observatory recorded progress of 9% per year on average in the regional broadband-related economic indicators”

How did they do it?

Regional Examples: Cornwall (UK) & Piemonte (IT)

- Both regions achieve 100% broadband coverage
- Diverse characteristics
- 'One-size fits all' does not deliver on all needs
- Practical solutions using ALL available technologies were required

CORNWALL:

EU Commission Decision: State Aid 461/2009 – UK

“Where the costs of deploying fibre [...] were prohibitive [...] the preferred bidder will provide basic or advanced basic **broadband services via satellite**”

PIEMONTE:

4,166,442 population -- 25,399 sq km – 43.3% mountain
– 30.3% hill – 26.4% flat land



Broadband for All – An Enabler Indirect Economic Benefits

Indirect Economic Benefits – Externalities & Happiness

- Broadband stimulates other economic activity (WiFi)
 - Increases consumers Willingness to Pay (not part of GDP)
-
- Social Inclusion
 - Participation in debates/ exchanges

Evidence:

“The biggest uplift in life satisfaction is achieved by people getting online for the first time. In their first couple of years online the difference that the internet makes in improving life satisfaction is most noted. The BCS [see above] research also found the biggest benefit to wellbeing from being online would be achieved by providing access to those on low incomes and with fewest educational qualifications.”

- *The digital divide & happiness - a presentation of the evidence*
UK Online Centres, April 2011

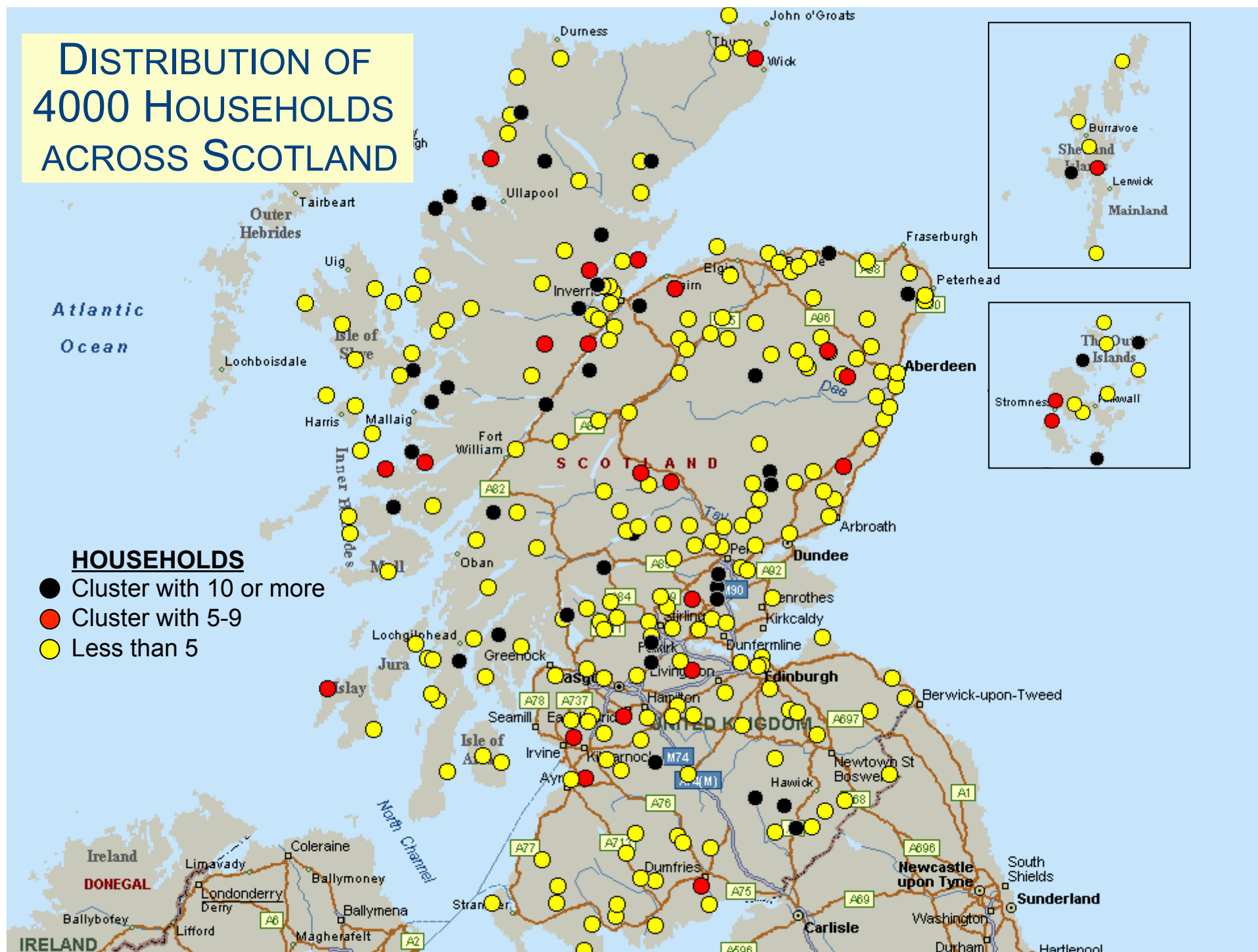
Broadband for All: Making it Happen

A Case Study - Scotland, page 1

- 4000 homes & businesses identified beyond the reach of terrestrial broadband
 - Radio adverts
 - Newspapers
 - Word of Mouth
- Tender to supply satellite broadband services ranging from 512kbps to 3Mbps to end users
- Equipment / installation costs fully subsidised by the Scottish Government



DISTRIBUTION OF 4000 HOUSEHOLDS ACROSS SCOTLAND



NO ONE SOLUTION PERFECT FOR EVERYBODY/ EVERYWHERE

5% of
total

- Radio WIRELESS for groups of > 30
 - Technically able to use the same radio infrastructure (near line of sight)
 - Copper connection to internet
 - Enables the area with broadband after completion of the project

10% of
total

- Wi-Fi networks for groups of 4-29
 - Line of sight required
 - Connection to the internet using a common satellite station
 - Enables the area and very cost effective

85% of
total !

- Standalone SATELLITE dishes for isolated places

SUPPORTING LOCAL BUSINESSES TO STAY LOCAL:

- Fish, cattle & other farms
- Business information services
- Hotels, museums, tourist related businesses
- Sporting estates & holiday cottage accommodation
- Distilleries & food processors
- Boat builders, media companies, engineers, translators

SUPPORTING YOUNG FAMILIES STAYING LOCAL & STAY TOGETHER:

- Remote learning
- Support for small schools & kids' homework
- Online shopping & selling
- Landlords using broadband because tenants will not rent in remote locations without it!

SUPPORTING THE DELIVERY OF PUBLIC SERVICES:

- Access to social services/ medical advice
- Less isolation

**Broadband Internet:
Available Everywhere
TODAY!**

