

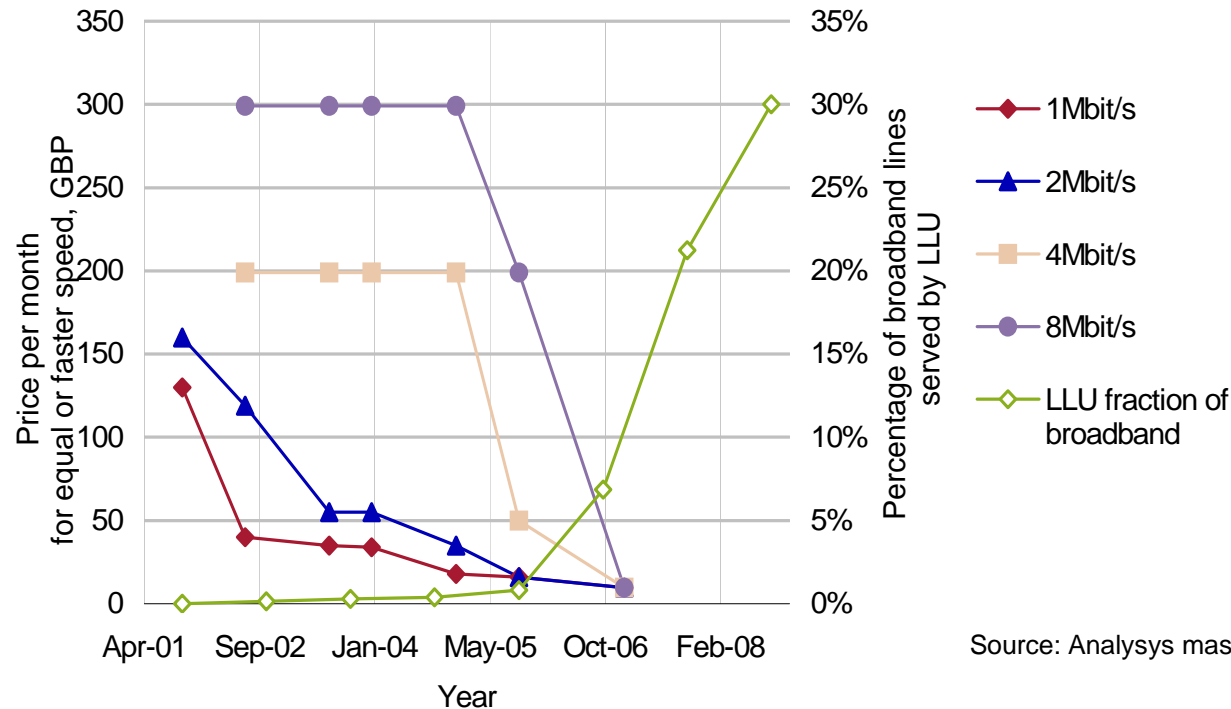
Broadband strategies and market outcomes

Erzsebet Fitori
27 April 2010, WIK conference



Competition quadruples broadband speeds

UK: impact of unbundling on broadband prices and speeds



Source: Analysys mason

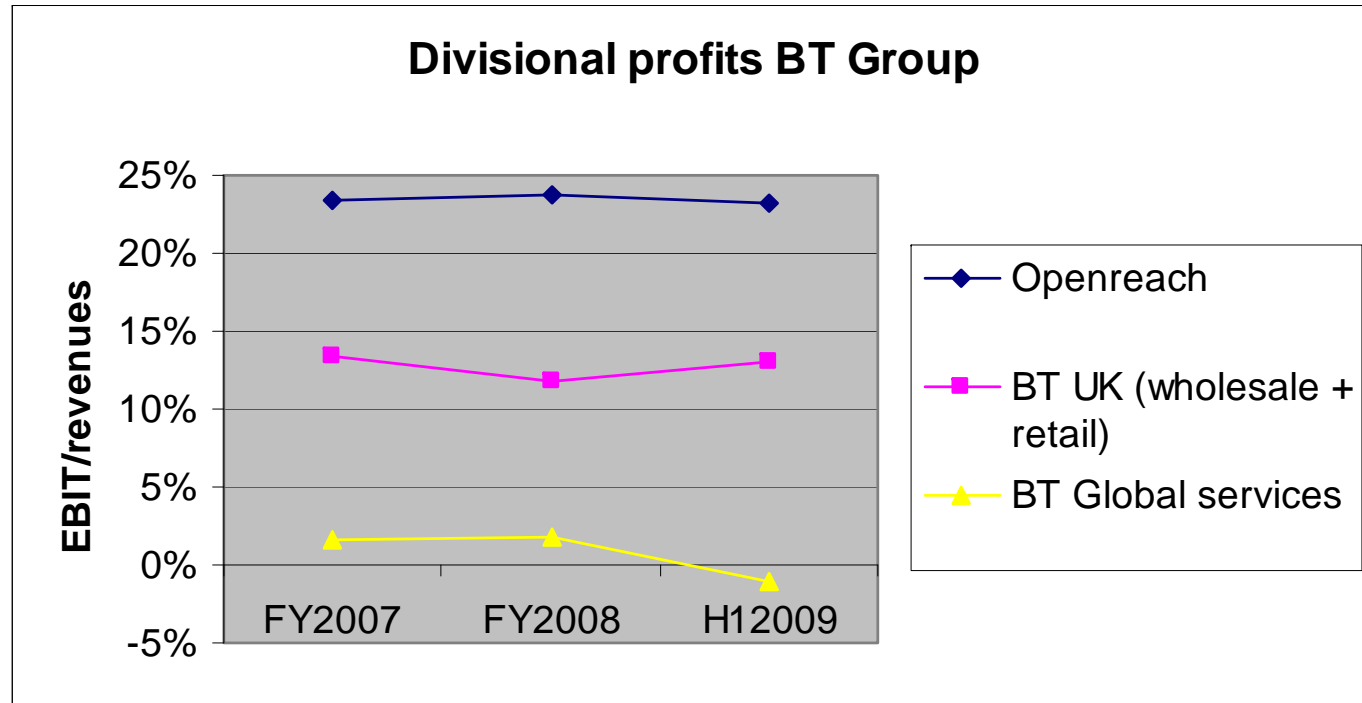
- Competition also delivers better services, most obviously higher speeds for broadband services
- In competitive countries typical users receive 8Mbit/s; in less competitive countries, they typically receive 2Mbit/s

Closed networks undermine NGA benefits

Triple-play (Phone + fixed calls broadband, TV) offer, December 2009				
<i>Country</i>	<i>Technology</i>	<i>Operator</i>	<i>Peak speed downstream, Mbit/s</i>	<i>Retail price, EUR (incl VAT)</i>
Germany	VDSL	DT	50	59.95 (discounted)
Germany	VDSL	DT	25	54.95
Belgium	Probably VDSL	Belgacom	18	70.15
France	ADSL	Alice (Iliad)	Up to 28	19.99

- Closed FTTH and vDSL networks controlled by incumbent give little or no speed, price or service benefit to customers
- Analysys: Effective regulated access would lead to lower prices and higher speeds in Belgium, and could double adoption of NGA in Germany

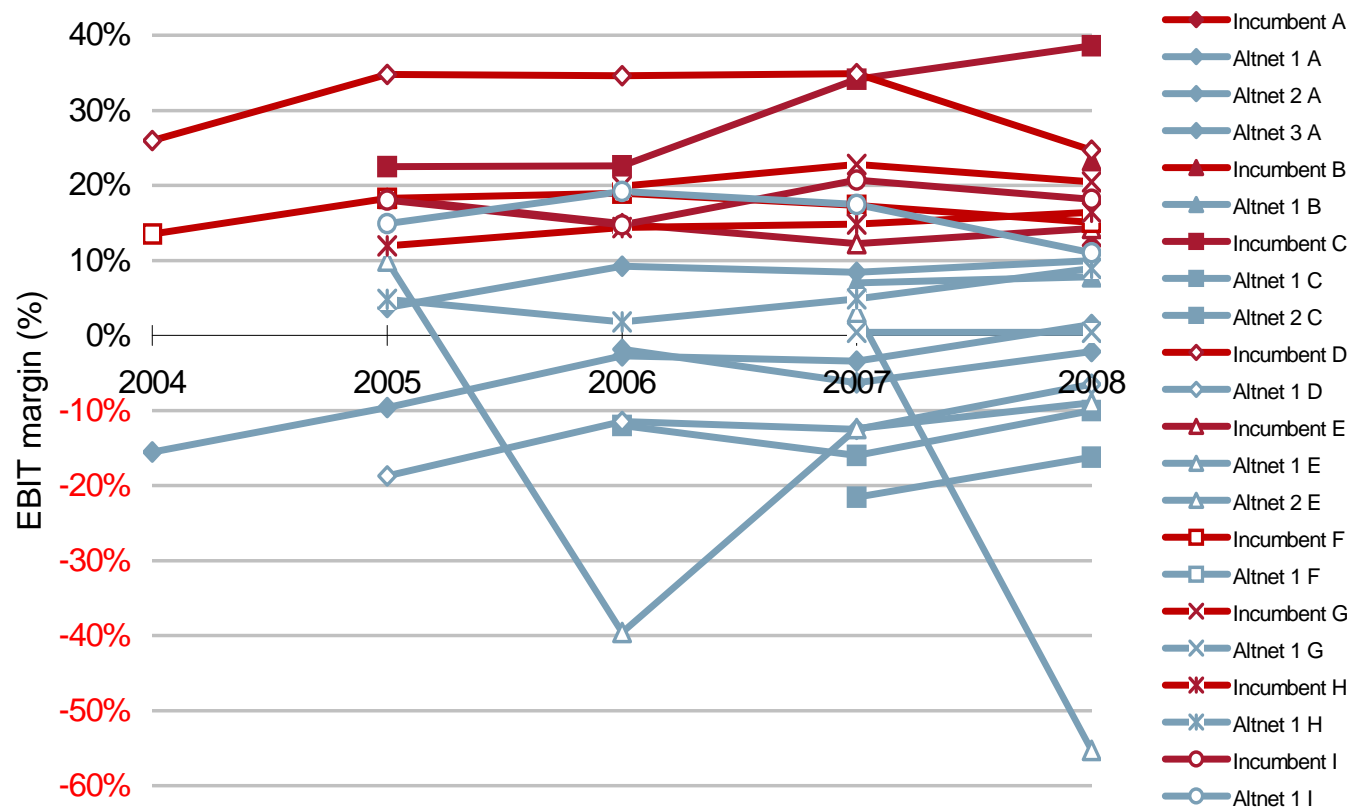
Access lowers investment risks



- Wholesaling provides opportunity to grow the market, fill the pipes and reduce investment risks
- Openreach most consistently performing and profitable BT division

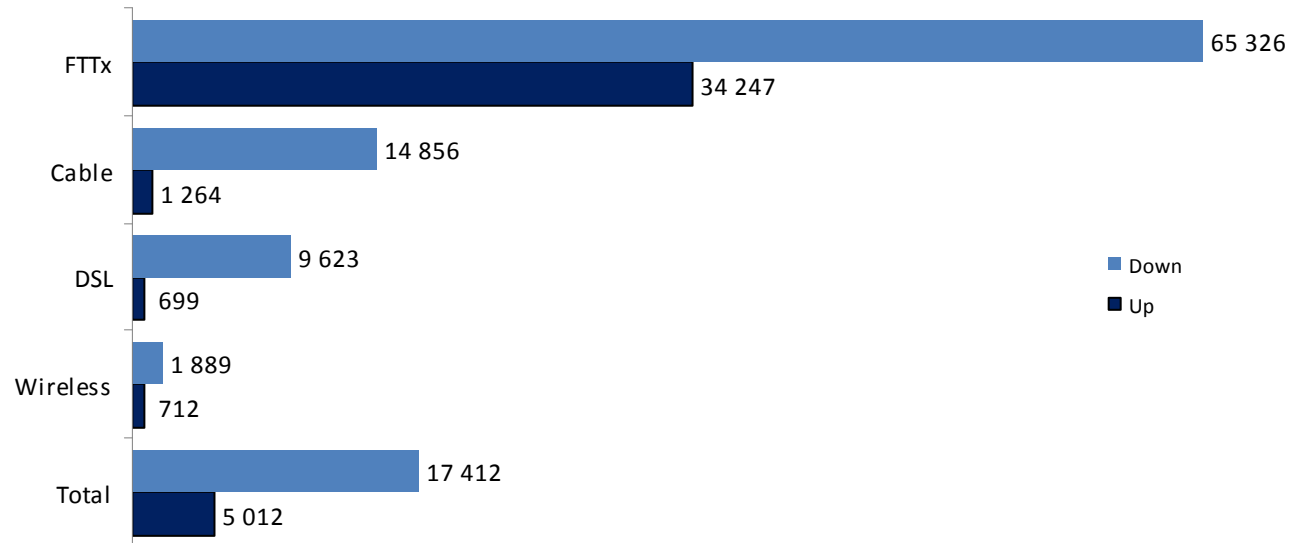
Competitors' profits squeezed

- Incumbents have high EBIT margins compared to entrants, even as the incumbents are investing in NGN and NGA



Fixed and mobile play complementary roles

OECD average advertised broadband speeds, kbit/s, by technology, Sept 2008



- Fixed and mobile technologies develop in parallel
 - Fixed benefits from high speeds and capacity, resilience
 - Mobile benefits from mobility and ubiquity, but limited speeds and capacity
- Fixed mobile converged services developing: high speed entertainment or business apps at home or office, switching to mobile outside
- Wireless can complement fixed for lower speed universal coverage where fixed not economic in medium term