

Broadband on the run

ADSL connections in the UK have exceeded predictions, and it is the applications that are driving the market, writes **Keith Humphreys**

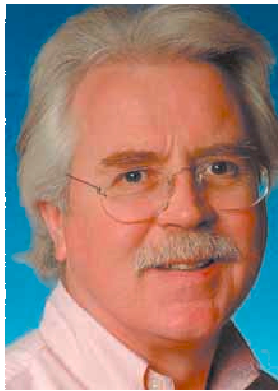
IN FEBRUARY BT ANNOUNCED that the number of Asymmetric Digital Subscriber Line (ADSL) connections in the UK had exceeded two million. This exceeds the estimate given at the Broadband Workshop, which preceded the ISP Forum in London in the same month. BT's estimate anticipates the UK reaching eight million broadband connections by 2005, of which nearly six million will be ADSL (see Figure 1).

After a slow start the UK will overtake western Europe in terms of ADSL connections per head of population by 2006 (see Figure 2). This is due to the focus on broadband that Ben Verwaayen, BT's chief executive, and Pierre Danon, its chief executive of retail, have instilled within BT, as well as the limited success that Local Loop Unbundling (LLU) has achieved. Companies such as Bulldog and Easynet have achieved success in penetrating the business market with LLU, whereas in Germany and the US this has had a negative effect on broadband adoption.

Internet penetration in UK business is high, with 64 per cent of small businesses and 94 per cent of medium-sized ones adopting it. Service providers will need to find and develop value-added propositions to raise average revenue per user.

The driver in business broadband will not be the 'speeds and feeds' marketing that has been the sum of the efforts to date, but the applications. These include:

- ▶ Teleworking - for improved productivity.
- ▶ Remote backup - for off-site data security.
- ▶ Voice over IP (VoIP) - for increased telephony functionality at reduced cost.
- ▶ Videoconferencing - for convenient multi-mode remote meetings.
- ▶ Distance learning - for deficit



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identification and on-demand training.

- ▶ IP virtual private networks (VPNs) - for secure remote access.

The technical requirements of broadband for business will be:

- ▶ At least 2Mbps symmetrical.
- ▶ Tariffs from £75 per month.
- ▶ Service-level agreements with tiered offerings for lesser speeds and contention rates.
- ▶ Low contention ratios or guarantees of quality of speed.

The workshop also showed that fragmented suppliers cannot deliver the coverage businesses need, and by combining forces, unbundled wholesalers can challenge the incumbent, especially because business DSL offers a much better model for unbundling than consumer ADSL.

So what are the opportunities for the channel? For starters, simple high-speed internet access. Bundling an ADSL line with a router and a firewall will provide shared internet connectivity from a small LAN. In a few months a Microsoft Small Business Server

2003 bundle with a Cisco 831 router will be available (CRN, 23 February), and if a deal with a service provider is done to include ADSL, it could mean attractive margins. And the business benefit is as simple as ISDN replacement at a reduced, predictable cost. Teleworking and IP VPNs are a logical extension.

VoIP is particularly suitable for SMEs because contact-centre functionality allows small companies to behave like enterprises, with all workers empowered by access to customer information.

Videoconferencing has suffered from a lack of success because it was formal, had to be booked in advance, and required a special studio, usually with multiple participants. In contrast to this expensive method video telephony is informal, immediate and on-demand. It is from the desk or living room or by mobile phone and is usually one to one. Are these last two the killer applications for broadband?

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Figure 1: projected number of UK broadband lines 2001-2008

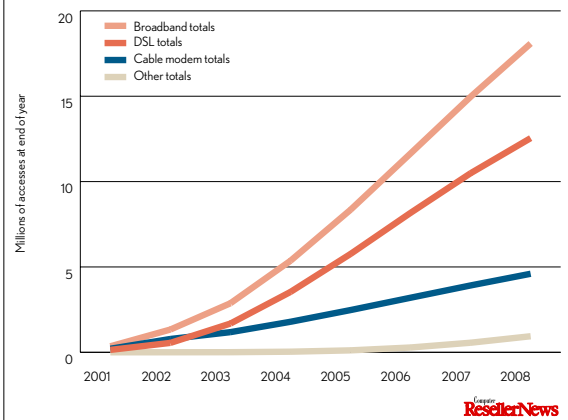


Figure 2: broadband uptake by region

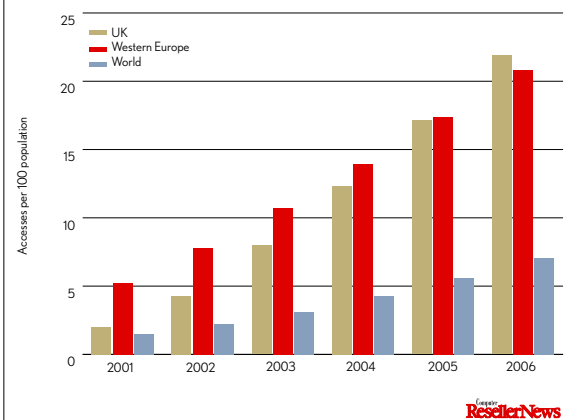


Figure 3: use of value-added broadband applications

