



Commission for  
**Communications Regulation**

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**'The Next Economy & Next Generation Broadband'**

**IBEC/TIF National Conference, 12 October 2010**



## ComReg overview on Next Generation Broadband

- **Progress in market over last year**
- **Significant developments coming up**
- **National vs. International goals & benchmarks**
- **ComReg policies & workstreams for NGB**
- **Critical success factors for NGB in Ireland:**
  - Investment
  - Efficiency
  - Applications



## Broadband/NGB progress in market over last year

- **Fibre-based Next Generation Core now built**
- **ADSL2+ product delivering up to 8 Mbps over copper**
- **Cable-based product up to 30 MBps**
- **Mobile Operators upgrading networks for faster BB**
- **WiMax helping to make Fixed Wireless competitive**
- **Over 70 exchanges unbundled - speeds to 24 Mbps**
- **Ethernet/'Business BB' – faster speeds/lower prices**

### Broadband Speeds

2Mbps - 9.99Mbps			
	Q2'08	Q2'09	Q2'10
Consumer Broadband	49.0%	67.5%	77.8%
Business Broadband	66.7%	70.2%	85.8%
Total Broadband	56.7%	68.0%	79.3%



## Significant NGB developments coming up

- **NGA trial(s) – FTTC & FTTH**
- **Cable DOCSIS 3.0**
- **Availability of Sub 1 GHz liberalised spectrum**
- **Potential for FWALA/WiMax at 3.5 GHz & 2.3 GHz**
- **Further increase in unbundled exchanges and lines**
- **Additional Ethernet products**
- **Infrastructure initiatives by Aurora, eNet, et al**



## National vs international goals & benchmarks

- **'Building Ireland's Smart Economy' (12/08)**
- **DCENR NGB paper (7/09)**
- **ComReg NGB papers (7/09 & 11/09)**
- **Forfas/IDA/TIF reports & commentary**
- **EU Digital Agenda 2020**
- **EC NGA Recommendation**
- **FCC National Broadband Plan**
- **Singapore's Wired Island/Next Generation Network**



## ComReg policies & workstreams for NGB

- **Promoting infrastructure-based competition:**
  - LLU prices/products/processes
  - WPNIA (Market 4) & WBA (Market 5) Market Analyses
  - Protections vs price squeeze of LLU
  - Spectrum availability (800/900 MHz; 2.3 GHz, 3.5GHz)
- **Promoting services-based competition:**
  - WBA (Market 5) Market Analysis
  - KPIs consultation
  - Leased Lines
  - Open Access solutions for wholesale customers
- **EU NGA Recommendation – national consultation(s)**
- **Net Neutrality (BEREC), Digital Dividend (RSPG)**



## Critical success factors for NGB: (1) Investment

- **Communications industry - fixed & wireless - facing into major platform changes – FTTx, 4G, DOCSIS 3.0 ..**
- **Challenging context in which to justify investment:**
  - Significant capital costs - eg estimates for FTTx €1-2.5 Billion
  - Continuing uncertainty re customer willingness to pay premium
  - Macro context of weak demand & falling revenues
  - Regulators have tackled excess pricing, intensified competition
  - International firms have alternative uses for capital
- **Regulatory framework stable - allows for risk premia**
- **Competition continues to drive investment – how far?**
- **Business case improved by efficiency, new applications**



## Critical success factors for NGB: (2) Efficiency

- **Communications costs have fallen in real terms over the last decade, price competition intensifying**
- **Some costs still high – eg ULMP, mobile ARPUs, USO?**
- **Some cost factors ‘given’ – eg population dispersion**
- **Other costs together we can - and must – manage:**
  - Civil works – over 70% of rollout costs for fibre NGA
  - Staffing levels & labour productivity
  - Duplication of physical infrastructure - where excessive
  - Customer services – costs of mishandling - churn & CC staffing
  - Inefficient use of spectrum – hence liberalisation, auctions
- **Efficient choices on technology, timely introduction**





## Critical success factors for NGB: (3) Applications

- **Exponential growth in video, P2P, wireless internet**
- **Strong consumer appetite for broadband-delivered content/services – Q: how much for comms provider?**
- **Ireland has 300,000 SMEs – can NGB deliver better solutions for accounts, invoicing, inventory, CRM ..?**
- **Opportunity for Industry to facilitate eGovernment?**

**Public service delivery – challenge is more with less**

Citizens want more convenience, information, quality

ICT firms expert in use of tech to re-engineer processes



## Summary

- **Irish market is making progress in building of NGB**
- **Performance does not yet match best internationally**
- **Approach is private sector/market-driven: both + & -**
- **Significant developments upcoming in fibre, cable & wireless - cross-platform competition critical**
- **Renewed commitment to open access approach**
- **Investment needs stable, balanced regulation**
- **Efficient cost structures & infrastructure deployment**
- **Industry can help Government develop e-applications**