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GOVERNMENT INVESTIGATES PATH TO NEXT GENERATION BROADBAND

Next generation high speed broadband will be essential for the UK's future economic success, Business and Competitiveness Minister Shriti Vadera said today as she launched an independent review into the issue, led by Francesco Caio.

The new review will look at how Government can help pave the way for the UK to move to next generation broadband networks.

Ultra fast broadband – reaching speeds of up to 100Mbps or more – will be important to British businesses making the most of new opportunities arising from rapidly developing technology and an increasing reliance on Internet services.

The review will investigate what are considered to be the potential barriers to the mass roll-out of next generation technology, and will look at barriers to content companies collaborating with those responsible for infrastructure.

Shriti Vadera said:

“The way we will do business, access many government services, as well as information and entertainment, will change beyond recognition over our lifetime. New technologies will push the boundaries of today’s communications infrastructure.

“We must be ready to respond to future technological developments, which will place unprecedented challenges for our communications networks over the coming decade.

“That is why we need to look ahead to the future now. We need to prepare the way for the UK to adopt groundbreaking new technologies to ensure that we do not get left behind – competitively or technologically.

“We must not be in a situation where our creativity and growth of our businesses are stifled by inadequate communications and regulatory frameworks.”

Massive investment by companies has led to a rapid development in broadband services over the last 10 years. In 1997 less than 10% of the population had ever used the Internet. By the end of last year, 70% of the population were Internet users and more than half of homes had broadband.

As businesses and consumers increasingly demand a richer, more powerful and seamless broadband experience, the next decade could see technology develop at

just as fast a rate and the Government is keen to ensure that companies are able to continue to build on the UK's world-leading position.

Broadband companies are already starting to develop high speed services, for example: Virgin Media's 50 Mbps pilot in Ashford, and BT's plans for a 100 Mbps fibre network to homes in Ebbsfleet.

The independent review will be led by Francesco Caio, working with relevant Government departments. It will report in the autumn to the Secretary of State for Business, Enterprise and Regulatory Reform and the Chancellor of the Exchequer.

The key areas the review will consider will be:

- To consider the possible barriers to any new models of investment, involving collaboration between telecommunications suppliers and between suppliers and content providers and identify potential solutions
- To examine whether there are opportunities to minimise the cost of private sector investment, including whether there is a public sector role in this respect, for example related to civil works
- To examine the framework within which investment will take place to promote a more certain investment environment
- To clarify the treatment of new infrastructure options within the non-domestic rating system
- To examine whether the EU and UK statutory framework has given Ofcom the necessary powers to establish a regulatory regime which

would provide regulatory certainty for investors and sufficiently incentivise new investment in high speed access

In parallel, the Government will also ask the Broadband Stakeholders Group to examine the economics of fibre deployment, specifically whether deployment of fibre to the premises will be viable without a first step of deploying fibre to the cabinet.

In looking at these areas, the review will consider the impact of barriers on both speed and reach of likely deployment of next generation broadband. It will also take account of the current Ofcom consultation on NGA policy, which this review is intended to complement, and the ongoing work of the Broadband Stakeholders Group following their report in April 2007. Ofcom will continue to develop their proposals for regulating next generation access under the existing regulatory framework.

Devolution means that the constraints this review seeks to address may differ in scope and application in different parts of the UK.

Kip Meek, Chairman of the Broadband Stakeholder Group (BSG) said:

“This is the right announcement at the right time. The review addresses some of the BSG’s central concerns about next generation broadband and we’ll be fully engaged to support its work.”

Notes to editors

1. Francesco Caio (born in Naples 23 August 1957, married to Meryl, two sons) is Vice Chairman of Lehman Brothers and Chairman of its European Advisory Board
2. He has a Masters degree in Computer Science from Politecnico di Milano and an MBA from Insead, Fontainebleau

3. Executive roles

From 2003 to 2006 he was Group CEO of Cable & Wireless where he oversaw the refocusing of its business portfolio, the development of mobile and broadband services in the Caribbean and the acquisition of Energis in the UK.

Prior to that he founded and led as CEO Netscalibur, a European Internet service provider specialising in value added telecom services for mid-sized business customers.

From 1997 to 2000 he was CEO of Merloni (now Indesit company), the third largest European manufacturer of domestic appliances, where he led the turnaround of the business and its transformation from a family company to a multinational leader creating the platform for the acquisition of Hotpoint in the UK.

From 1993 to 1996 he was first CEO of Omnitel, now Vodafone Italy, the first private GSM mobile player in Italy and amongst the fastest growing mobile operators ever launched. Shareholders in Omnitel were Olivetti, Verizon, Airtouch and Telia.

He was with McKinsey London from 1986 to 1991 where he advised clients in the telecom, media and technology industries in Europe and the US

4. Non executive directorships

From 1997 to 2000 Equant; member of the Audit Committee; Amsterdam and Paris.

From 2000 to 2003, Motorola Corporation, Chicago; First European to sit on the main Board; Member of the technology and strategy committee.

Currently member of the international advisory board of University Bocconi in Milan.

5. The Broadband Stakeholder Group is the UK government's leading advisory group on broadband and was established in 2001 to tackle the strategic issues affecting the broadband value chain by facilitating cross-sector collaboration. More recently, the BSG has focused on the debate surrounding next generation broadband in the UK. Its aim, between 2007-2009, is to work with stakeholders to create the right conditions in the UK to enable efficient investment in next generation broadband services and to ensure their timely and widespread availability for the benefit of UK citizens, businesses and public sector
6. The Department for Business Enterprise and Regulatory Reform helps UK business succeed in an increasingly competitive world it promotes business growth and a strong enterprise economy, leads the better regulation agenda and champions free and fair markets. It is the shareholder in a number of Government-owned assets and it works to secure, clean and competitively priced energy supplies

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