![Forfás logo]

Press Release   **Thursday 13 December 2007**

Rise in broadband take-up - challenges to improve available services and to deliver 'next generation' infrastructure – Forfás

Forfás today (Thursday 13 December 2007) published its 2007 broadband benchmarking update, which assesses Ireland's comparative performance in terms of broadband take-up, prices, availability, quality and choice.

Broadband take-up continues to grow strongly in Ireland. At the end of June 2007 there were almost 700,000 broadband subscribers in Ireland, a 90% increase on subscriber numbers in June 2006. This includes 45,000 mobile broadband subscribers. Ireland is ranked 21st in the OECD for broadband penetration, with penetration rates below the OECD average.

Speaking on the launch of the 2007 update Martin Cronin, Chief Executive, Forfás commented "While Ireland recorded the highest number of new broadband connections per capita in the OECD in the past year, we continue to lag other countries in terms of overall subscriber numbers, the range of broadband services available and on investment in next generation broadband networks. The highest broadband speed widely available in Ireland is 6 Mbit/s and it costs four to five times more than considerably higher-speed broadband services in countries such as France, Germany and Hungary. Optimum development of the enterprise sector and of e-business in Ireland will require a wider range of higher speed broadband services to be available."

The evidence from other countries is that competition in the broadband market promotes innovation both in products and in pricing. This is reflected in the recent telecoms reform package from the European Commission where enhancing competition in the broadband access market is one of the main areas of focus. Competition in the Irish broadband market has been slow to develop, though there have been some positive developments recently, including the launch of broadband services by the mobile operators and the availability of commercially viable local loop unbundling (LLU) product since September 2007.

For the medium and long term, Ireland needs to future-proof its telecoms infrastructure so that we can widely deploy Next Generation Networks using Internet Protocol (IP) in a timely fashion and realise the economic and social development opportunities that this would bring.

Countries that already have advanced networks offering high speed services such as Korea, Japan, the Netherlands and Singapore are seeking to build even faster IP networks that will offer up to 100 megabit per second capacity.

Martin Cronin added, "Next generation networks mean far greater bandwidth capacity, more efficient networks, lower costs for operators and a wider range of advanced services for business and for consumers such as widespread e-business, video conferencing, remote access to advanced computing and entertainment on demand. A world class telecommunications infrastructure is of great strategic importance to Ireland because it counteracts our geographic remoteness, is vital for productivity growth, innovation and regional development and can enhance social and cultural development. Ireland has a narrow window of opportunity to plan and develop a next generation network that would enable us to keep pace with international competitors and re-establish Ireland as a leading information society, but we need to act quickly."

Key Findings and Conclusions

- Broadband take-up continues to grow strongly in Ireland. At the end of June 2007, there were 698,000 broadband subscribers, including 45,000 mobile broadband subscribers[1].

- Ireland added 6.6 new broadband connections per 100 inhabitants in the year to June 2007, the highest growth of all OECD countries. As a result, Ireland's ranking improved to 21st out of the 32 benchmarked countries in June 2007, compared to ranking 24th in June 2006. However, the broadband penetration rate in Ireland at 15.4% still lags the OECD average of 18.8%.

- With regard to broadband services for business, Ireland compares well on prices for 34 Mbit/s leased lines but is more expensive for other broadband speeds, such as 6 Mbit/s ADSL and 2 Mbit/s SDSL.

- The immediate issue from an enterprise development perspective is the limited range and speed of broadband services available and their comparatively higher cost. The fastest speed that is widely available in Ireland (6 Mbit/s), costs four to five times more than considerably higher-speed (ADSL) services in countries such as France, Germany and Hungary. An Irish business would pay over €2,000 per annum for a 6 Mbit/s ADSL service, while its counterpart in Germany would pay up to €534 for 16 Mbit/s (depending on usage). In France, the annual cost is €530 for 18 Mbit/s, and in Sweden, 24 Mbit/s costs just under €1,200 per annum.

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[1] Since Q2 2007, ComReg includes mobile broadband subscribers in the total broadband figure.

Although broadband take-up continues to grow strongly, a number of issues need to be addressed to ensure that Ireland is meeting the broadband needs of enterprise. These include:

- **Improving competition and the availability of advanced service offerings**
  Competition between and within platforms has been a key driver of product and price innovation internationally. The availability of a commercially viable Local Loop Unbundling (LLU) for alternative operators since September 2007 is a positive development. The take-up of LLU needs to continue to be monitored by ComReg and a periodic review of progress should be undertaken to ensure that any issues impeding LLU take-up are dealt with promptly.

- **Addressing the regional differences in broadband performance**
  Advanced and competitive telecommunications infrastructure is critical to support regional development and to enhance the attractiveness of the Gateways and their regions to enterprise development and investment[2]. The Government's investment in Metropolitan Area Networks (MANs) is important in supporting regional development, but the availability and pricing of backhaul remains a constraint on the full development of the MANs. One possible option to extend Ireland's backhaul network is to make mandatory the installation of telecommunications ducting on an open access basis on all national road upgrades. Ducting could also be mandated in all new residential, commercial and public building developments. Accelerating the rollout of the National Broadband Scheme is also important.

- **Future-proofing Ireland's telecommunications infrastructure**
  Trends in broadband technology, regulation, market dynamics and applications all point to the importance of next generation networks (NGN) in terms of ensuring Ireland's future economic growth. A number of other countries have recognised this trend and investment is underway in NGNs that can cater for the services and industries of the future. Further action is required in Ireland if it is to be in a position to take advantage of the opportunities presented by future global broadband trends.

- **Enhancing demand side initiatives for business, e-Government and education.**
  As well as addressing the aforementioned supply side issues, further actions are also needed to stimulate demand for broadband take-up, in particular, initiatives to promote more sophisticated use of ICT by SMEs, enhanced e-Government services and a more integrated approach to ICT education. Take-up of the Department of Enterprise Trade and Employment's Tech Check programme aimed at SMEs has been strong and potential exists to expand the scheme. The review of Ireland's knowledge society strategy provides an opportunity to reinvigorate the implementation of key e-Government projects. Although it is essential that the ICT Strategy for schools is driven by pedagogical considerations, the levels of ICT equipment and broadband access made available to schools must keep pace with technological advances.

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[2] The gateways identified in the National Spatial Strategy are: Athlone/Mullingar/Tullamore, Cork, Dublin, Dundalk, Galway, Letterkenny, Limerick, Sligo and Waterford.