



Global Business Dialogue on Electronic Commerce

Convergence

Broadband Recommendations

October 29, 2002

Leading Co-Chair (Asia/Oceania)	<i>Teruyasu Murakami</i> Chief Counselor Nomura Research Institute
Co-Chair (Americas)	<i>Dan Carp</i> Chairman & CEO Eastman Kodak
Co-Chair (Europe/Africa)	<i>Jacques Dunogué</i> President - EMIA & Member of the Executive Committee Alcatel

1. INTRODUCTION

Digital convergence allows content and service providers to deliver their products and services through multiple delivery channels and allows consumers to receive them using various kinds of multimedia terminals, as well as different content and services over the same terminal.

In this innovative environment, digital applications are starting to flourish based upon their ability to reach consumers across formerly rigid lines, which have separated communication services. Likewise, at the level of access, digital convergence allows telecommunication and broadcasting network operators to deploy complementary broadband access technologies that can ensure coverage in urban as well as rural areas.

Generalised broadband access to the Internet is indeed one of the basic prerequisites to the successful construction of a Global Information Society and will bring huge benefits to the world economy. Moreover, broadband deployment is key to the growth of the Internet and electronic commerce and it will condition the take-off of new services and applications for both work and leisure based on data, voice, music and video digital transmissions. Together with content,

broadband technologies, their access and infrastructure, are the major enablers for allowing innovative services for all businesses, consumers and governments.

In the present depressed economic environment, it is more important to restart the momentum towards a widespread deployment and usage of broadband access to the Internet with a flagship program involving both the private and the public sectors, which includes building consumer awareness and demand for broadband services.

More widespread deployment, coupled with an aggressive campaign to build consumer demand for broadband will lead to the advent of a mass market of new services and applications potentially capable of invigorating not only e-commerce but also the whole economy.

However, political and consumer awareness about the changes in technologies, their service potential and complementary character and the benefits they could bring is uneven and sometimes lacking. This is illustrated by relatively low take-up rate for broadband services, even in areas where they are readily available to a large number of households.

Moreover, obstacles that currently impede the deployment pace of broadband networks, such as regulatory uncertainty, contribute to a general decline in investment capital. Without challenging the fundamental GBDe principle that self-regulation by private enterprise is, in most cases, preferable to intervention by public authorities, governments do have a role to play here; by developing new broadband communications policies taking into account media and telecommunications policy considerations, they can ease the deployment of market-led broadband technologies, hence boosting the use of Internet and growth of e-business and e-practices. And by becoming an “early adopter” and user of broadband applications, governments can encourage consumer awareness of the benefits of broadband services.

The GBDe supports the European Commission’s eEurope 2005 Action Plan which reflects many proposals that GBDe has put forward.

2. WORKING DEFINITION OF "BROADBAND"

In the light of recently published broadband policy reports (OECD, Canada, UK, European Union), a general consensus has emerged as to the necessity of viewing “broadband” primarily from the end-user perspective, namely, what broadband can deliver (end-user applications and services) as separate from the access platform (xDSL, cable, satellite, WLL, mobiles, etc.).

In the context of highlighting “consumer interests”, the definition of broadband remains open and “dynamic”, disregarding any specific transmission speeds. Focus should be on broadband’s inherent capabilities such as interactivity, richness of content, quality of service and multi-modal video delivery. GBDe positions should build on the end-user perspective:

- to address more accurately and rapidly consumer interests and key factors of consumer confidence;
- to determine those mass-market conditions required for stimulating broadband growth.

3. RECOMMENDATIONS

The GBDe has identified the demand-side as the key to boosting broadband and it is demand-side which the GBDe urges governments to adopt as their focus for encouraging the adoption of broadband.

In particular, governments can greatly help moving towards a “critical mass” of end-users and

applications, by offering new services online and by generating new broadband usage.

To this end, public authorities at all levels would be urged to:

- Aggregate public sector demand for broadband to ensure smart procurement using the combined purchasing power of public sector organisations as a catalyst for the private sector;
- Develop e-government applications and services (in the areas of tax, social security, health, education and transport) to allow citizens to interact with Government online from any kind of broadband terminal or access point.

Other urgent policy steps include:

- The regulatory environment should consider the need for payback of investments of both incumbent and competitive providers, without deviating from the important policy objective of establishing, maintaining and encouraging competition.
- Identification and elimination of obstacles to the development of online contents and activities, particularly regarding e-learning, e-health and e-business, by the private as well as public sectors;
- Facilitation of a secure information infrastructure;
- Setting-up a competitive framework giving rise to innovative and sound business models;
- Facilitation of open and interoperable standards for technological protection of content in order to support the supply of demand-oriented media-rich content to foster new forms of consumption;
- Education of citizens to the need for copyright protection.

On the supply-side of the equation, regional as well as central governments should pay continued attention to situations where there is no commercially sustainable business case to deploy broadband infrastructure.