

Launch of 2006 Broadband Benchmarking Update by Forfás

Forfás today (Thursday, 30 November) published its 2006 broadband benchmarking update, which assesses Ireland's comparative performance in terms of broadband take-up, prices, availability, quality and choice.

Since the last broadband benchmarking study was published in December 2005, broadband take-up in Ireland has doubled. Total broadband subscribers increased from 212,000 in Q3 2005 to 430,000 in Q3 2006. Take-up among medium-sized firms (50-249 employees) increased from 62 percent in January 2005 to 71 percent in January 2006 while small-sized firms' (10-49 employees) broadband take-up grew from 43 percent in 2005 to 57 percent in 2006.

Speaking on the launch of the 2006 update Martin Cronin, Chief Executive, Forfás commented "Broadband take-up in Ireland has continued to grow strongly in the last twelve months. Subscriber numbers have doubled and cable broadband availability has increased. The cost of broadband continues to fall and the cost of introductory broadband services is one of the lowest in Europe". He went on to say, "Broadband services are critical for the attraction of foreign direct investment, for the development of indigenous industry and the promotion of the knowledge economy. The increasing importance of services to the economy, particularly those structured around electronic transactions and information flows, makes it essential that Ireland has access to reliable and cost competitive communications services".

"Two challenges remain for broadband policy", according to Mr. Cronin. "Firstly, we must continue to increase the take-up of existing broadband services across all user groups, which still lags far behind the OECD average. This is important for business productivity, and will also have important social benefits in areas like entertainment, education and delivery of public services."

"Secondly, global trends in internet usage by individuals, businesses and governments mean that two-way broadband speeds and capacity will need to increase dramatically. Ireland needs to emulate global leaders like Japan, Korea and Sweden in the way that they have encouraged high levels of investment in the next generation of broadband infrastructures and services required to meet these needs."

Ends

Additional Notes

Forfás is Ireland's national board responsible for providing policy advice to Government on enterprise, trade, science, technology and innovation in Ireland. Among Forfás' functions are: industrial policy development and co-ordination of State bodies such as IDA Ireland and Enterprise Ireland; the promotion of scientific research and innovation in close association with Science Foundation Ireland and the Advisory Council on Science, Technology and Innovation; and research, analysis and policy advice on competitiveness and economic development, through the National Competitiveness Council and the Expert Group on Future Skills Needs. <http://www.forfas.ie>

About this report

Since 2002, Forfás has produced a series of periodic reports that benchmark Ireland's comparative performance in meeting the broadband needs of the enterprise base. Previously, the broadband benchmarking study was published in traditional report format. This year, the 2006 update is published in easy-to-read slide format in order to communicate more effectively the main messages arising from the benchmarking analysis. A copy of the report is available from the Forfás website at www.forfas.ie

Key Findings

Take-up

As of Q2 2006, Ireland ranked 24th out of 32 countries, up one place on its Q2 2005 position. Broadband penetration in Ireland was 9.2 percent in Q2 2006, significantly behind the OECD average of 15.5 percent. Although broadband take-up by medium-sized firms in Ireland increased from 62 percent in January 2005 to 71 percent in January 2006, the EU-25 average is 88 percent. Broadband take-up by small-sized firms in Ireland rose from 43 percent in January 2005 to 57 percent in January 2006 but the EU-25 average is 72 percent.

Prices

For entry-level DSL, Ireland compares well on price relative to the EU-15, ranking 3rd out of the EU-15 countries. Ireland also compares favourably for more advanced services such as 34 Mbit/s - 2Km leased lines which tend to be used by larger companies, ranking 9th cheapest of 20 benchmark countries. However, Ireland is the second most expensive for 2 Mbit/s SDSL services of the 22 benchmark countries listed.

Availability

Latest estimates suggest that about three quarters of the population have access to broadband services in Ireland. Comparative data for 2005 ranked Ireland second lowest of the EU-15 countries for DSL coverage based on population.

Choice/Quality

Implementation of Local Loop Unbundling (LLU), which has a critical role to play in increasing competition as well as facilitating product innovation, continues to move at a very slow pace in Ireland. Comparative data for Q1 2006 shows Ireland joint 13th out of the EU-15 with Greece, in terms of the percentage of lines unbundled. At the end of June 2006, 5 percent of lines were unbundled in Ireland.

Penetration/Internet Usage Rates

PC penetration in Ireland increased to 59 percent in 2006 - up from 55 percent in 2005 and 46 percent in 2004. Internet penetration (by household) was 55 percent in 2006, whereas the EU-15 average was 54 percent. However, 79 percent of homes in Denmark and 77 percent in Sweden had internet access.

Issues to be addressed

In spite of the strong growth in broadband take-up, further progress is still required to tackle a number of important issues:

1. **Improving Availability.** Improving availability, particularly in regional locations, remains a significant challenge. The lack of access to even basic broadband services outside the main towns and cities continues to be a barrier to enterprise development and investment in these areas.
2. **Increasing Competition.** Countries with the highest broadband take-up rates are those that have competitive markets for the supply of broadband services. There is broad consensus internationally that competition between and within platforms has been the primary driver of broadband take-up in many markets. To increase competition in Ireland and facilitate product innovation, we need to accelerate LLU implementation and continue to promote inter-platform competition.
3. **Increasing Awareness among SMEs.** The low uptake and limited use of ICT by small businesses have been attributed to a low level of awareness of the benefits presented by technology. The introduction of an ICT Audit Scheme, announced recently by the Minister for Enterprise, Trade and Employment, will enable small businesses to access professional advice on how to use ICT more effectively and strategically.

Terminology

DSL (Digital Subscriber Line) - A family of similar technologies which allow ordinary telephone lines to be used for high speed broadband communications. The family includes ADSL, SDSL, HDSL, VDSL etc.

Local Loop Unbundling (LLU) - Mechanism whereby service providers use the incumbent network to install their own broadband equipment for providing services

SDSL - Symmetric broadband services i.e. they allow the same upload and download speeds.

UPC Ireland - new parent company of the cable operators, NTL Ireland and Chorus.