# Response from Telefónica O2

**Question 1: What methods do you consider most useful and practical in the context of stimulating awareness and demand for a broadband connection scheme?**

Allowing us, as vendors to advertise the service when pitching to eligible clients. Also via the appropriate LEPs, BIDs and the like. Additionally if the local authorities were to contact eligible businesses directly it will indicate it is not a marketing technique of the ISPs, but rather a genuine government funded scheme.

**Question 2: If you are an SME, ISP or network operator: (a) would you be keen to participate in the voucher scheme on the basis that we have set out in this consultation? (b) In addition to the elements described in this consultation document, what further steps, if any, would BDUK need to take to ensure your participation in the scheme (e.g. broadening the categories of eligible end-users)?**

(a) Yes, we as an ISP would be keen to participate in the voucher scheme, though would want to ensure that if we were to participate and invest significant sums in advertising this service for BDUK that the CapEx element of this would be of sufficient quantities to make this a commercially viable offer.

(b) We are happy with the proposed eligibility, though would want to ensure that the process for our receiving our CapEx payments would be on no less favourable terms than we would get by supplying directly to the customer. We also have a real concern that only CapEx is being taken into account. Particularly with the emerging wireless technologies, such as 4G services we tend to swallow our CapEx costs and amortise them into an OpEx model. This scheme would essentially rule out such solutions unless we were to create new solutions for this program alone and would risk giving conflicting messages. Customers expect mobile services to come as an OpEx only model and this runs the risk of excluding such alternatives to traditional broadband services.

**Question 3: Does BDUK need to place any conditions or criteria on the vouchers to ensure effective take-up by end-users?**

Yes, these need to come with a very defined "use by date" to ensure that it will no simply be used to fund future projects, but that it will stimulate uptake.

**Question 4: Which costs do you consider should eligible for funding by the connection voucher?**

We believe that all costs should be eligible, but capped. This would allow OpEx model solutions such as cellular and wireless data to be included without the need for us, as the vendor, to re-create a whole new set of tariff options.

**Question 5: Do you think the current value range proposed for the connection vouchers (£250 to £3,000) is appropriate?**

Yes, though this will not cover the full implementation cost of many fibre services except for those vendors who already have a presence in an area, thus defeating the point of this project which is to encourage ISPs to provide increased services, not just be paid by central government for delivering those services they would already be selling!

**Question 6: Should a contribution to the connectivity costs be required of end-users or should the scheme support the total costs of connectivity? If you consider a contribution to be appropriate please explain why and confirm which end-user should be required to contribute (e.g. SMEs, residents etc.), and what the minimum contribution should be.**
Not necessarily, though obviously unless a contribution is required then it will severely limit the number of users able to benefit from the scheme.

**Question 7: Do you agree that a 'portal' (web based interface) providing is the best mechanism to enable end-user's to meet potential suppliers? If so, what information do you consider should be provided on the 'portal'?**
Yes, this should allow the end-users to enter their address details to allow for a quote for the service to be produced as well as marketing collateral from the various vendors to discuss their solutions. It should also give a way for the end-user to contact the various vendors to request a formal quotation for non-commodity services.

**Question 8: Other than the use of a portal, what steps could be taken by BDUK to maximise the effectiveness and efficiency of the scheme for suppliers and end-users?**
For suppliers they key will be the return on any investment they make should be clear. The scheme should also be clearly communicated to all available customers via advertising to help ensure they know what support they can receive.

**Question 9: The measures that BDUK is proposing are designed to stimulate the take-up of high-grade connectivity demanded by SMEs. These measures and the voucher scheme in particular have been formulated to work with the current regulatory framework and State aid rules. Please confirm:**

   (a) **Whether and how you consider these measures might result in a distortion to competition and what, if any, adjustments to the scheme might serve to correct for such distortions; and**

   (b) **Whether the operation of the proposed scheme is likely to give rise to any regulatory concerns.**

**Question 10: What methods do you consider might be most useful and practical to monitor the Voucher Scheme and evaluate its outcomes?**
TBA. This will take more of a view from the business than just my views tonight!

**Question 11: Are there any other aspects that directly relate to BDUK's proposed demand-side measures that you would like to raise?**
As above, I feel it is critically important to allow either OpEx, or an up-front payment of a number of months / years of OpEx to allow for true innovation to be brought rather than just paying BT and Virgin to connected a few more miles of fibre....