

4. Consultation Questions

We particularly seek views from SMEs and communications providers (in particular ISPs), regarding the following questions:

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

The best strategy would be road shows, open days and workshops to be run, not least to educate businesses on the benefits that ultrafast broadband can bring and how it can be used to improve their prospects and impact their bottom line. In the past we have run events alongside other service providers such as Microsoft.

Case studies are also an important part of the strategy in marketing superfast broadband. We find that working in partnership with users on trials and pilots is very useful in discovering new benefits.

In terms of making sure end users are aware that help is available we feel that an integrated campaign with a mix of media e.g. TV, radio, online, newspapers, billboards delivered by the city with a 'local' approach would be the most beneficial. If this was done centrally as BDUK rather than locally this may cause confusion with the super-fast schemes and some people would not react.

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 as an ISP in Cardiff initially, but possibly we would look wider than South Wales later on
- b) Clarity on the full end to end process that the SME and ISP follow

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

With the Welsh Broadband Support Scheme, grant acceptance doesn't necessarily mean take up. If an ISP requires several take ups in an area to make a solution viable BDUK need to realise that the risk is with the ISP (which may also be an SME!!) unless rules can be put in place to tie the voucher to an order, however does this contradict OFCOM regulations about SME's of less than 10 employees being under consumer law protection.

Example:

A solution cost for a business park is £18,000. Six SME's are approved for £3,000 voucher each. Then, two decide to go elsewhere or not consume a service when the work is complete. The ISP has spent out £18,000 but only receives £12,000 so is then running the service at a loss.

It would be advisable for BDUK to consider this as it is a question of sustainability and project success. It is not a workable solution for services to be rolled out and then closed down after 6-12 months.

From the SME point of view, they will want to feel assured that the solution being offered is viable. Whilst a 'light touch' is being suggested for supplier scrutiny, perhaps BDUK can offer a service to the SME's to help evaluate the solutions proposed to them? This could perhaps be on the portal in the form of a list of questions that the SME can use to help evaluate proposals such as "does the solution give value for money?" "Do you know and understand how this solution will be supplied?" "Does the supplier offer the support that suits your needs?"

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

Anything that comes under installation of the service e.g. excess construction, civil contractors works, capital equipment, VAT if the SME not VAT registered.

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

For +30Mbps this would be appropriate, however if the SME is wanting +100Mbps then £3,000 is limiting in more difficult areas with smaller clusters of SME's.

We would suggest funding in phases. For instance in the first phase the vouchers should be limited in value to the recommended £3000. In our experience of the Welsh Broadband Support scheme most vouchers were for the full amount. This will ensure that the money doesn't drain too quickly and that higher value vouchers are not wasted on simple projects. In phase two, we suggest higher value vouchers to cover those isolated projects where more money is required. A third phase could be offered with higher value vouchers again but this may only be an option if there is money still available to fund such vouchers.

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.

For the market test and for the success of the scheme overall, avoiding charging any upfront costs would be preferable – normal broadband packages are more popular where there are no upfront costs even if that means longer contracts. However perhaps some form of 1st month's subscription being paid as a deposit may help show commitment from the SME?

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'?

The portal only needs to be a basic website where qualified ISP's or providers are listed. If there is a facility for SME's to apply online for the voucher that is likely to increase uptake too.

Ideally we would recommend ISP's work closely with businesses to find the best possible solutions. There are many smaller ISP's that offer innovative solutions where traditional services are not viable. As long as the portal does not preclude these suppliers then the portal is sufficient.

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?

There needs to be triangulation of the processes between the 3 parties - BDUK, the supplier and the SME (customer). This is a flaw in the Welsh Broadband Support Scheme as once the supplier has deployed there is little incentive for the customer to return confirmation to the Welsh Government and therefore supplier's payment is delayed, often for several months.

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

It is likely that the end result will be 'patchy' around the cities. Suppliers will focus on the most cost effective areas to serve first. This may be due to the number of SME's in an area or a particular technology being cheaper to deploy to an area. However, we do see

the scheme increasing competition for the cities – even if at worse case, only one new entrant (supplier) comes to the broadband market for the area.

There may be a need for the city to provide extra incentives under a separate scheme to cover any areas missed. For example, there may be a small business park that cannot be cost effectively served under this scheme. However, it could be an area that the city is keen to regenerate and may be able to provide a separate funding ‘pot’ to implement a solution that is connection-ready so that SME’s can just ‘sign up’ if they move to that area.

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

ISP’s should be registered with an Ombudsman or arbitration service. We know that there are several small new provider in the Welsh Broadband Support Scheme that have not joined such a body (they can join ISPA or FCS trade bodies to qualify). This leaves the customer vulnerable if there are issues with the service.

In addition, no rules seem to have been set with regards to contention or service delivery (or SLA’s). BDUK should note this as a risk.

Question 10: What methods do you consider might be most useful and practical to monitor the Voucher Scheme and evaluate its outcomes?

- Average speed of subscribers
- Average improvement of service – to measure a ‘step change’
- Number of connected customers (and compared to population of area?)
- Number of approved suppliers in an area

Question 11: Are there any other aspects that directly relate to BDUK’s proposed demand-side measures that you would like to raise

It would be useful if BDUK can provide an overview of the technologies available as part of their demand side stimulation.

With reference to the point made earlier (in response to Question 1) we have had to spend a lot of time educating people on the technologies before even talking about our solution, which slows down the process. An awareness scheme on what is available, how it works and how it can benefit businesses would be advantageous.

Finally, it is important to ensure that the application forms are straightforward for SME’s to complete. Small business owners often don’t have a great deal of knowledge about either technology or grants so an easy-to-understand form that is simple to complete will aid the process – where possible, electronic responses would also have a positive impact on uptake.