NetTech UK Response: Consultation Questions and Observations

Consultation Question	Observation
1	What methods do you consider most useful and practical in the context of stimulating awareness and demand for a broadband connection scheme?	In addition to those included in the consultation paper, have you considered linking up with the Department for Business, Innovation and Science to harness the route to market through the Manufacturing Advisory Service portal, one that is already targeted exclusively on SMEs?
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 long as the scheme administration is very efficient. (b i) Administer the whole voucher scheme process on line, including: voucher application; application acceptance; quotation(s); delivery management (including bandwidth before installation); quality validation (including bandwidth after installation); invoicing; payment authorisation; and, invoice settlement. (b ii) Specify maximum 30 day payment terms for the local city administrations. (b iii) Before broadening the categories of eligible end users, a market analysis should be undertaken to understand how far the £90 million funding across all SMEs in 22 cities is likely to go: number of SMEs; target percentage uptake; and, anticipated average voucher value.
3	Does BDUK need to place any conditions or criteria on the vouchers to ensure effective take-up by end-users?	The quality validation process referred to in question observation 2(b i) above should be designed to assure effectiveness of the enhanced bandwidth experienced by the end-users. Hence the inclusion of bandwidth measurement before and after installation
4	Which costs do you consider should eligible for funding by the connection voucher?	This is a difficult one to comment on as the consultation document states that: "We are technology neutral as to the medium over which the service is delivered, whether this is fibre, wireless or any other technology." For a fibre to the premises installation, full delivery could include all of the following: 1. Scoping, design and quotation 2. Civils: permits, cable ducting and pit/cabinet access 3. Cable pulling and cable preparation 4. Patch panel termination plus switches, racks as required 5. Fibre optic splicing, cable testing and measurement of achieved bandwidth 6. Load access to computer based training suite enabling the user to learn how to maximise the business benefits from the enhanced bandwidth

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5	Do you think the current value range proposed for the connection vouchers (£250 to £3,000) is appropriate?	The consultation document states that: "In most cases it is anticipated this will be an improvement from under 30Mbit/s to over 30 Mbit/s". Whilst VDSL / VDSL2 from a fibre backbone infrastructure can sometimes deliver this improvement, fibre or cable is the only way to guarantee it: • If the premises already has cable, installation costs are currently zero with Virgin Media • For a fibre to the premises installation, based on the delivery work breakdown structure detailed in observation 4 above for a single SME business, the range could be £5,000 to £12,000. This range includes civil costs which average 65% of total costs. Please also refer to the observations regarding question 8, where selling to a 'SME Business Club' would require a different connection voucher value range to be considered
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.	The challenge here is that when this type of scheme is 'free', the end-users can then perceive that it is optional and decide part way through the process that the service is no longer required. By this stage, suppliers could have incurred costs in site visits and quote preparation. One option could be a nominal fee, of say £25, that is levied to progress from application acceptance to the quotation stage of the process. The fee would be refundable at the quality validation stage.
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'?	A portal is an essential element of bringing the connection voucher scheme to market. Two aspects it should contain include: • A selling component, including case studies, to stimulate the take-up by end-users • A 'TripAdvisor' style presentation of local suppliers, combined with performance feedback, could provide an effective design architecture which many end-users will find familiar and user-friendly
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?	We have referred in question 5 to a 'SME Business Club' whereby SMEs group together to improve the bandwidth for the whole group. This enables the delivery cost per end-user to be less than delivering the connectivity to each business independently. This is a model that has been adopted extensively and successfully in Belgium and the Netherlands. This approach should be considered to maximise the effectiveness of the connection voucher scheme.

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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.	(a) The connection voucher scheme, as defined in the consultation document, is unlikely to distort competition in the market. Indeed, it is likely to encourage competitiveness. The only concern surrounds the costs and possible restrictions of the supplier registration or qualification process which are only outlined in the consultation paper (b) We have not reviewed the full regulatory framework to assess compliance, so do not have any observations
10	What methods do you consider might be most useful and practical to monitor the Voucher Scheme and evaluate its outcomes?	Following the voucher scheme process outlined in question observation 2(b i) above, we will know the bandwidth performance for each installation before and after the enhancement delivery. We will also know the voucher cost for each installation. By capturing this data into a single database various performance measures could be considered: average % bandwidth increase, voucher cost per percentile bandwidth increase. This data could be reported in many different ways, including: by end-user type, by each city, by network supply (co-axial, fibre, etc)
11	Are there any other aspects that directly relate to BDUK's proposed demand-side measures that you would like to raise?	The consultation paper refers to "…proposing to market test a voucher scheme in several Cities over the summer. This will be launched in due course following this consultation process": • Do you have a further detail of the market test model than described above? • What opportunity is there for potential suppliers to be involved in developing the market testing model? • How soon after the consultation process will details of the scheme be announced?