

Mr James Bird
Urban Broadband Fund Voucher Connection Scheme Consultation
BDUK
Department for Culture Media and Sport
4th Floor
100 Parliament Street
London
SW1A 2BQ

22 July 2013

Email; urbanbroadbandfund@culture.gsi.gov.uk

Dear James,

Re; Connection Vouchers Scheme Consultation

Zen Internet welcomes the opportunity to respond to the Vouchers Scheme Consultation as part of your Super Connected Cities Programme and would like to confirm that we would also like to become one of the ISP suppliers to the Scheme.

Zen Internet offers a variety of award winning access products and services that we believe would be extremely attractive to the scheme itself and the 22 participating councils and their prospective customers who will participate in using the voucher system to support some of the costs associated with getting connected.

We recognise and appreciate some of the challenges that the super-connected cities fund has had to face to date and are keen to take part in the programme as well as work with you and the other participants in making sure the scheme promotes fair competition amongst those taking part as well as clarity for all of those interested in take up of the voucher offer in particular the SMEs.

I have compiled our answers to the consultation questions as below and look forward to hearing from you as to how we can take part in the scheme as a supplier going forward.

Yours Sincerely,

Gary Hough
Regulatory Manager - Zen Internet Limited

Zen Internet – Response to Consultation on Connection Vouchers 22 July 2013

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 Scheme should provide clarity and be straightforward for all of those likely to participate in it whether that is the councils, service suppliers or prospective customers likely to use the scheme.

The scheme should work with and help the councils to proactively support the education and benefits of why Super-Fast services such as fibre etc. are important to small businesses users and others and how that is likely to generate opportunities for them in an ever demanding and competitive digital savvy business world.

Many types of council may already have schemes in place that do some or all of this through localised business groups but the scheme could proactively support and encourage this further.

It is extremely important that the scheme allows for fair competition and that those participating are given equal opportunity of who the providers are and what they can offer with respect to the technology agnostic options available to them. I think it should also highlight and make aware that price is only one aspect of sourcing a suitable product/service provider and that service delivery, reliability and on-going support are areas that should also be carefully considered when choosing who to go with.

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, Zen Internet wishes to participate in the Voucher Scheme.
- b) As a multi award winning service provider we believe we can contribute positively and effectively to the scheme and those prospective customers who will use it. It is important that the scheme offers as much flexibility as is possible so that end users get the right solution and at the right price for them. It is important that the scheme and overall programme takes into account other products and service terms and conditions such as those seen on third party wholesale products like FTTP/FTTC which have some restrictions on what type of customer can be provided with the service and that these T&C's do not stifle or limit service providers delivering the right solution for the end user.

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

Ideally the voucher scheme should be used to allow service providers to offer improved access opportunities to those customers who are currently limited by what superfast services are available to them. As an example business parks and multi occupancy dwellings that often have business and residential users within them or perhaps where a business building has a freeholder but another operator leases the building.

The scheme should ensure aggregation of vouchers across multiple SME's in order to provide a single connectivity solution into any given environment/location.

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

All appropriate and reasonable costs should be covered from initial connection charge through to the one of costs of the hardware as this would further encourage take-up of the voucher scheme, minimising any barriers to initial up-front costs.

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

No. Given the competitive advantages that some operators might have afforded to them because of scale or indeed existing infrastructure capacity we believe the ranges should be tweaked slightly to increase the minimum and maximum values from £250 to £500 and £3000 to £4000 respectively. We believe this would help to widen the scheme especially where there are limited product opportunities or where a significant connection fee charge is likely to arise such as a wholesaler provided 1mb leased line or similar.

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.

Our interpretation of the schemes aim is to encourage end users to take up of a superfast connection supported by public funding therefore we feel it could put off potential end users if they have to bear some of the costs beyond the supplied on-going subscription charges.

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 a central portal that encompasses all of the 22 councils, service providers and lead generation functionality would be ideal. Security of all of the data contained within is paramount as is the equality of leads that would come within a competitive environment.

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?

The portal is the best way to do this and should ensure;

- Easy to use. Provide information in a logical order, be accessible and quick to respond given those using it might not have a super-fast internet connection.
- The overall language should follow a consistent and common theme and limit jargon where reasonably possible.
- Participating ISP's should be afforded fair and equal opportunities with regard to the information provided for the end users. An agreed set of search criteria should be approved and agreed on by those taking part with BDUK overseeing that. Similar in some ways to the ISP Review and Think Broadband ISP selection models.
- A quote tool should be implemented with all providers given equal opportunity to respond to a quote fairly. Perhaps consider a deadline for a quote once submitted into the portal and sent to the ISP's taking part.
- SLA's for payment reimbursement should be put in place.

Given the complexity of billing cycles within councils, Government and some businesses it is important that the payment process is effective so that we do not see ISP's invoking 30 day payment term restrictions on any end users service just because the ISP hasn't been reimbursed with the voucher payment in a timely manner. For some smaller providers the need to be reimbursed promptly is imperative.

Finally the scheme needs to have a robust audit process in place to ensure fairness for all and which minimises any possible opportunity for abuse of the scheme.

Although it is essential that the scheme is not abused and that audit and scrutiny of the schemes effectiveness should be in place from the outset we believe it is important that where possible a light touch approach is maintained to ensure the scheme flows well for all those involved.

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.

- a) Anything that impacts distortion of the market could be damaging to the scheme and the overall programme. It is therefore important that the scheme actively promotes a technology agnostic approach especially where it might be difficult to offer certain product types such as Ethernet services which come with high rental fees.

As an example an Ethernet service might warrant a voucher contribution for hardware as well as installation to mitigate against the high on-going rental costs.

- b) None spring to mind.

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

Methods could include the level of take up, where the money is being spent (e.g.: in particular areas with a lack of connectivity), whether there is any underspend and how end users are benefitting

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

We would like to know more about any assurance criteria and how that would apply to the selected cities to ensure that the demand generation and efficiency of the scheme being delivered is fair and equal across all of the participating cities.