

Take-up still lags far behind our competitors

Despite a major increase in broadband take-up, Ireland's low usage is still a cause for concern, writes

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A report from the Department of Communications on broadband demand at the start of the year indicated that there were approximately a quarter of a million broadband subscribers in Ireland at the end of 2005.

This represented growth of almost 120,000 subscribers, or 90 per cent, during 2005 that was fuelled by, the report said, both the SME and residential markets. Recent figures from Comreg suggest that this number has now hit the 330,000 mark.

Although the department's report said that there appeared to be substantial demand for broadband services in Ireland, which was in line with, or better than the growth experienced in other markets, it is true to say that we are still somewhat behind our European counterparts in the rollout and take-up of broadband.

And while such mitigating factors as the late arrival of competitive services into the market are often pointed to for Ireland's tardy straggling in the European broadband league tables, it's still not good enough for a country pushing itself as a digital hub as it tries to attract top class investment.

The facts are there in numerous surveys, reports and league tables. For example, a recent report from Government body Forfás said that despite broadband take-up in Ireland, increasing take-up in other countries is also growing and as a result Ireland's relative performance has not improved. At the end of 2005, Ireland ranked 25 out of 32 countries for broadband take-up.

When the comparative group is limited to the 21 countries benchmarked in 2004, Ireland's position has deteriorated, from 18 out of 21 in 2004 to 19 out of 21 in 2005. In addition with only about 2 per cent of telephone lines fully unbundled in Ireland, most of the alternative DSL providers today are either resellers or offering bit stream products which means that there is limited product differentiation in the marketplace.

Having said all that, most of the broadband providers recognise that there is still plenty of work to be done to not only push Ireland up the league table but to stimulate demand and interest for broadband among the public and smaller business sector.

According to a spokesman from Eircom, more has to be done to demonstrate the value and benefits of broadband: "Certainly the way we're looking at our campaigns to promote broadband is trying to highlight the benefits of it - so it's more than being connected to the internet at a faster speed... it's what it lets you do in terms of whether you want to download films, stream or upload digital imagery, download songs - all the different types of functionality that comes with broadband that you can't do with a dial up connection."

Eircom points to the recent figures for broadband subscribers and said it was good news and real progress from, for example, March 2004 when there was a meagre 35,000 connections. "Progress is good, but it's not going to happen overnight," says Eircom.

"We need to move people who qualify, from dial-up connections, on to broadband so we have to show them the benefits of that. We know that prices here are now below the European average, and the standard connection speed is 1 MB - so a lot of good things have been happening.

"We just have to get that message across and provide better services online to encourage people to use broadband."

Broadband provision isn't just beneficial for residential users and business on a personal or commercial level; it also has a knock-on effect on the economic development of the country. "Broadband has a big impact on the economy," says John O'Dwyer, head of regulatory policy at BT.

"It helps to disperse business more evenly around Ireland. Smaller companies will be able to be in communication wherever they are, and that helps people because it means that roads - such as the M50 - are less congested, and thus it cuts down on commuting time.

"Dispersed broadband will also take the emphasis from the Dublin-centric economy and boost the economic development of the regions. Again, smaller businesses will particularly benefit. Think of the amount of smaller companies operating in the tourist industry which use

the internet as a shop window.”

O'Dwyer adds that for Ireland to jump up the leaguer table LLU (local loop unbundling; the opening of Eircom's exchanges) was a must: “LLU will enable other operators to provide more innovation and up-to-date products such as 8Mb broadband.

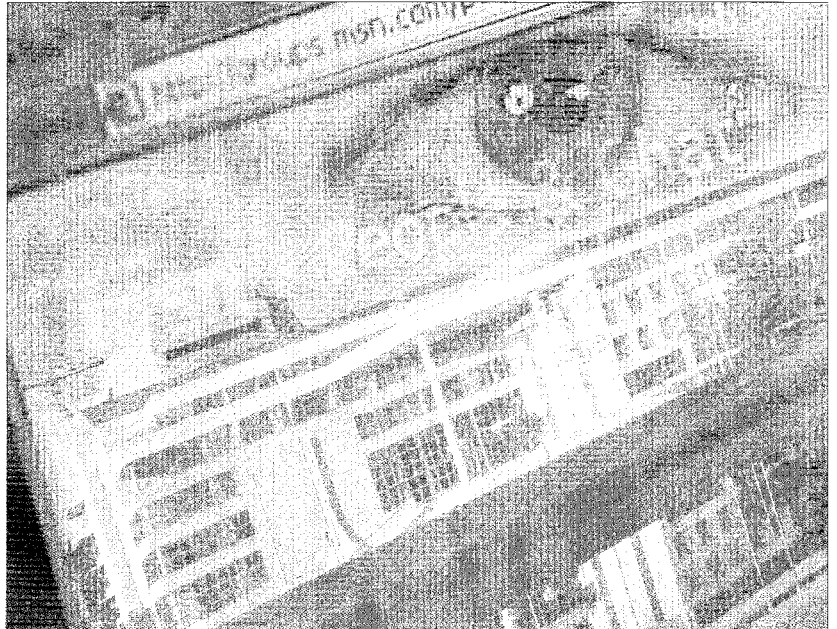
“If LLU was done properly it would encourage companies to invest in Ireland and that investment would stimulate the market and you'd probably find more interesting products, greater access and more innovation on top of that.”

Wireless operator Irish broadband sees broadband evolving on two fronts - from a technology and end user perspective.

“As customers get more familiar with the benefits and more people sign up to broadband, their usage is changing. It is moving from just e-mails and flight bookings to more personal tailored activity and time-saving activity,” says Orla Duffy, head of marketing at Irish Broadband. “The technology end is also evolving. While we are offering people more speeds, the future for broadband is being able to give people access to it when and where they need it.

“Wireless broadband and Wimax (a new wireless standard) has the greatest potential in this evolution. Customers don't want to be tied to their landline, particularly in Ireland where we have such a high dependency on mobile phones for communication, but they do want the benefits of broadband on the move.”

Duffy says the major economic impact of broadband revolves around what happens if we fail to resolve the current issue plaguing the service from both a business and consumer perspective. “If the Irish population does not grab on to it like other countries we will be left behind, and this will affect external development and our competitiveness.”



Broadband grew by 90 per cent during 2005, with approximately a quarter of a million subscribers at the year's