

The rise of broadband communications

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INTUG contents

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INTUG what is INTUG?

- members
 - national associations
 - corporations
 - individuals
- activities
 - ITU and WTO
 - OECD
 - APEC TEL, CITEL and EU

INTUG our aims

- real and effective competition
- genuine choice for users
- lower prices
- higher quality
- more innovative services
- constructive co-operation with
 - international bodies
 - governments
 - regulators

INTUG what is broadband?

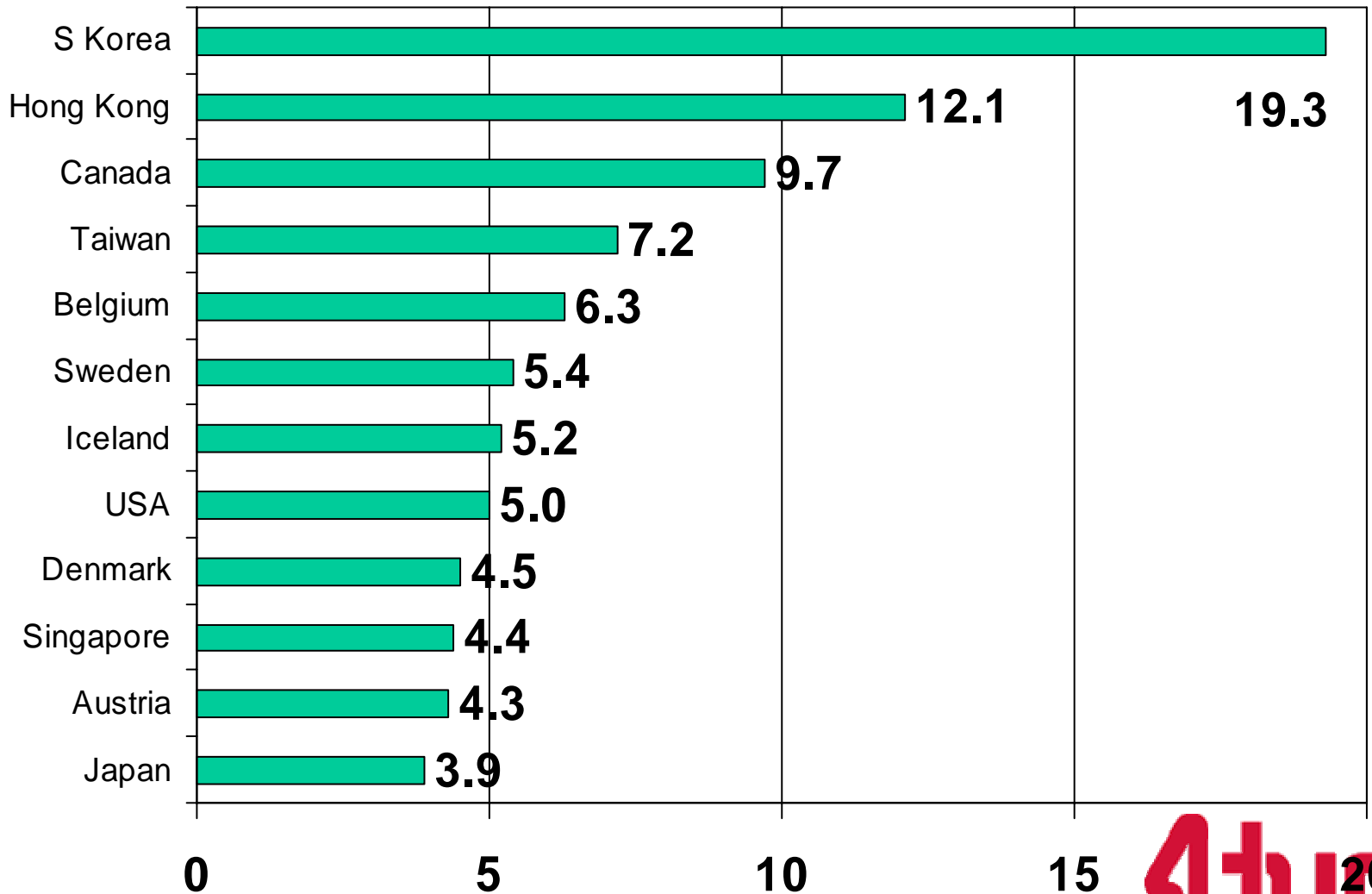
- not dial-up or ISDN
- more than 256kbps
- always-on
- flat-rate
- cable modem or xDSL
- Wireless Local Loop, Ethernet to the home or Wireless LAN.

Korean or Japanese broadband is typically 8 to 12 Mbps

INTUG broadband rankings June 2002

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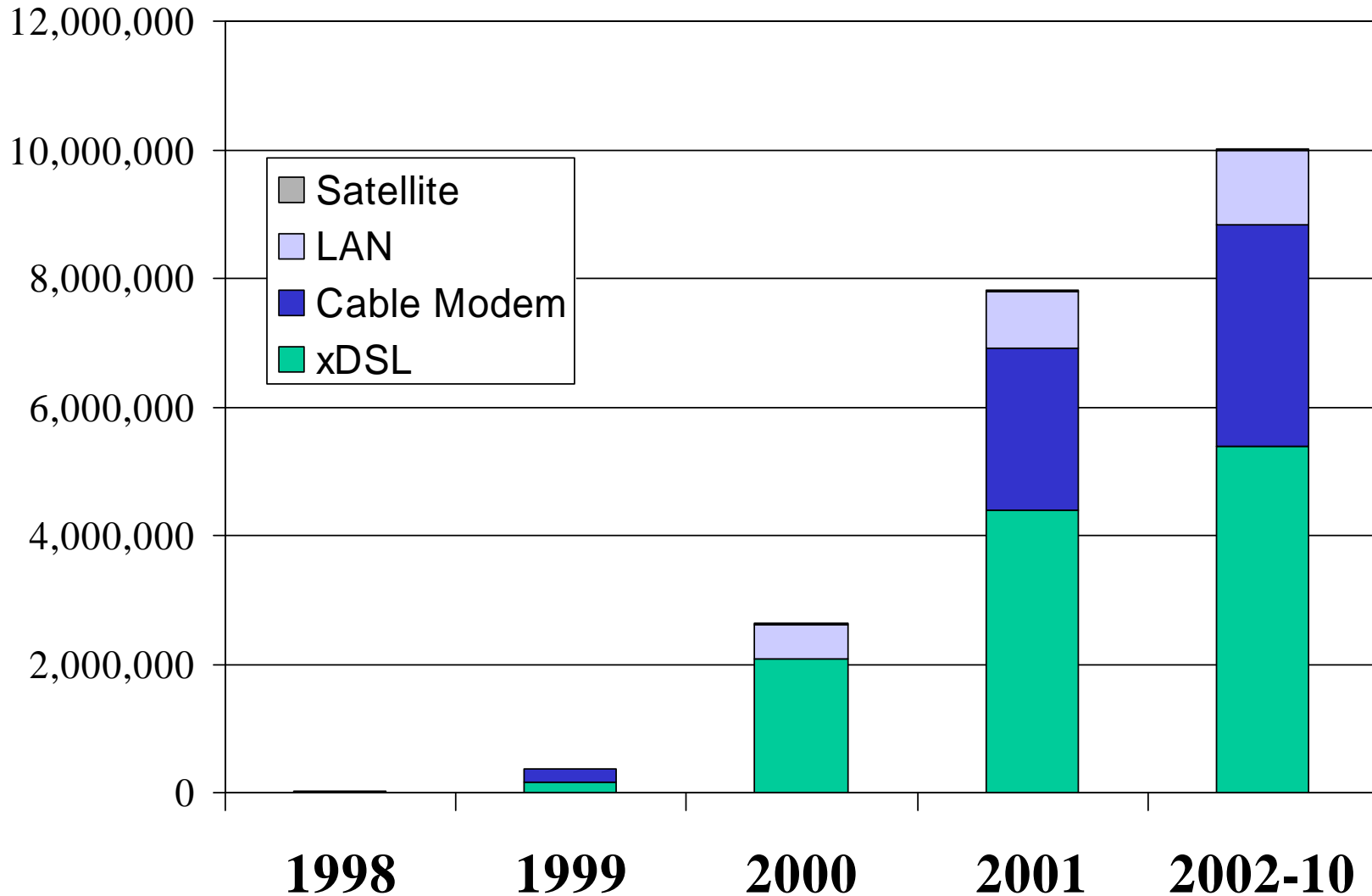
INTUG where is Australia?

- OECD (30 countries)
 - June 2001 – **12th**
 - June 2002 – **18th**
 - September 2002 – **19th**
- September 2002 – **23rd** in world
 - 18 OECD members
 - plus Hong Kong, Taiwan, Singapore and Estonia
- December 2002 – **24th** in world
 - overtaken by United Kingdom
- Telstra's target of 1M lines in 2005 is about 5% teledensity, should be **30th** to **40th** in the world by then

INTUG broadband in South Korea

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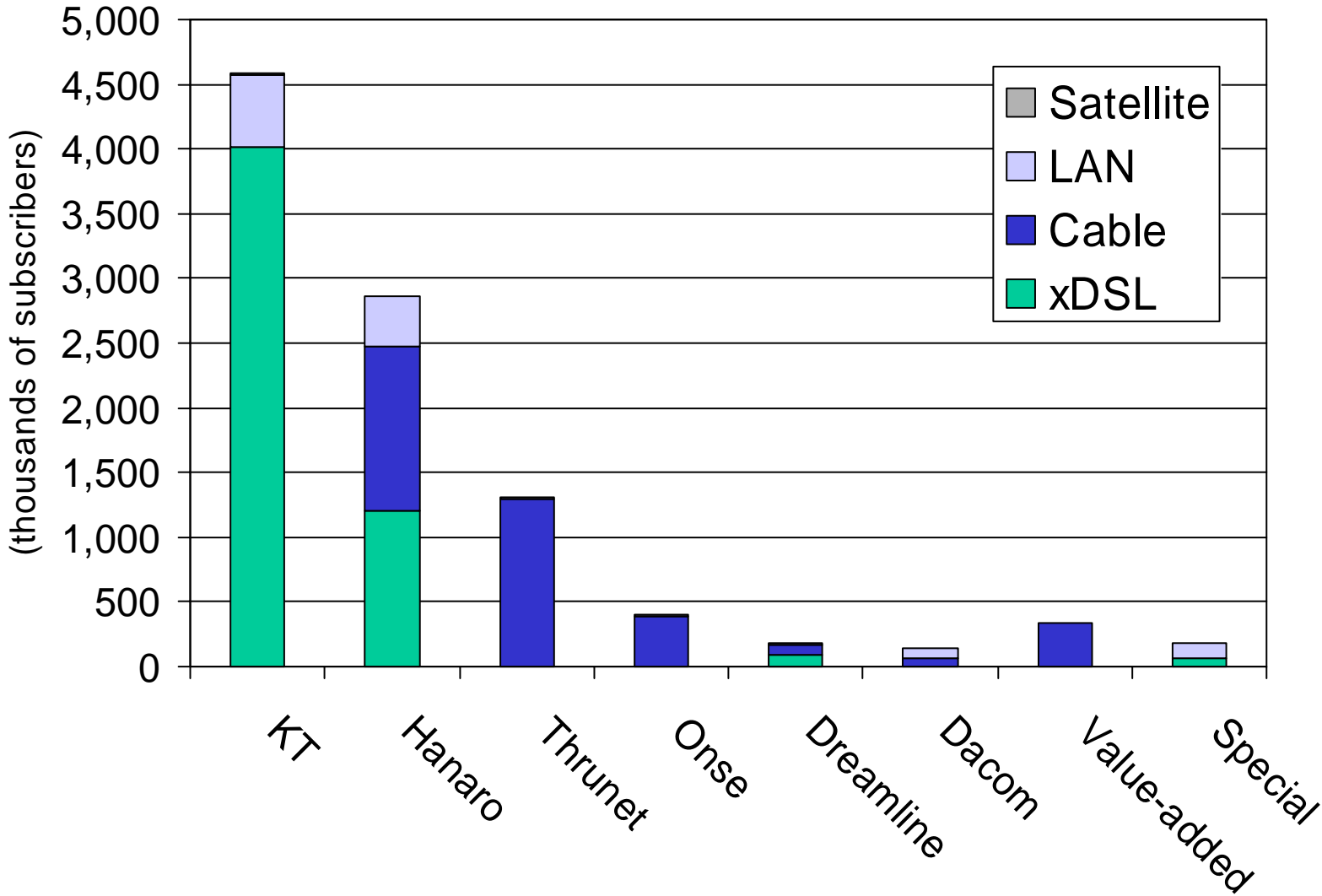
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INTUG market shares

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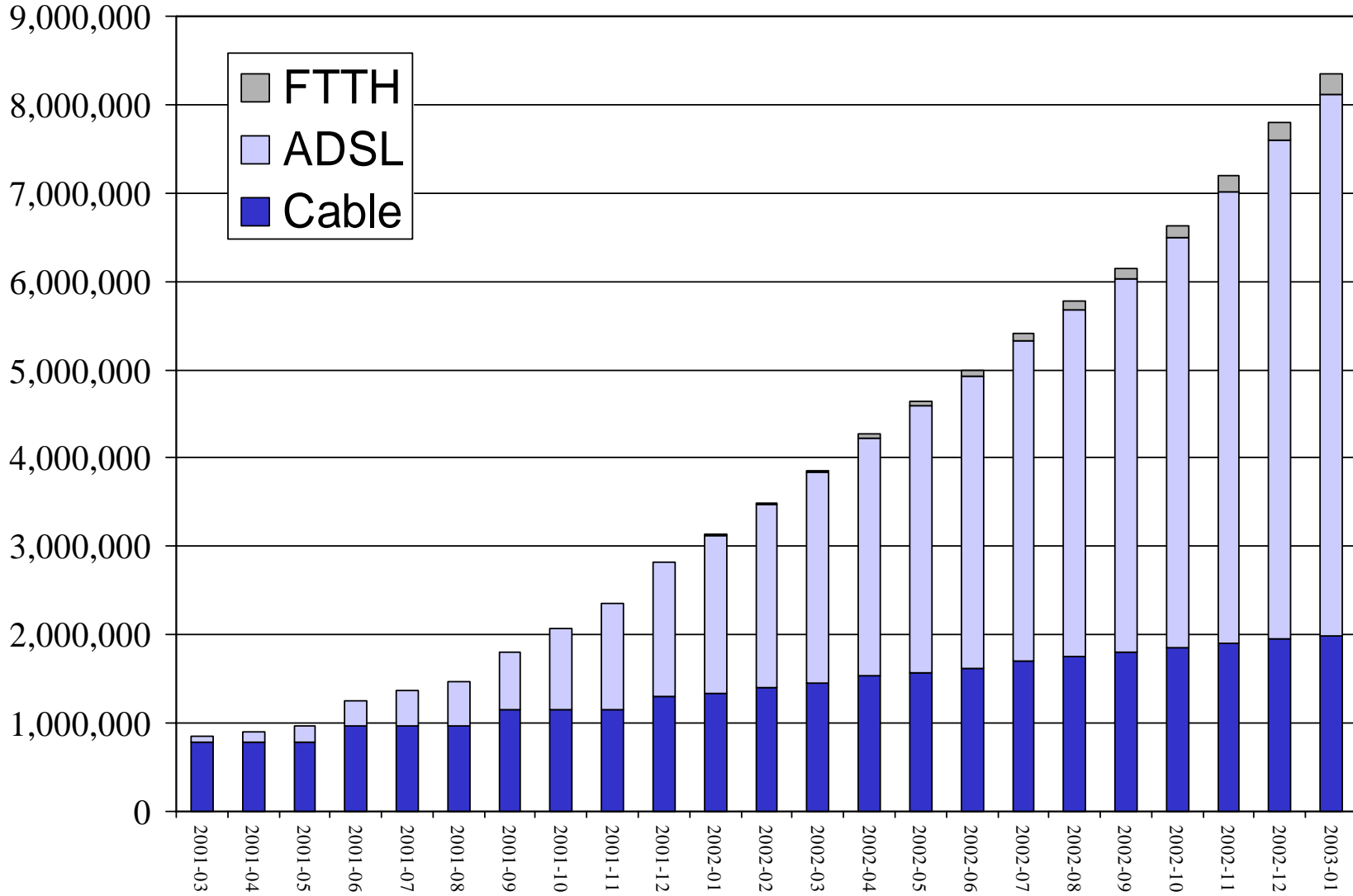
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INTUG broadband in Japan

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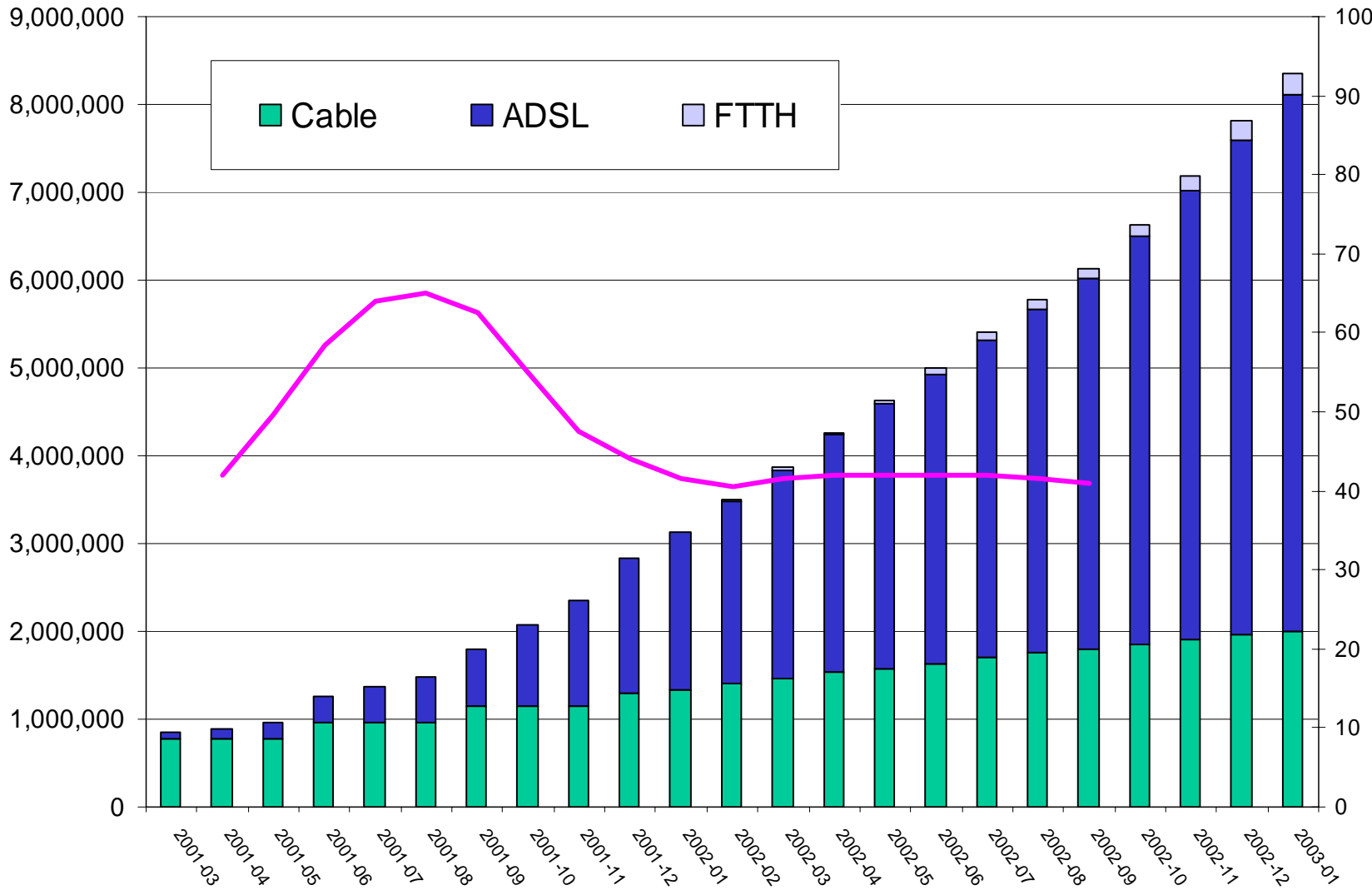
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INTUG broadband in Japan

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INTUG applications

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- voice
 - Yahoo BB! at USD 0.02 per minute
 - now matched by NTT
 - specific VoIP devices
- networked games (later port to mobile)
- video on demand (4M bps for DVD quality)
- content:
 - e-education
 - e-health
 - e-government
- pornography



INTUG cable operators

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- some do broadband, some don't
- nobody is clear why
- vital competitors with xDSL
- in Belgium:
 - Flanders – did
 - Wallonia – did not
 - pushed Belgacom to run fast with ADSL
- triple play:
 - voice telephony
 - broadband Internet access
 - television



INTUG local loop unbundling

- works in Japan
- but unpleasant delaying tactics from incumbent operators in most countries
- legal and regulatory battles while new entrants run out of money and die
- FCC in USA has been pushed back on UNE-P

INTUG structural separation

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- recent flurry of debate in Australia
- a weapon of last resort against incumbent operators
- some financiers were interested
- very serious practical obstacles
- UK gives interesting cases:
 - worked well for gas and electricity
 - unspeakably awful with Railtrack



INTUG separate Telstra from cable

- Telstra has divided interests
- need to get it out of cable
- separate it off then try to:
 - demerge as Australian Cities Cable Co, then have an IPO
 - sell to Optus
 - sell to Packer and/or Murdoch
 - sell to another buyer

INTUG conclusions

- Telstra is aiming for world class mediocrity
- what will be the value of a narrowband Telstra to T3 shareholders?
- there is significant economic damage in remaining a narrowband economy
- to get competition in broadband
 - local loop unbundling
 - separate Telstra from cable network
- need to concentrate on achieving dynamic market, given such great uncertainty

INTUG thank you

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<http://www.intug.net/talks.html>

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