Ref. Ares(2015)61089 - 08/01/2015

BRESAT

D3.1.1
Analysis of the Unaddressed Marketplace

Oliver Johnson (Point Topic)

AGENDA

1. The Un-Addressed Marketplace & How It Is Derived

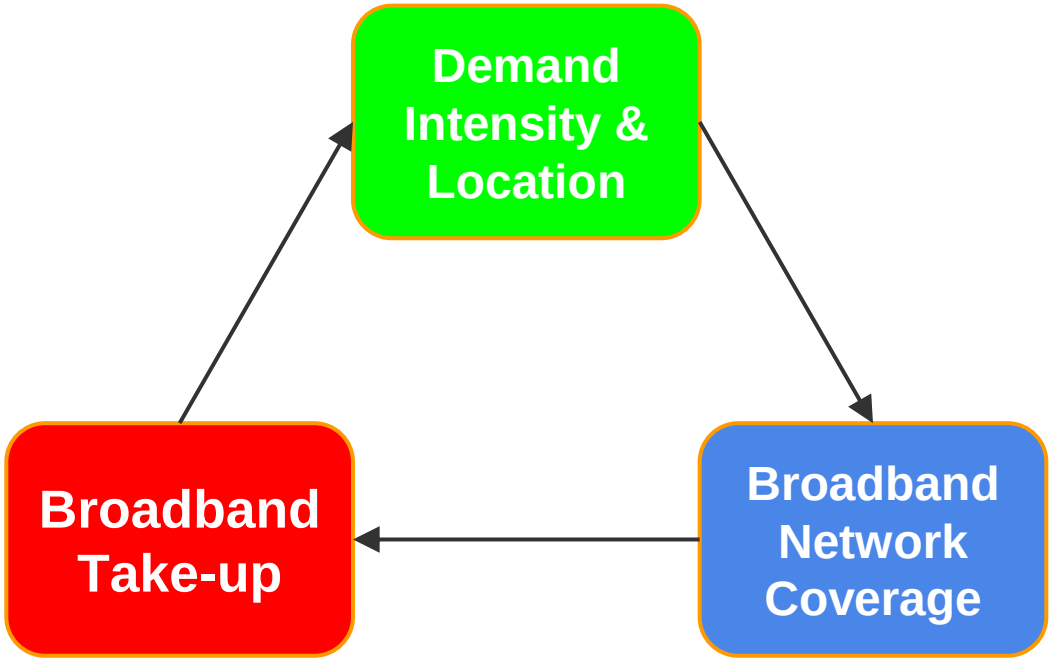
2. Satellite Broadband Services – Technical and Commercial Characteristics & Geographic Availability

3. Affordability by Country Based on GNI

The Un-Addressed Marketplace & How It Is Derived

The un-addressed marketplace is where it is not commercially viable to deploy terrestrial broadband

It is derived as follows:



Demand Intensity & Location

The intensity & location of demand is the first objective

We assume that fixed broadband demand is 1:1 with households and businesses.

Although some households and businesses take multiple lines, this isn’t a large factor and it is only of limited interest.

Broadband Network Coverage

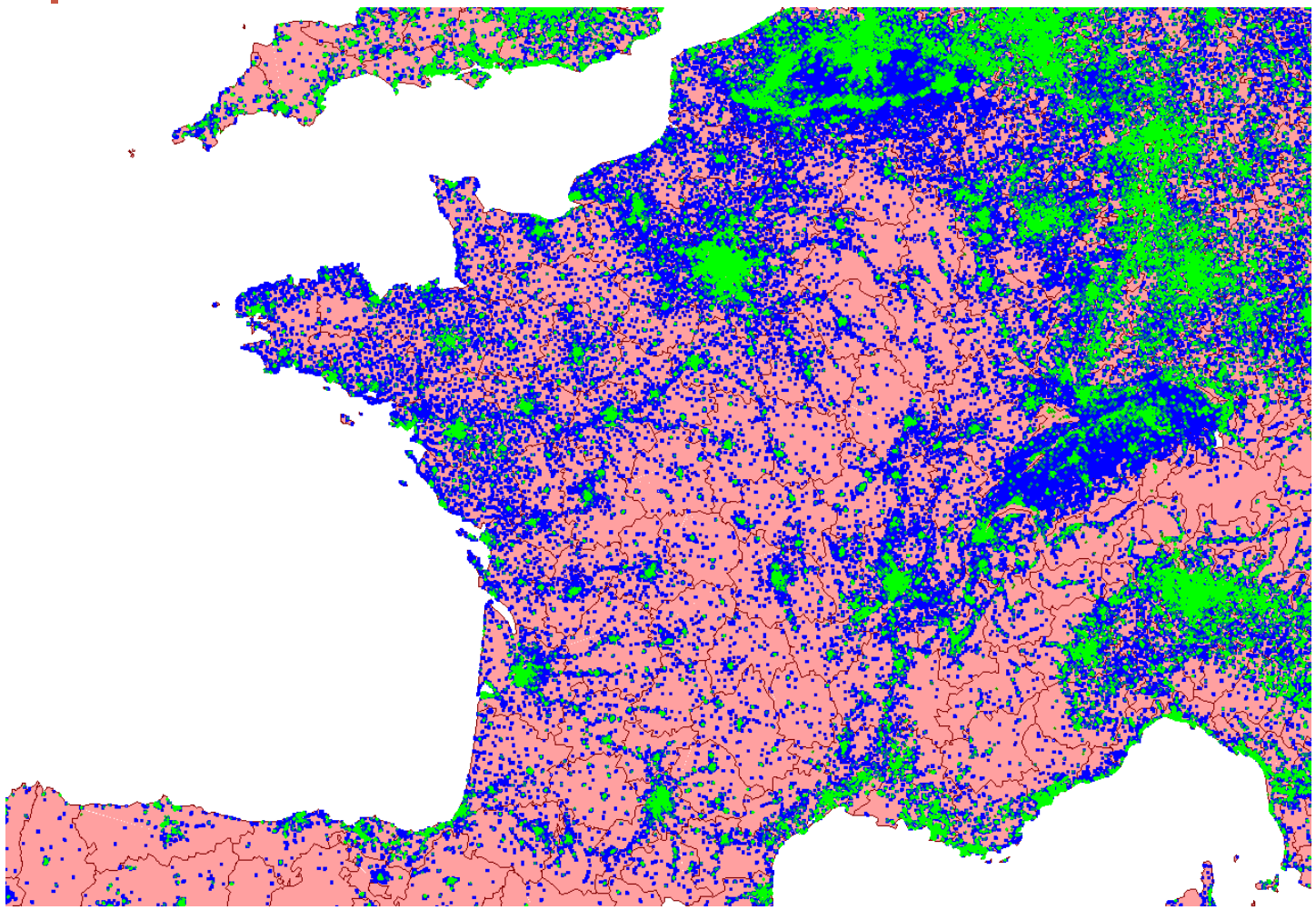
Point Topic provided the EC Broadband Coverage in Europe (2012) analysis

Broadband network coverage comes from infrastructure surveys & EC inputs

Technology splits available for standard, NGA and LTE/HSPA.

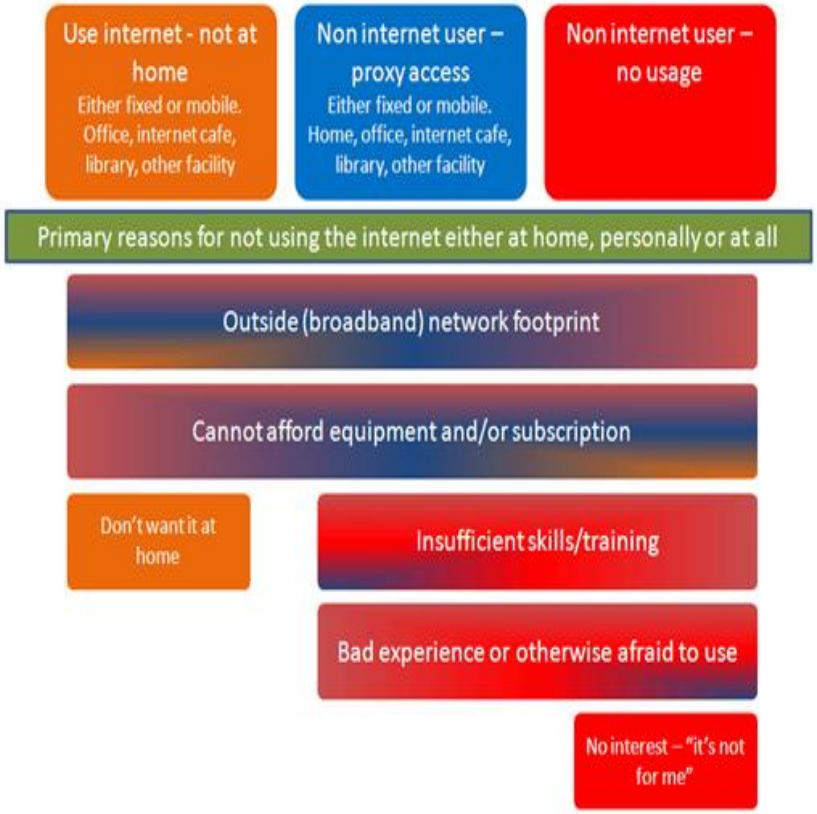
Point Topic's own work (and historical databases) allow us to generate operator presence lists and coverage maps

Network Coverage Modelled

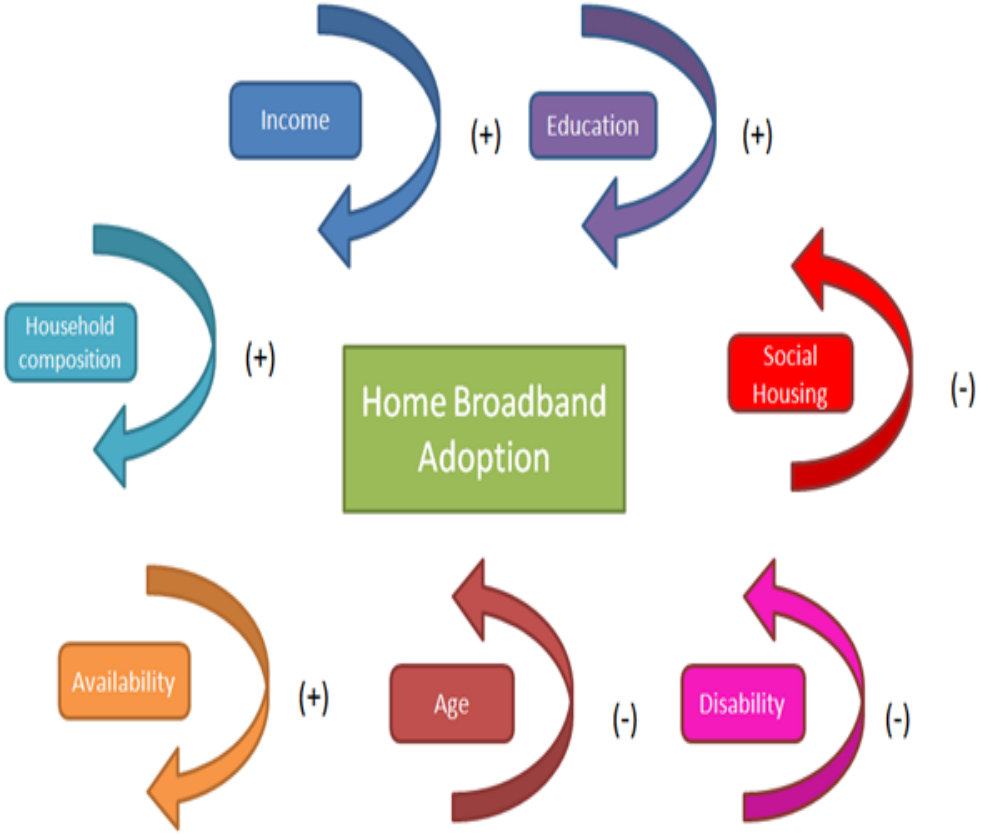


Broadband Take-up

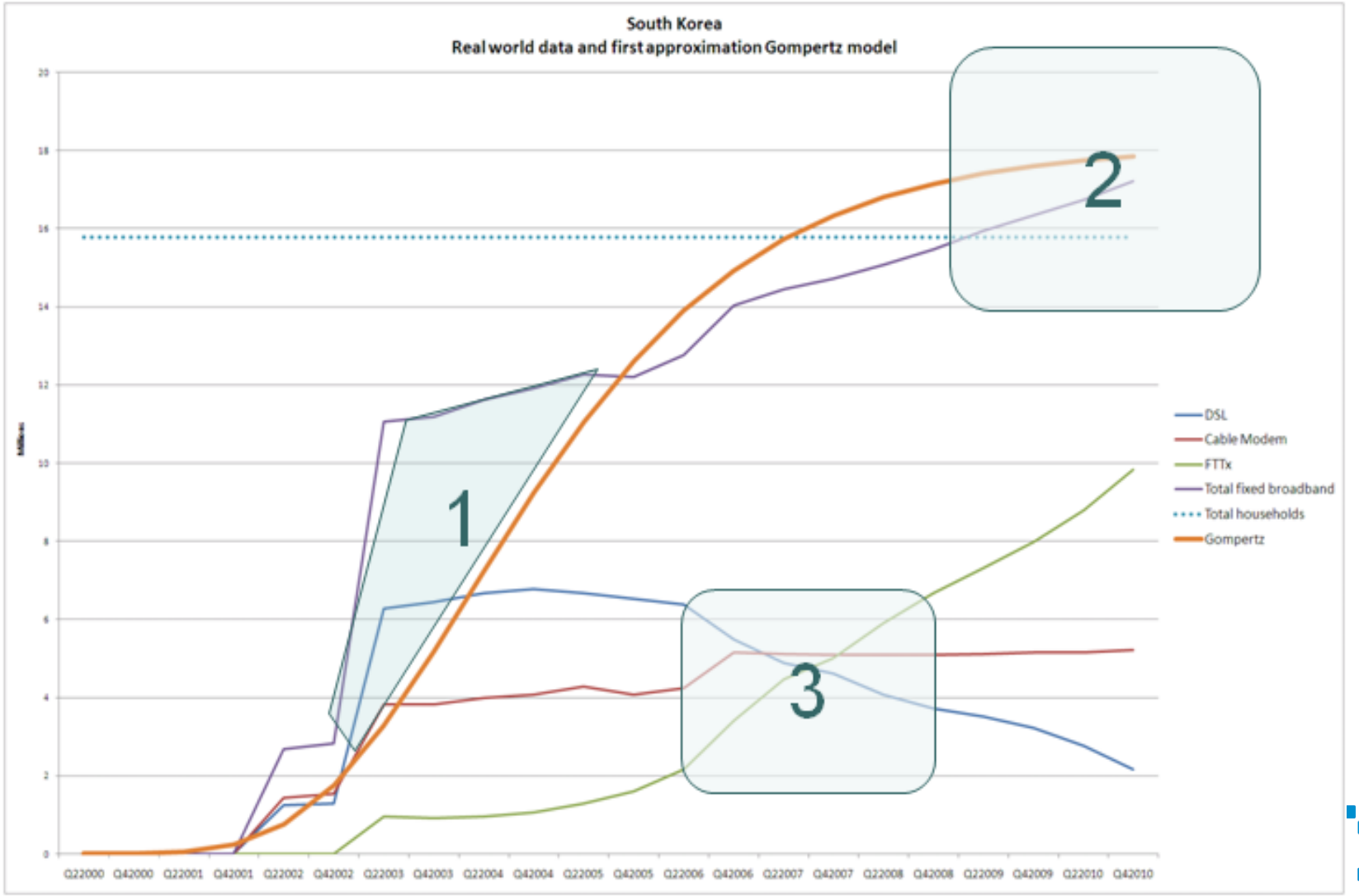
Reasons given



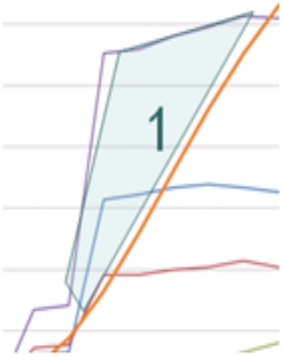
Predictors



Take up Modelling - Gompertz Curves



Lessons From The Real World

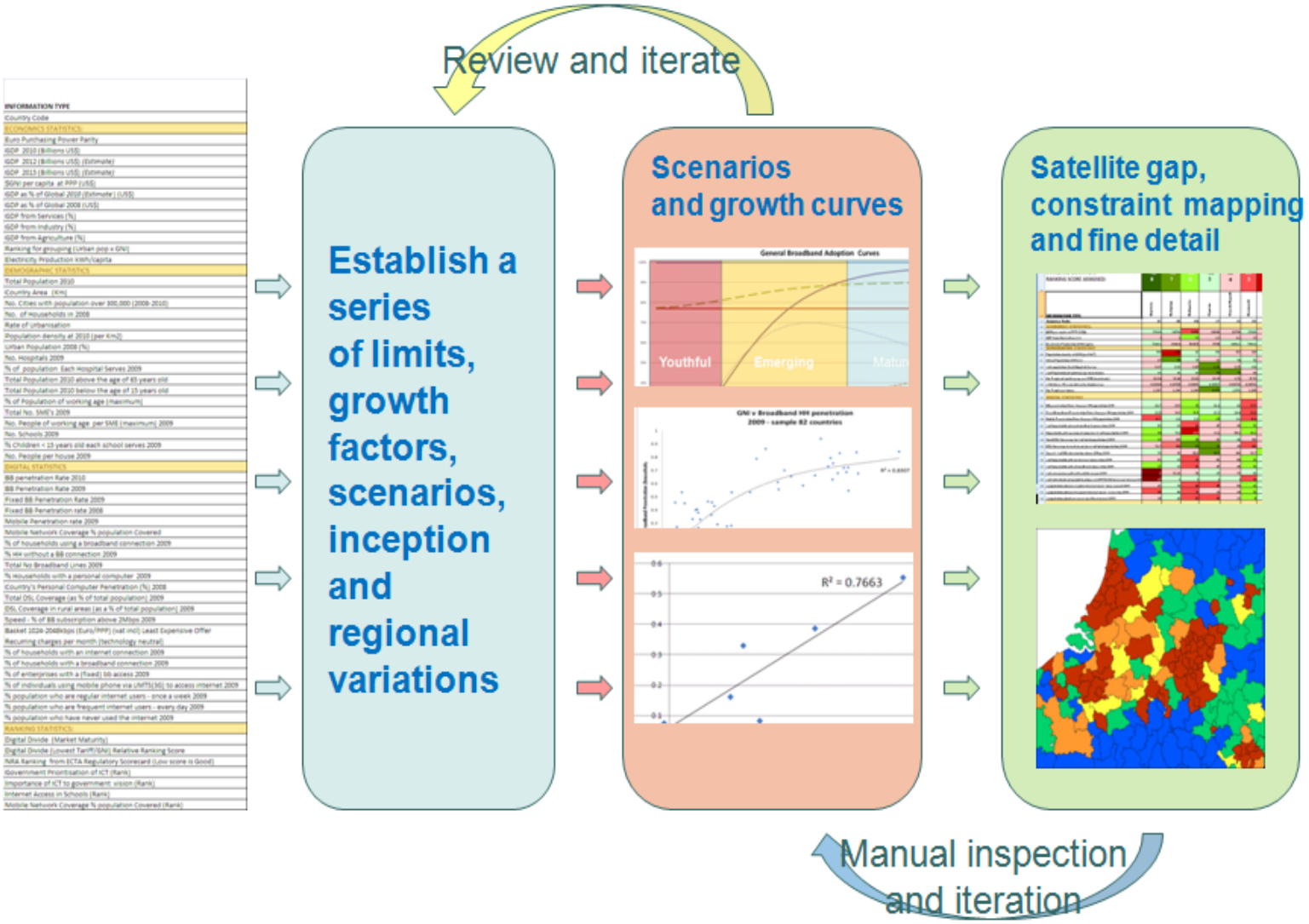


Public policy in action – the Korean government implemented the KII in the early part of the century. The intervention distorted the market as the results show as urban consumers suddenly had access to a service priced at a level that was attractive enough to shift the consumption curve considerably. We can learn much from this particularly when it comes to reviewing the proposed interventions and the expected effects on availability and take-up of the Digital Agenda.

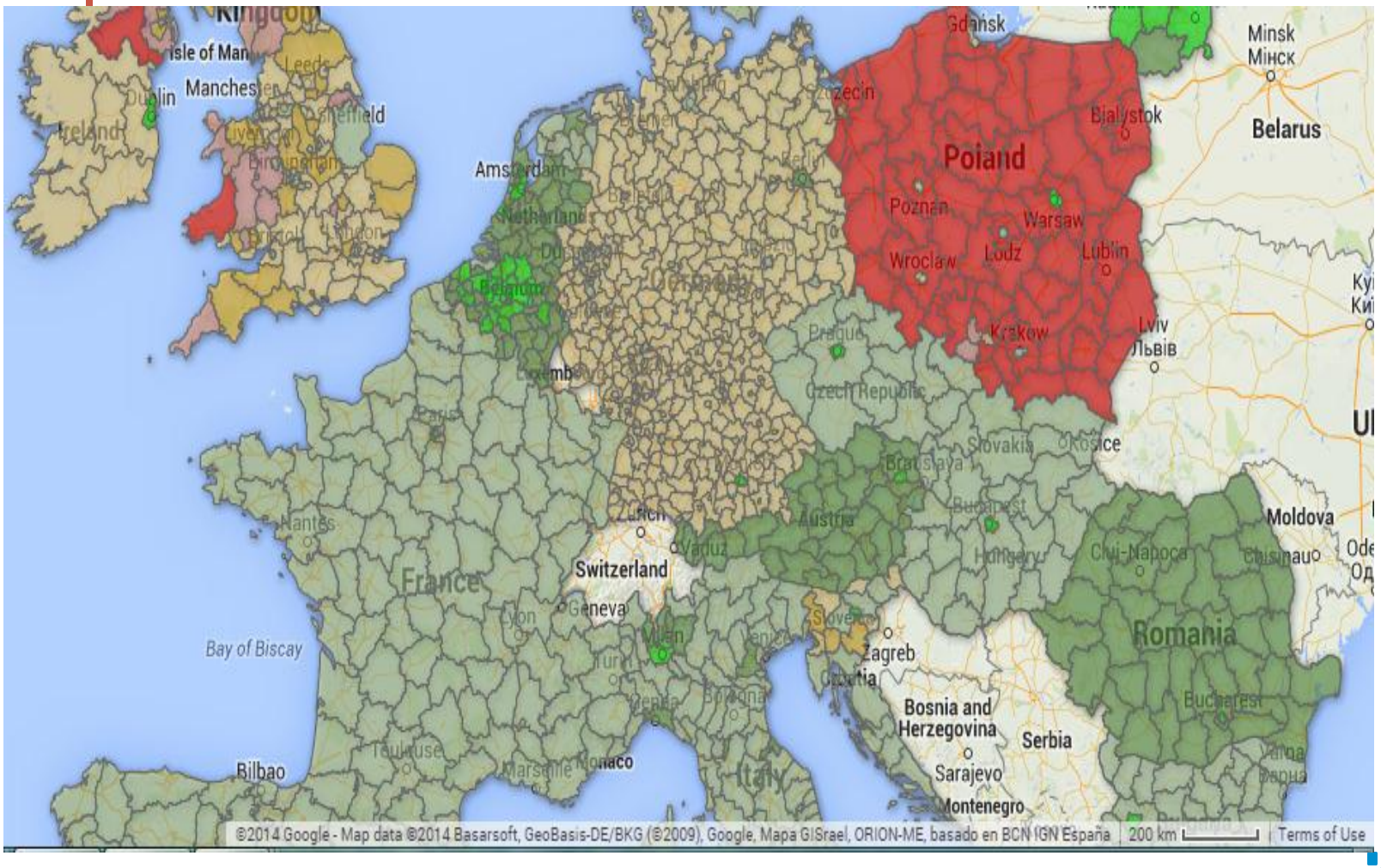
Long term consistency – despite the distortions, interventions and the various market shocks over the last 10 years the Gompertz based methodology allows us to predict outcomes with confidence.

Substitution and technology effects – at this intersection we can see the cable market reaching its ceiling as service providers and consumers prefer FTTx, or products labelled as FTTx. So cable deployment stops while FTTx numbers increase and we can see the substitution effect as DSL lines are replaced by a clearly technologically superior product. A comparison that is much less marked with cable v FTTx.

General approach

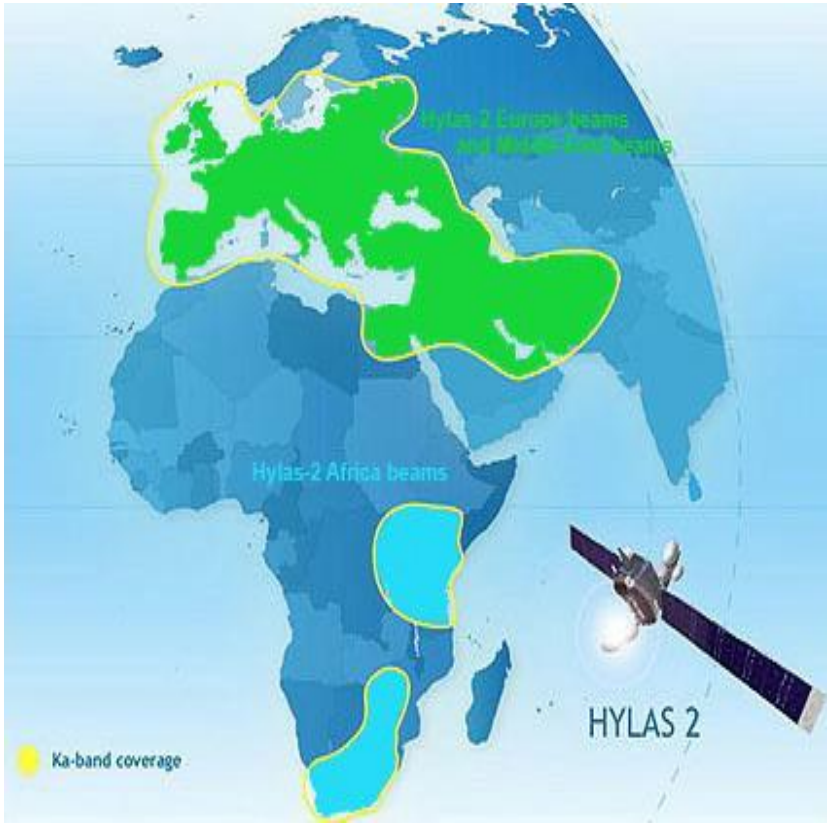


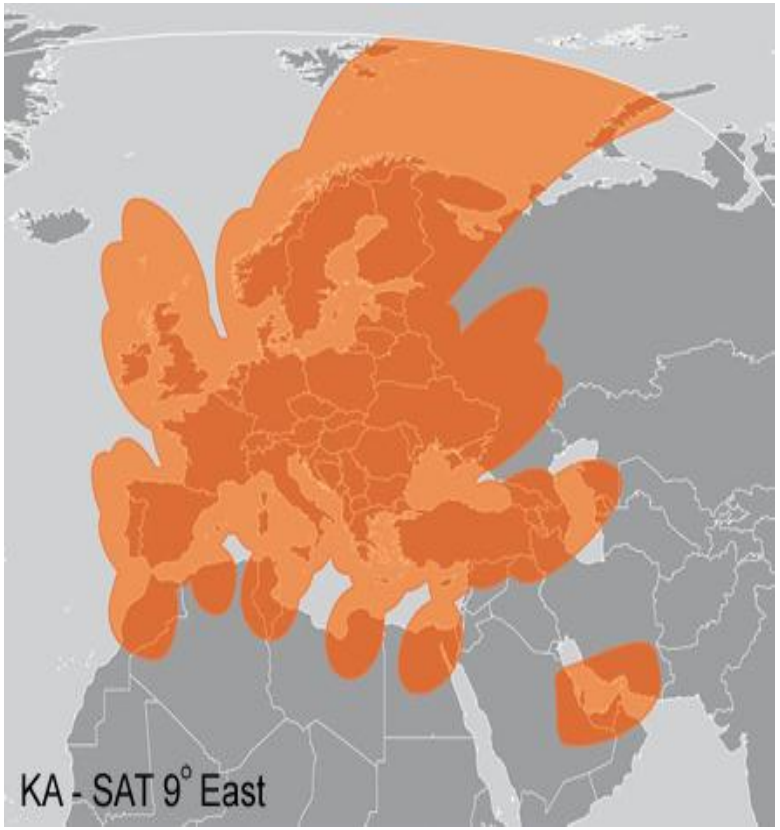
Putting It All Together
The Unaddressed Marketplace on www.bresat.eu



Satellite Broadband – Geographic Availability

Extensive EU28 geographic availability through Ka band satellites from different operators





Satellite Broadband – Technical and Commercial Characteristics

Satellite broadband charges are broadly the same across the whole of Europe

However prices increase with download speed and download allowance as they use more satellite capacity.

Example Pricing:

Light 12 12 month contract	16GB 8GB + 8GB Peak + Off Peak	up to 6Mb	up to 1Mb	£29.00	£134.50
Light 24 24 month contract					£99.00
Medium 12 12 month contract	32GB 10GB + 22GB Peak + Off Peak	up to 10Mb	up to 2Mb	£39.00	£99.00
Medium 24 24 month contract					£49.00
Max 12 12 month contract	20GB + Unlimited Peak + Off Peak	up to 15Mb	up to 2Mb	£54.00	£49.00
Max 24 24 month contract					FREE *

Affordability by Country Based on GNI

According to the International Telecommunications Union, broadband can be considered affordable when it is at or below 5% of the average monthly income.

Country GNI (Gross National Income) allows us to correlate the affordability of broadband for the population

However GNI is usually reported on country averages; income is distributed among the population of a country so even if broadband prices are under 5% of the average monthly income of the population, it could still be above 5% for the poorest segments of the population. Often these will be the most rural households.

Broadband Affordability by Country Based on GNI