

Maximising The Social And Economic Benefits Of Equality Of Broadband For All Globally

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Market Context Forward From The Analyst

The importance of broadband connectivity is indisputably greater now than ever. The immediate need to help mitigate the impacts of the COVID-19 pandemic, and the ongoing broader objectives of delivering on the UN Sustainable Development Goals (SDGs), are accelerating the requirement for broadband.

Macro trends in the ICT industry and technology evolution, and shifts in end-user and OTT demand, are also creating future opportunities for the broadband industry. The technological and commercial changes that these shifts drive also create new challenges, as broadband service providers and other stakeholders must try to keep ahead of changes while evolving sustainable business models.

Broadband market stakeholders include operators, technology vendors, OTTs, governments and regulators, vertical industries, and consumers. Each has different requirements around broadband infrastructure and services. Policy and regulation around broadband and infrastructure play a key role in driving investment but are not always fully effective in creating a fair playing field that meets the needs of all stakeholders. This means widespread broadband access is still a goal rather than an achieved reality worldwide. It also means that the broadband industry itself is not developing as effectively as possible, which has knock-on impacts for both economic growth and social benefit.

Inequality of broadband access is a continuing challenge for the industry overall and current efforts to address the digital divide effectively are not delivering impact quickly enough.

The mission of the WBBA has highlighted and accelerated the critical role of broadband in enabling consumers and enterprises to access work, education, and healthcare, as well as providing the means for enhanced communications as friends, families, and colleagues are separated for extended periods. This makes addressing the challenges facing the broadband industry even more urgent.

But to do so effectively is not simple or obvious for broadband industry stakeholders. Further complexity comes from the breadth and diversity of broadband stakeholders. These range from telecom service providers and technology vendors to a broad range of interested players, including vertical industries, regulators and governments, and internet/OTT providers.

To maximize the opportunity for positive development of the broadband industry, Omdia's view is that the industry would benefit significantly from a new broadband industry organization to provide a neutral, collaborative platform for cooperation and partnership. This would enable more effective collaboration and co-creation among all industry stakeholders, to jointly address technical development, standards, commercial models, and other industry objectives and challenges. Such an organization could help ensure that broadband networks and services are available for all, and accelerate the healthy development of the industry, with sustainable benefits for stakeholders, end users, and society.

OMDIA VIEW: INTRODUCTION TO WBBA

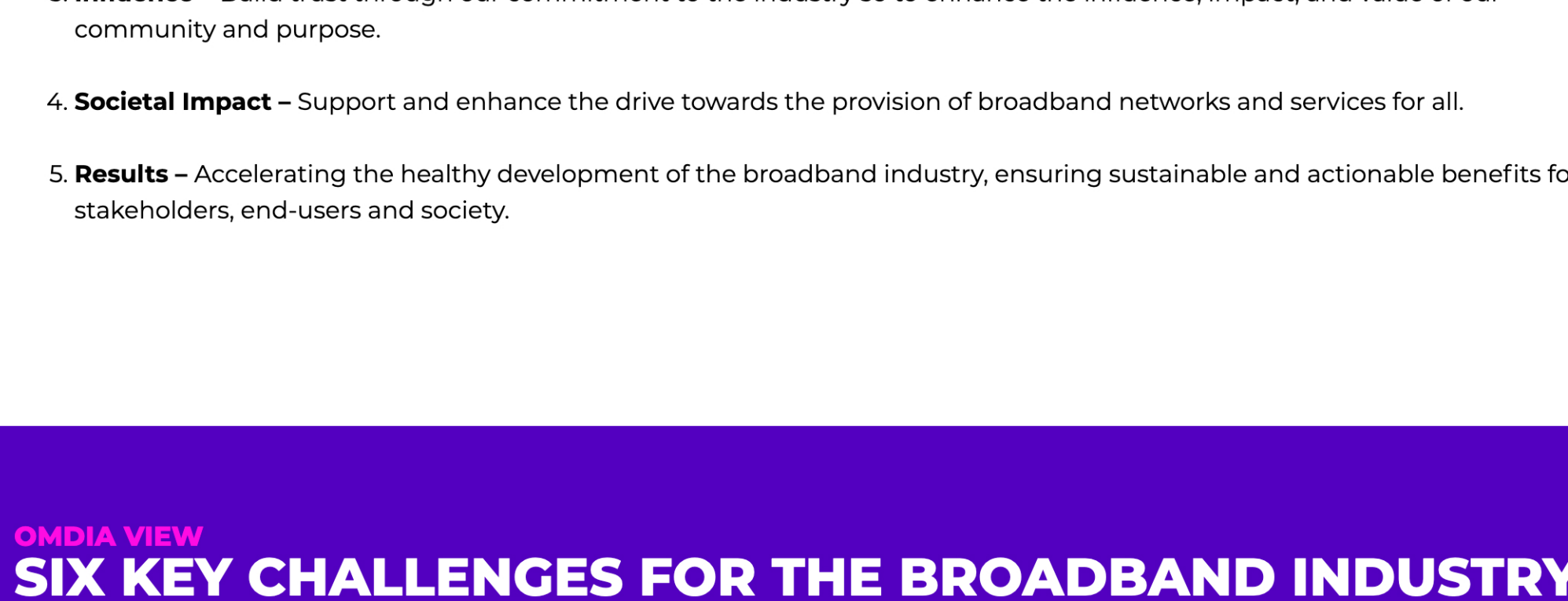
Introduction

WELCOME TO THE WORLD BROADBAND ASSOCIATION – The WBBA is a new initiative, independently led by Informa Tech and powered by industry leading brands such as OMDIA, Broadband World News, the Broadband World Forum and its industry partners.

The mission of the WBBA is to unify broadband industry stakeholders to address and drive forward shared goals of maximising the social and economic benefits of equality of broadband for all globally. The association will provide an open organisation for future-facing broadband cooperation and partnership across the industry.

The fragmentation and diversity of industry stakeholders can make cooperation difficult, even where shared goals exist. In order for the broadband industry to achieve these shared goals, Informa Tech – through our conversations with the market – has identified an opportunity for an organization focused on future-facing broadband cooperation and partnership. So, led by Informa Tech, and in collaboration with our industry partners, we are creating a World Broadband Association. Our aim is to bring together industry leaders from across the ecosystem, to create an innovative and forward-thinking association.

Figure 1: New broadband industry organization provides a platform for collaboration and acceleration



Through community building and the enabling of effective collaboration and education, the WBBA is set out to focus on 5 key Objectives for the remainder of 2021.

- 1. Recognition** – To be recognized as the leading broadband association as the principal voice, through leadership and advocacy for the industry leaders from across the ecosystem.
- 2. Challenges and Solutions** – Through the community, we will determine what are the industry challenges and more importantly, how we collectively overcome them.
- 3. Influence** – Build trust through our commitment to the industry so to enhance the influence, impact, and value of our community and purpose.
- 4. Societal Impact** – Support and enhance the drive towards the provision of broadband networks and services for all.
- 5. Results** – Accelerating the healthy development of the broadband industry, ensuring sustainable and actionable benefits for stakeholders, end-users and society.

OMDIA VIEW: SIX KEY CHALLENGES FOR THE BROADBAND INDUSTRY

As detailed in a recent Omdia report, 'Delivering on the Promise of Broadband' written by leading Broadband analysts – There are six key challenges for the Broadband Industry and the WBBA to address and solve.

1. Inequality of Broadband Access – Ensuring Broadband Availability For All

- The digital divide is not closing quickly enough – more than 3 billion people will still be unconnected in 2024.
- Coverage, speed, and affordability disparities remain between regions, within individual countries (urban/rural), and among enterprises (large enterprise/SME, different industry sector).

Bridging the digital divide requires significant expansion of broadband and internet access

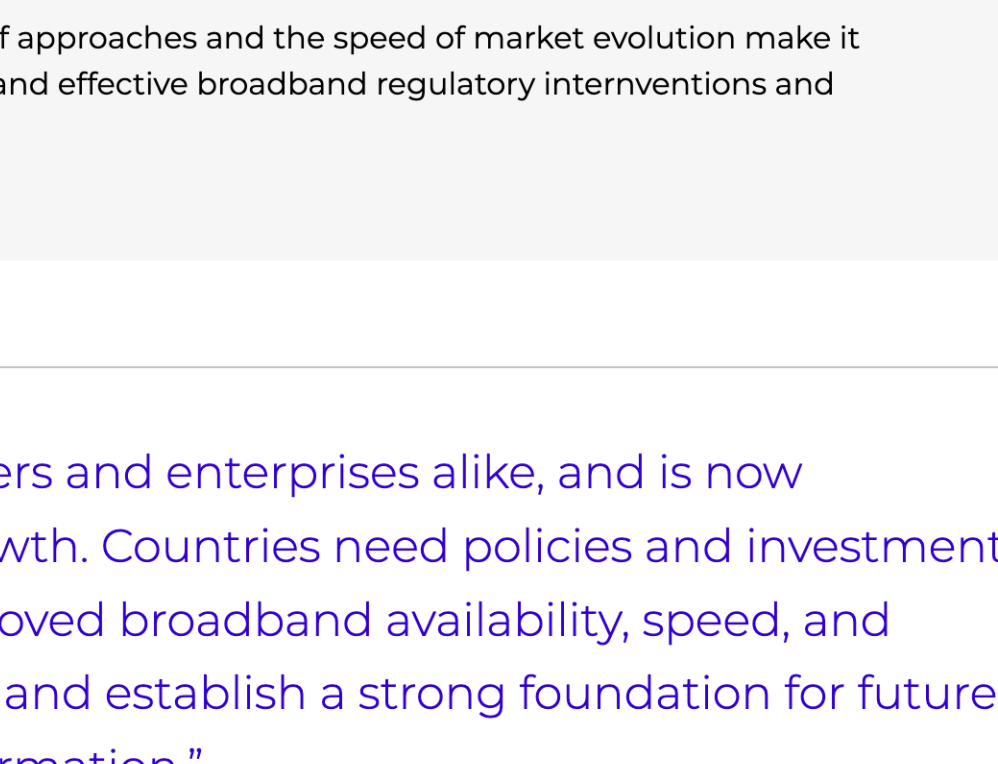
The benefits of improved broadband access, coverage, and technologies for both industry and society are significant, but the digital divide means that many people are still being left behind in the rush to connect ever-greater numbers of households, businesses and devices.

- Omdia's research shows that broadband coverage is currently only around 51% of population globally.

While there has been significant progress in expansion of broadband access in the last couple of years, there remain large disparities in terms of coverage, not only among the developed and developing regions but also within individual countries.

- Omdia forecasts that 59% of households worldwide will have fixed broadband subscriptions by 2026. Only 35 countries will pass 80% household broadband penetration levels by 2024.

Figure 2: Fixed broadband household penetration by region



2. Driving Broadband Network Development and Investment Through Regulatory and Policy Incentives

- A range of regulatory tools and policies, addressing supply-side and demand-side is required to drive broadband coverage, affordability, adoption, and investment.
- The diversity and complexity of approaches and the speed of market evolution make it challenging to deliver timely and effective broadband regulatory interventions and incentives.

“Broadband access is essential for consumers and enterprises alike, and is now recognized as a key driver of economic growth. Countries need policies and investment strategies that enable and incentivize improved broadband availability, speed, and affordability, to help close the digital divide and establish a strong foundation for future economic development and digital transformation.”

Michael Philpott – Research Director, Omdia

Effective policy to drive ubiquitous access to broadband is core to national digital agendas.

Accelerating digital infrastructure deployment and reducing the digital divide have risen up the policy agenda for governments and regulators worldwide.

But in many policy and regulation are critical to successful broadband growth and investment, and incentives and structures are in place in many markets, they do not always have the desired impact. There is significant complexity and diversity of approaches in different countries for broadband infrastructure regulation, broadband investment models, and national broadband planning. This results in less than optimal approaches, and is slowing down both coverage growth and general broadband industry development.

3. Ensuring Sustainable Service Provider ROI

- Broadband operators are struggling to achieve attractive ROI, which puts the expansion of broadband coverage and the overall ecosystem (including OTT opportunities) at risk.
- COVID and OTT demand are placing significant additional demands on broadband infrastructure, but the financial support or returns for operators are lacking.
- Strategies such as infrastructure sharing can help mitigate some aspects of service provider costs, but these are not sufficient to improve ROI without further change.

Service provider ROI and the investment gap.

Ensuring sustainable ROI for broadband service providers is fundamental to improve broadband access, speeds, and coverage. Maximizing broadband infrastructure use is one key to helping operators and other infrastructure investors achieve the ROI needed to make broadband rollouts and operating models sustainable. But achieving viable ROIs is highly challenging for service providers, particularly those tasked with building out broadband access infrastructure to deliver on USOs.

As illustrated by Omdia's analysis of service provider ROI in 2020 shown in Figure 12 (longer-term trend shown in upper right of chart), ROIs for operators are very low, barely going above 1%. This is driving operators to look beyond infrastructure for new revenue, but the ongoing requirements of network investment, maintenance, and operation are a significant burden that in most cases will not be offset by alternative (non-telecom/broadband) revenue.

Figure 3: Service provider ROI snapshot, 2Q20



4. Enabling Vertical Industry Innovation

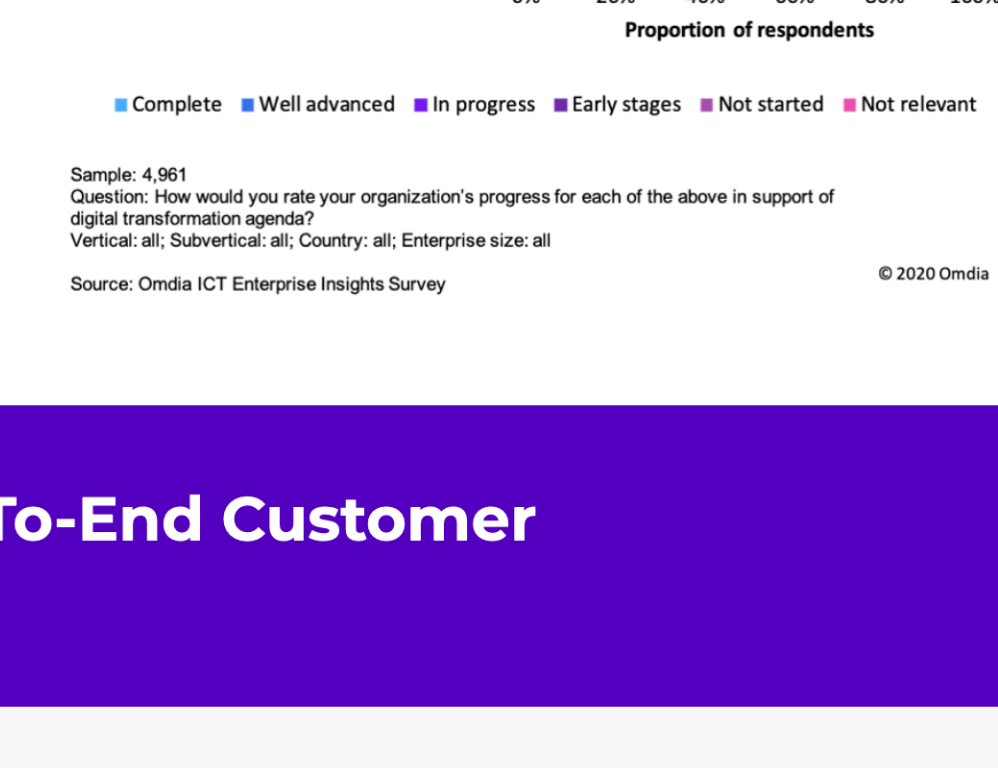
- Boardrooms and business owners need broadband to enable efficiency and drive broader industry digital transformation, in sectors from manufacturing to retail.
- COVID is accelerating and changing use of connectivity and cloud – raising the bar and videoconferencing are stretching enterprise broadband networks and remote working for broadband quality expectations.

Broadband is becoming an important driver of industry transformation.

Broadband has always been an important topic in the enterprise IT department. The difference today is that boardrooms and business owners are now discussing it too, and from a strategic point of view rather than simply as a basic platform for connectivity.

Both enterprises and broader industry ecosystems are actively looking at broadband's role in enabling digital transformation for enterprises and industry verticals. Omdia's ICT Enterprise Insights Survey 2020 shows that although more than 50% of enterprises put modernizing legacy systems in their top-three priorities, only about 10-15% claim to have completed digital transformation (see Figure 17). In other words, most enterprises are at the early stages when it comes to digital transformation. Broadband will be a key enabler for taking these initiatives forward.

Figure 4: Enterprises are still on the journey to digital transformation



5. Delivering Excellent End-To-End Customer Experiences

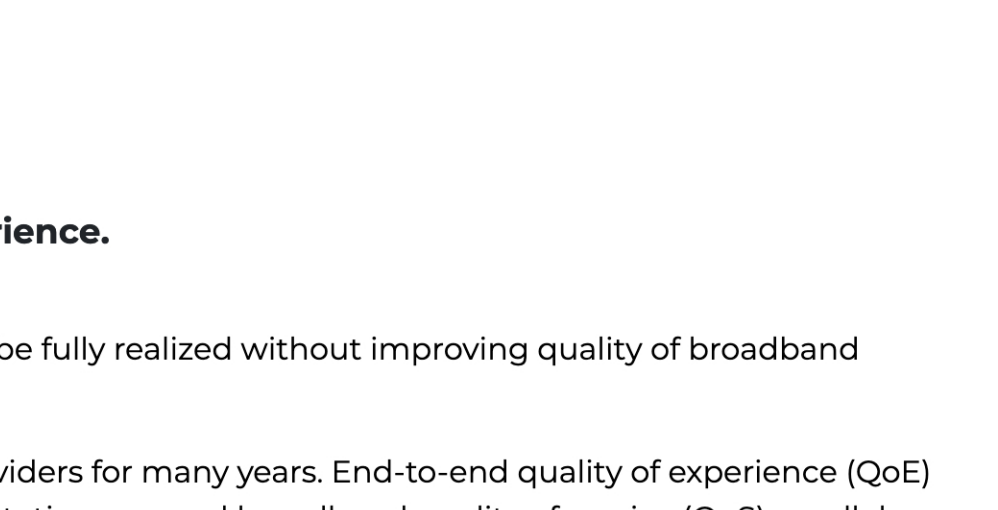
- Consumer use and use of broadband is growing dramatically, with more demanding use cases and applications, and this is further accelerated by COVID.
- End-user expectations for broadband are similar to those of a utility – “always-on” and fully reliable. Quality of experience (QoE) is becoming a key requirement.
- Developing integrated broadband standards and effective cybersecurity approaches are also needed to ensure excellent broadband quality of experience.

Broadband has become an essential service for consumers.

Consumer broadband demand, take-up and usage are constrained by availability and affordability, but once consumers get a taste of what broadband offers, their usage of broadband-enabled services grows dramatically – as do their expectations. As consumer demand evolves, expectations around access to high-bandwidth applications such as streaming video and TV, remote working applications, and services such as cloud gaming will place increasing strain on broadband networks.

The advent of COVID-19 has accelerated and accentuated consumer reliance on broadband. Mass quarantining of people in their homes drove a rapid increase in the adoption of videoconferencing to stay in touch with friends and family, and a steep rise in online media (especially on-demand and streaming video), online shopping, education, and working from home. Many consumers who accelerated adoption of these broadband-based services during the pandemic are likely to continue using them more intensively, even after the pandemic has been brought under control.

Figure 5: Broadband reliability, coverage, and customer service matter as much as high speed



Broadband quality is a key element of customer experience.

New services and revenue opportunities for consumers cannot be fully realized without improving quality of broadband delivery – both to the home and within the home.

Speed has been the marketing focus for broadband service providers for many years. End-to-end quality of experience (QoE) is now also becoming part of the requirement. Consumer expectations around broadband quality of service (QoS) parallel those of a utility – household broadband access is expected to work seamlessly and consistently, regardless of changes in demand, usage patterns, or applications.

Since the advent of COVID-19, consumers' understanding of QoE has grown. Though consumers may not be familiar with the terms “jitter,” “latency,” and “throughput,” they certainly experience the impact, and understand that networks or service providers cause applications to perform poorly.

Both enterprises and broader industry ecosystems are actively looking at broadband's role in enabling digital transformation for enterprises and industry verticals. Omdia's ICT Enterprise Insights Survey 2020 shows that although more than 50% of enterprises put modernizing legacy systems in their top-three priorities, only about 10-15% claim to have completed digital transformation (see Figure 17). In other words, most enterprises are at the early stages when it comes to digital transformation. Broadband will be a key enabler for taking these initiatives forward.

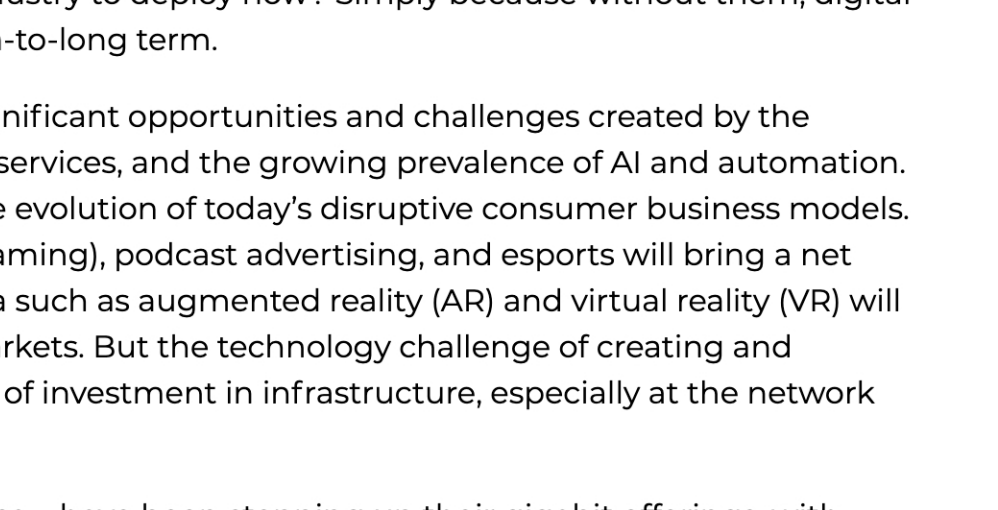
6. Building a Future-Proof Broadband Network

- Broadband infrastructure not only needs to support today's requirements, but must also be ready to flex to enable future services and business models.
- FTTH deployment and high-speed copper upgrades, edge-cloud integration, and automation of network functions are all needed to support evolving services demand, rapid upscaling and downscaling of bandwidth requirements, and new advanced applications such as AR/VR and AI.

Gigabit offerings – investing for tomorrow's network.

Building a future-proof broadband network is necessary to provide a strong platform for development of new services and business models. Broadband infrastructure does not only need to support today's requirements; it must also be ready to flex to enable future services. Copper network upgrades, FTTH deployment, software-defined networking, network virtualization, and edge-cloud integration are all needed; they will support evolving demand for new services, enable rapid upscaling and downscaling of bandwidth requirements, deliver new bandwidth-hungry applications such as AR/VR and AI, and support operator cost savings. These technologies will enable more flexible network architectures, more agile operations, and better use of and control of next-generation broadband network resources (e.g. FTTx/FTTP deployments and 10G PON).

Figure 6: Service provider-enabled consumer services growth to 2030, by bandwidth



Why are these technologies so important for the broadband industry to deploy now? Simply because without them, digital services and transformation cannot be delivered in the medium-to-long term.

As discussed in the past sections of this report, there are significant opportunities and challenges created by the demands of new fast-growing consumer and enterprise digital services, and the growing prevalence of AI and automation. For example, as shown in Figure 27, the next 10 years will see the evolution of today's disruptive consumer business models. OTT video, video advertising, games subscriptions (incl. cloud gaming), podcast advertising, and virtual reality will bring a net revenue gain of \$380bn over the next 10 years. Immersive media such as augmented reality (AR) and virtual reality (VR) will also grow rapidly, ramping up from 2025 onwards in mature markets. But the technology challenge of creating and delivering this content is immense, and will require a great deal of investment in infrastructure, especially at the network edge/access network.

To address this, operators – particularly in Asia and North America – have been stepping up their gigabit offerings, with multiple South Korean and Japanese operators even selling 10Gbps residential broadband services via their next-generation 10G PON networks. COVID-19-related network demand is also accelerating the movement of operators to 10G networks.

INTERESTED IN JOINING?

GUIDING PRINCIPLES FOR MEMBERSHIP

World Broadband Association Mission Statement

The mission of the WBBA is to unify broadband industry stakeholders to address and drive forward shared goals of maximizing the social and economic benefits of equality of broadband for all globally.

WBBA Member Independence Principles

1. The WBBA is independently led by Informa Tech.
2. All members are considered equal and are encouraged to contribute to agenda content, custom research-creation and the overall direction of the WBBA.
3. All membership contact data will be kept confidential and no contact details will be shared publicly or with other members without the explicit written consent of that member.
4. No public reference to specific member organizations will be made in WBBA collateral without the explicit written consent of the member organization.
5. Members are not contractually obliged to renew membership in 2022 and are free to cancel membership at any time if required.

WBBA Commercial Principals

1. The WBBA is financed via sponsorship by vendor partners within the industry, and all future partners have the opportunity to become sponsors.
2. There are no dues or fees for non-vendor WBBA membership. Although the opportunity for partners to become sponsors will be available and future membership models (post year 1) will be agreed by the WBBA Advisory Board.
3. There are no obligations for members to meet with, endorse, or share contact details with WBBA sponsors.
4. All WBBA members will have equal representation and voting rights regarding the content focus and methodology underpinning the WBBA program.

WBBA Membership Requirements

1. WBBA members will be required to nominate an executive representative to the association steering committee and to be listed publicly as members on the WBBA Website and relevant marketing collateral.
2. WBBA representatives will be asked to participate in steering committee meetings every second month and to help direct the content focus of fresh industry research, custom content creation and agenda content for events.
3. Members will be encouraged to contribute content and speakers to WBBA programs where relevant.

WBBA Membership Benefits

1. Members will contribute to the shaping of the digital broadband industry by networking and collaborating with a cross-sector group of ecosystem leaders representing Telco's, industry verticals, policymakers, OTTs, Investors and vendors.
2. Members will be invited to not only participate in but to help shape the focus of, fresh industry research, custom content creation and a variety of industry events throughout the year.
3. Members will benefit from early access to research findings, white papers and ongoing custom content generated by the WBBA.

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