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Special
Supplement



Towards a Better Britain?

Broadband in the Regions
and Nations of the UK

A New Statesman roundtable

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Introduction

Northern Ireland expects to have total broadband coverage, 512KB to every household and every business, by the end of 2005. So where does broadband fit into the development plans for the region? Which users are best-placed to drive forward uptake of the technology? What is the role of government intervention in these plans, both in terms of funding and in terms of skills and social inclusion? These are some of the questions considered by our panel of 21 participants as they analyse the needs of their region and aim to reach a consensus on the direction to take.

Participants



Anna Carragher
Controller, BBC Northern Ireland



Andy Carty
Chief executive, Strategic Investment Board, Northern Ireland



Anne Conaty
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Barry Gardiner MP
Minister for enterprise, trade and investment



Gerry Gault
Deputy director of information systems, Department of Health, Social Services and Public Safety



Victor Hewitt
Director, Economic Research Institute of Northern Ireland/Invest NI



Ruairi Jennings
Commercial manager, NTR Broadband



James Kerr (chair)
Business and industry editor, BBC



Billy McClean
Comm.unity campaign manager, Business in the Community, Northern Ireland



Bill McCluggage
Director, Northern Ireland eGovernment unit



Jim McCusker
Member, Economic Development Forum for Northern Ireland



Bro McFerran
Managing director, Northbrook Technology of Northern Ireland Ltd



Leslie Morrison
Chief executive, Invest Northern Ireland



Bill Murphy
Chief executive Esat BT & managing director BT regions (NI, Scotland & Wales)



Leslie Orr
Customer centre manager, Nortel Networks



Gerard Parr
Professor of telecommunications engineering, University of Ulster



Bruce Robinson
Permanent secretary, Department of Enterprise Trade and Investment



Richard Sterling
President, Londonderry Chamber of Commerce



Jimmy Stewart
Director, C2K NI



Campbell Tweed
President, Ulster Farmers' Union



Denis Wolinski
Director, Ofcom (Northern Ireland)

Towards a better Britain?

Broadband in the regions and nations of the UK



James Kerr Welcome to you all.

A couple of years ago, I made a radio documentary looking at changes in the communications industry. In the programme I had to explain in some detail what broadband was and even among my supposedly media-savvy colleagues there was a remarkable degree of ignorance. Much has changed; most people have heard of the technology even if they aren't sure what it means or what it can do.

BT has done much to stimulate the market in recent times. This has led to the setting of trigger levels for exchanges and this has resulted in a wave of community-level activism, the result of which has been that the registered demand for broadband has mushroomed.

Those that evangelise the technology suggest this may be one of the most profound technological shifts of our generation. I think there's a sign in Nortel's office that says: 'What do you want the internet to be?' And in many ways that is the nub of the issue.

It is up to us as individuals and businesses to turn it into a useful tool. More and more transactions are being done online because more and more people have realised that the internet gives them access to suppliers, products and information in a way that simply wasn't possible before.

It is not just e-commerce; it is a whole way of accessing

information and indeed entertainment. The explosion in the success of eBay also suggests that the national obsession for car boot sales can be converted into the virtual world. It is also a quick and easy way of keeping in touch with friends and family around the world. For now it is email and very soon it will be video chat and voice-over internet phonecalls to our cousins in Oz.

For those in remote areas what can broadband do to bring together scattered and isolated communities? What applications can bring economic advantage to them? To what extent is home working from rural areas feasible? Not just if you have a 512KB connection but a 2MB one? These possible changes in the way we run our lives raise a range of other issues: pricing and content for starters.

For media organisations like the BBC there is some hard thinking to do. A few weeks ago I took part in a BBC seminar where part of the proceedings was to meet a group of people who had been brought in and were rather dramatically given the title of 'broadcast assassins'. These were ordinary people who didn't watch television, but downloaded what they wanted to see from the web by means of file sharing; it was a concept that was new to me. How much of our programme material could we and should we make available online when the technology is there to download it, create ►



your own schedule? It raises questions about licensing, pricing, intellectual rights. We aren't going to answer all of these questions today but this forum does give us all a chance to look at some of the issues that will affect our individual constituencies in the year to come.

I think it would be appropriate for me to ask enterprise minister Barry Gardiner to give us his perspective on the issue and tell us more about where government stands.

Barry Gardiner MP The report prepared by the Centre of Economic and Business Research last November for the launch of the broadband industry group said that the introduction of broadband could have an impact on the UK economy on the same scale as the introduction 80 years ago of mains electricity.

Eighty years ago nobody could have predicted that mains electricity would lead to being able to vacuum your home, to being able to see pictures televisually projected into your home, could have thought that you would be able to use it for the internet. It is a carriageway that brought an amazing number of new applications on the back of it.

There's a story about the space race that NASA spent many hundreds of hours of technicians' time, many thousands of dollars on an ambitious, gravity-immune ink-pumping pen so that astronauts could write in space. The pen went on to be a massive commercial success. The Soviets, instead, opted to use a pencil. In all honesty, I suspect that there are some of us here today who think that broadband is perhaps just a very expensive pen when we could get by perfectly well just by using a pencil. How many hospitals, how many schools, how many roads or trains could we buy with the money

we're using on broadband? I think they're missing the point.

We don't want broadband for the sake of having broadband. We're investing in broadband because it's got a role to play in getting us better schools, better health services, better roads. To take another infrastructure analogy, there are very few people who are track spotters, but there are lots of people who are train spotters; few runway spotters but lots of plane spotters. We've got to focus the debate not on the track but on the trains, because that's the way to persuade people that the technology is not only useful, but essential.

So, for example, in the Classroom 2000 (C2K) project, £200m is being spent in Northern Ireland to deliver educational services through information communication technology. The project is in all 1,200 schools in Northern Ireland, primary, secondary, special needs, and they've all got broadband connections to link up to it. It is a world-leading project. But it's about better schools, not about broadband.

In hospitals broadband allows the transfer of patient information, not only the written record but also much more importantly scans and X-rays. Now, that requires greater broadband speeds and ensuring other healthcare facilities, including GP surgeries, have broadband to connect up to it. It is about delivering better health services.

Local engineering company Delap & Waller use broadband to share information between their various offices, supplying engineering designs to their customers UK-wide. There are local companies developing electronic voting systems. Anyone familiar with Northern Ireland knows that we have already a first-class telecommunication system. The Star Network, developed in the 1980s, was the first fully fibre-optic network in the UK, and investment in our telecommunications networks hasn't stopped.

The contract awarded recently by my department for the delivery of equitable access to every household and business in Northern Ireland, shows we recognise the importance of broadband to every business, in every sector in Northern Ireland. By the end of 2005, wherever you are in Northern Ireland, wherever you are located, you will have access to broadband at the same price, that is key, at the same price.

The critical success factor is whether we are able to develop the next generation network needed to carry the volume of data fast enough to keep up with the demands. Our broadband target today for Northern Ireland is actually, I think my speech says 'a modest' but actually in a few years time it will seem to be a 'pathetic' 512KB per second. That's to every household, to every business by the end of 2005. By the end of 2006 the target is 2MB per second and, of course, we're already working on what companies are will need by 2010.

So that's how we are addressing the supply side, but actually the challenge right now is the demand side. We've got to

give businesses compelling reasons to use broadband. This will provide substantial new opportunities for digital content providers to commercialise new products in the ever-expanding digital space. With a rapidly developing media and computer games industry, that's an area where I believe we can really gain.

Earlier on I referred to the urban myth of the expensive NASA pen and the Russian pencil and, of course, the urban myth is not the whole story. In the early days, both America and Russia used pencils. But pencil points break and they get into astronauts' eyes, they cause shorts in electrical circuits. Pencils, including the lead, also burn extremely effectively in the 100 per cent oxygen atmosphere of a space ship.

It was a private-sector company, Fisher, who developed the space pen. They sold 400 to NASA for \$2.75 each and they recouped their R & D costs through commercial savings. The Russians also bought them.

Broadband is not an expensive pen when a pencil will do the job. It's actually the tool that we need to communicate effectively and competitively in the modern world. The question is how we can convince more of our businesses, more of our citizens, to put aside their pencils and use it?

James Kerr Now the first of our preambles before the debate from Richard Sterling.

Richard Sterling OBE Thank you. Northern Ireland is a peripheral region within the UK, and with the violent days of its past behind us, many of the statistics for the region read very well, with output growing and unemployment declining. The metropolitan core of this region is Belfast, a thriving centre for services and for the new economy, which still retains an engineering industry. It is also increasingly a 'must-visit' location for many and the regional tourism product is reckoned to hold massive potential for the region.

Eighty miles to the west of Belfast sits Northern Ireland's second principal city of Derry, also recuperating from a dark history. Derry sits on the border and is located some 20 miles from the fast growing town of Letterkenny, a major commercial and services centre in the north west of the Republic of Ireland. This north-west sub-region is estimated to have a population somewhere close to 400,000, unhelpfully divided down the middle by an international boundary.

As a result, these two important centres at the core of this sub-region sit back to back, with no inter-governmental policy to facilitate a sub-regional dynamic. High areas of disadvantage and unemployment, below average employment participation rates exist on both sides of the border, and the backbone of its economy over several generations has been textiles and garment manufacture. It is estimated that more

than 8,000 manufacturing-related jobs in these traditional industries have been lost over the last seven years.

So where does broadband fit into the development plans and can wider availability help address the challenges? In particular will SME businesses, increasingly important to our economy, derive real benefit from broadband?

There are ideas to create cross-border broadband linkages, including the north-west. A stronger north-west could mean a stronger Northern Ireland. Expectation is now moving towards dynamic academic-to-business and business-to-business collaborations and much project work in this environment is already broadband requisite. This brings new pressures on the business clients and partners. College and university students can expect to benefit hugely from broadband, accessing course work, materials and libraries.

For enterprises in peripheral areas, wider opportunities envisaged that would include new markets, where they can gain access to new customers in core regions and metropolitan areas, and beyond. Businesses located away from the centre might also expect efficiency benefits, perhaps through electronic delivery mechanisms to higher quality or lower cost services.

'There is still widespread confusion and misunderstanding about what the internet can do'

Broadband should also offer enhanced access to diverse communities, including rural areas, where citizens might expect improved access to health or education.

The truth may be that many business people here do not even recognise the potential of the internet. There is still widespread confusion with poor understanding about what the internet can do, let alone broadband. Broadband take up is relatively small, and I would contend that the targets set by Invest NI can hardly be called challenging. The opportunity broadband creates for business efficiency comes from applications and content but change creates more change and continuous updating will be required as a consequence. SMEs will require ongoing help and support here.

As for gaining access to the new core markets, time will tell whether the death of distance will really improve the performance of peripherally located SMEs. Some will benefit but some firms will have products or services that are not competitive outside the local market, and others will need to put in place mechanisms for providing them with direct presence in remote markets if they are to compete effectively.

To achieve success there is a need for serious develop- ►

ment planning. Government shouldn't be on its own here.

There is a responsibility for communities to help bring about important elements of these plans, but I believe that initial support from the centre will be necessary. While we very much want to deliver this, the Londonderry Chamber of Commerce is not resourced for it. One thing I have learned in my experiences in chamber over the past decade is that business listens to business and listens even better to local businesses whom they trust, such as chambers of commerce. Businesses can be wary of government, central or local, and deeply suspicious of the motives of the telecommunications providers (telcos) when they come knocking. So the business-listens-to-business message should not be undervalued in regional and sub-regional planning and should be worked on alongside the exciting myriad of activity underway to drive up usage of the new infrastructure.

James Kerr Well, the floor is now essentially open. Bill, I hate to pick you on first but to what extent is there's going to be the demand for us all to have broadband by next year?

Bill Murphy In Northern Ireland, we have traditionally lagged behind in the application of technologies, whether they are simply mobile technologies or the internet. But we actually have 20 per cent of all SMEs using broadband. If you put that on a national level that's very, very high, that's very, very good and I think part of it has come certainly from the initiative of both advisors giving advice and also economic incentives for businesses to get on and use broadband.

So enablement is going to be there as promised and I think the work has got to shift to getting people to understand what the benefit is going to be, for home or for work.

Leslie Orr I travelled the nation last year with the DTI, and I really think in Northern Ireland, in comparison to other regions, we've made our mark in terms of having the vision. This is an area where there's joined up government, from DETI, from Invest NI, demanding stimulation, from OFCOM and the digital inclusion unit and it is an area where we've got traction. Also, as the minister said, we should nearly now announce the next stage, 'broader band'. Let's congratulate ourselves, but plan to move forward.

Prof Gerard Parr The term I've coined before is 'elastic band' because it's just as much band as you actually need. There is a marginalised group called co-operative medium enterprises (CMEs). They do not qualify for lottery funding, they're not a traditional business in terms of legal and taxation and employment and so forth, and yet they have opportunities to embrace internet technologies. At the University



of Ulster we have been approached by the co-op movement in the UK and Ireland to try to put in place a 32-county initiative, feeding in the research capability of the university, the tech transfer capability, and then the business process re-engineering capability. CMEs have no real management structure, as in a traditional SME.

The banks have a key role to play in underpinning government policy. We have lots of examples of where people come forward when the banks shot them down, primarily because they couldn't see the need for a broadband connection in the first instance, for a small co-operative or a small business. So there are a number of issues concerning that.

I'm a professor of telecoms engineering and I think communications infrastructure is a utility that should be planned into new developments like water, electricity and sewerage. If you move into a new building and the infrastructure is there you will use it. This needs to be moved forward quickly.

Another issue in the Northern Ireland context is super-janet, the national superhighway. Superjanet has already been rolled out across England, Scotland and Wales. There's a cost implication there, and there's also a government intervention opportunity and, again, that's something I think we should bring to bear. It is not just businesses in the region working hand in hand with government, from where I sit the university sector has a key role to play.

Leslie Morrison Our remit within this is awareness raising on the demand side to stimulate take up. It is interesting to hear the statistics about 20 per cent of SMEs. We have been funding the Orange programme, and it has several parts to it. One part, of course, is the financial support for SMEs.

Another was a reasonably expensive UTV and Channel 4 campaign that ended in February, costing just under £900,000. There were 25,000 mail shots; there were 19, missionary awareness-raising seminars around the province.

That programme is moving into a new phase. Clearly we need to continue awareness raising, but also crack that problem of application and content; it is extremely difficult to imagine something in a vacuum. We've identified six target sectors: creative industries, ICT, aerospace engineering, construction, food and tourism. We've collected case studies and approached people in each industry and asked them for ideas for applications of broadband to their business. I think it's more powerful to put some flesh on the bones. Lack of imagination is one reason people find it difficult to use.

Bill McCluggage From an access perspective we've been talking about businesses and educational facilities but where we're going to get the most benefit is in the home, where we can link people with good content activities. So I think when broadband is affordable in the home, we will be able to see a real change in Northern Ireland's capabilities to exploit broadband. There's a clear indication of a socio-economic divide and there's an age differential.

'Clearly we need to continue awareness raising, but also crack application and content'

Victor Hewitt What is the appropriate pricing model? The point was made that broadband infrastructure should be considered just like a public utility but utilities have different pricing policies. At the moment, the pricing policy is a flat charge, usually on a monthly basis, and the usage thereafter is not metered essentially. Is that suitable in the province, in our situation? Should we go to cost subsidisation where it is more expensive to get it in some areas than others but, in fact, you charge the same rate regardless of where you're located? I'm curious what views people have on this.

Ruairi Jennings On broadband I think that's what we've tried to apply across our network, both in the north and in the south of Ireland. I think if you look at DSL roll out from the likes of BT or Eircom, it is the same. I think when you move up the chain to leased-line-type services, you tend to see a difference in pricing.

Bill Murphy I think one of the big differences between here and the south is that you have massive competition on ser-

vice provision here. And it is flat rate and postalised; you're advantaged by your location, not disadvantaged by it. I think you will get a fixed fee for a certain bandwidth and as newer services and higher speeds become available, we'll start to get priced that way. So if you want to download a movie faster, you'll be priced to do that. Will the market bring down prices? There's no question, it's already happening.

Consumer uptake is being stimulated by prices coming down, certainly at £40 people weren't buying, at £27, £25, £20, £15, they are. But it's also what's being made available to them, what people can get for it.

Jim McCusker I agree with the compliment being made to government for getting us to the position where we have broadband available throughout Northern Ireland. But I do want to take up one remark made by the minister about having to give compelling reasons for using broadband. I think the entrepreneurial firm is not a firm that needs to be told how to exploit broadband. It must come from within. One of the problems in Northern Ireland is that ICT is a very literate medium. We have 19 per cent of employees without basic literacy and numeracy skills so they can't use ICT.

James Kerr An accessibility issue of another type.

Jim McCusker Yes, also, Richard is right that business will not listen much to government. The ideal situation is that each business should know how best to exploit broadband for its activity.

Barry Gardiner MP What you're saying is okay, you've done your bit as government, you've set up the contract, it is going to be available. Now butt out on this side of it. But you've given us a big challenge in providing you with the essential skills within the workforce to be able to make use of what is there. Now, that's a challenge I absolutely accept.

But let me put it in the domestic context, and ask: why is it that the only woman sitting around this table is an engineer, when what we've been talking about is how we get this into the home? If you want to make sure it's driven into homes you've got to show the applications for the people who spend most time in that home.

Jimmy Stewart C2K is about delivering a better educational experience. You're looking to develop the relationship between the school and the home and the school and industry; those are the areas that allow you to personalise the educational experience and to deliver literacy and numeracy in ways that match the skill sets and the particular learning styles of the individual. And you've got to have access to ►

the services in the classroom outside the classroom as well.

In terms of making these services available we're at the infancy of this broadband development at the moment, and we're talking in terms of pricing models and delivery models that don't replicate the way in which water is delivered and the way in which power is delivered into the home. We don't have a technology that looks like that, and one of the questions I'd have for the industry is: are we going to have a technology that looks like that soon, which will be demand driven? Because until we reach that model, where, if you turn the tap on more you get more out of it, I don't think you really will have the potential to use the services that this could deliver to us in terms of broadened access to resources.

Not through what I would call probably a quite primitive broadband solution but through one that will eventually work like an electricity supply: when you want more power to cooker a bigger chicken you'll have more power.

Denis Wolinski Lots of people simply don't know whether it is worth it, and whether they can afford it. If the price comes down I think they'll go for it. It was the same with digital television; take up is now 50 per cent, because it's much cheaper, in fact, it's free. BT moved the wholesale price down by 70 per cent, which will bring the UK down from number 14 in the table of the 15 old EU countries; it will bring it down progressively to ten by the end of this month, and to four by the autumn. The key driver is whether or not people are prepared to pay for it.

Billy McClean In terms of access there's a whole marketing in awareness of what is available. I think C2K lends itself to opening up this working in the community, businesses supporting that and there are a number of initiatives to try to raise peoples' expectations what they can do in their community. One of the other very significant launches was the home computing initiative. We really need to get the message out in Northern Ireland that, for those who are employed, here's an opportunity Gordon Brown has made available, to get a tax-free computer at home; and for every employer in Northern Ireland to ensure their work force have the opportunity to take it up. We need to make sure we raise the profile of this scheme in Northern Ireland. Of course, we also need to look at the unemployed and maybe that's for later on.

James Kerr Now Bro's presentation 'Who drives the demand for broadband and which sectors are best able to lead the way?'

Bro McFerran Northbrook Technologies set up about five years ago with the expectation of out-sourcing around about



250 jobs in Northern Ireland. We've done that very successfully and we started off running the business on a 64KB line. As the business has expanded, we've obviously required more bandwidth and we have now got two 45MB lines, so we're 'broader band' consumers.

What broadband has enabled us to do is move up the value chain from software and maintenance applications (that didn't require bandwidth) to software development and design; these are much higher value jobs. We are perceived as playing a bigger part in our parent company's business. We're doing business in Italy, Germany, and the UK; we have done business in Japan.

'What broadband has enabled us to do is move up the value chain... we're playing a bigger part'

About a year ago we set up a contact call centre, initially based here in Belfast. What enabled us to do that was using voice-over IP technology. So, we are using lots of bandwidth to enable about 70 or 80 people based in Belfast, to answer calls from all around the US. We're trying to expand that side of the business now. We have another development centre in The Quay in Derry with 130 people, with expectations to grow to 250 or 300 but again we need bandwidth to do that; so we connect Belfast to Derry.

People have talked about distance elimination, but the telcos are in the business of charging you for the distance elimination so it is proportional to the amount of space there is



between each party. I don't want to have a go at BT but BT's quote to connect Belfast to Derry was four times as much as we pay for a line from Belfast to Chicago. We're currently with another provider that is doing it for twice as much. But the paradoxical situation is that it would be cheaper for us to connect Belfast to Derry through Chicago than it would be to put a direct line in here and I feel we need to do something about that. Charges should be proportional to the distance rather than being proportional to the fact that we're an innovator or a pioneer of using this technology. We're also hoping to open a cash-processing centre in Strabane. Strabane has got high unemployment, so we want to hire those people but again we have to pay a large telecommunications cost to connect Belfast to Strabane.

Currently broadband is a solution looking for a problem in a way, and what we need to do is to look at the demand side. On the business side it's very good for moving large volumes of data but do we have the volumes of information for the 80 per cent of the businesses that don't use broadband?

The ability of broadband to make us more competitive is very much dependent on how much we get charged for the broadband. If we can communicate very easily and use broadband pipes across the Atlantic, it enables us to drive down costs and reduce our costs per employee because we're competing with India, the Philippines or China. We need as much broadband as we can possibly get but we need access to that in the same way as we can turn on a tap, but we shouldn't pay more for the water that comes out of the tap than somebody else does somewhere else in the world.

Bill Murphy The majority of services outside of private lines

are postalisised in some way so there's no issue of distance. Having said that, I'm not so sure we're serving the west of Northern Ireland as well as we need to. But there are some issues with domestic tariffing which aren't right at this point and need to be addressed. One of my goals is to enable this region not to disadvantage it. We have dragged in over 10GB of international capacity to Belfast that didn't exist a year ago, and we will have 100 per cent broadband within the next 18 months. When you put those two combinations together, they're very powerful; you don't have that in India, or the Philippines, or even Chicago. So there is an issue with distance, and Bro has rightly moved it up my priority list

Bro McFerran Yes, Bill is working with us to push the idea of home working. That's a challenge for us all. I didn't mention that in my presentation, but it is an important area.

Leslie Morrison The consumer side and business side seem to me to diametrically different. I would imagine that the consumer side is content driven and the business side is driven by your ability to improve your business. What you need to talk to people about is how broadband is a way you can cut costs and make a lot more sales. It is a way to make money it is not really much more esoteric than that. I suspect the consumer and the business demand drivers are very different.

Anne Conaty Fifteen months ago, when we were formulating the tender, we did an exercise with business where we asked about their broadband needs. Most businesses were coming back and saying 'We use the internet for email and our websites and 256KB would probably do us'. When we pushed them and said 'We're trying to provide services for the next three, four, five years, what do you think you need?', about 2 per cent were saying anything more than 512KB. And one of the reasons was because they couldn't visualise why they would want to use it.

We're have been looking at the creative sector to tap into these people with the bright ideas. But these people don't understand stock control systems and business, so there's a lot of work. I think the approach that Invest NI has been taking, that you go into a sector and try to work within that sector and paint the picture for that sector of what can be achieved; that's how we will take it forward.

Regarding the end use of pricing, when we were doing the tender, the top criterion we used was actually end-user pricing. There's no point in 100 per cent coverage of a service nobody can afford. And those bidding knew that. Being a good civil servant, one of the questions I asked was: would you be interested in charging the end user more and

saving my department a bit of money?' I'm glad to say most answered: no. They recognised that, to make it affordable for households was critical to having a sustainable service that would continue after government money disappears.

So there was a lot of time and discussion on that, and I think it has been reflected in the contract that went in place.

James Kerr Leslie, you're not just encouraging the connectivity, you have the programme in there to encourage businesses to join. Are you going to hold their hand as efficiently through the next stage?

Leslie Morrison I hope so. With the sectoral approach set up, with case studies of good application within your sector, the next stage is to run that through the executive teams who take it to their clients and say here is what has worked among your peers. Talking to business and putting businesses in touch with each other to understand applications.

Prof Gerard Parr In every school and college in the land there's a dedicated person for ICT activities and this asset shuts down at 4pm. I sit on the board of governors of a school and it is left to the principal to decide in an ad hoc way if he should release these assets, open the doors. There's insurance, there's staffing and so on, yet that is an excellent asset already paid for by the state, gathering dust in the evenings and at weekends. Parents are also consumers, they may also be aspiring entrepreneurs This asset is already in place. It can help simulate demand and promote awareness.

I'm not sure if there are any formal plans that this is led from the DETI...

Barry Gardiner MP I think you're absolutely right. In my own constituency I have a project that is doing precisely that with secondary schools; extending the school day. Making sure that you can use those facilities for longer, for better, for more access to the community.

Richard Sterling OBE I just wanted to come back on a point in my preamble about SMEs and the fear factor. I wanted to get some views from around the table, whether it is a widespread problem. Even now we have chamber of commerce members and businesses, that don't send my information pack by email, but post it. They don't like printing off attachments; they don't have the secretarial support, so they want them sent by post. So there's a fear factor, a resistance.

Do we need to get people more up to speed with the underlying activities rather than talking to them about broadband?

Prof Gerard Parr We used to have an ICT course called



'Teaching Old Dogs New Tricks'. I think a lot of people don't want to admit they have a problem with ICT literacy, and more importantly with adult literacy, and they don't want to be exposed to their peer group, especially in business.

Leslie Morrison I do think it is important to separate broadband applications from email. More junior people in an organisation understand it, fewer senior people. Trying to convince the CEO he should become very computer literate is probably a complete waste of time, but those who use it can explain to him why he's going to make money.

James Kerr Overall in this area there's a generational issue.

Andy Carty Coming back to resources in schools. A project which has just been launched in Belfast Education & Library Board has, at the centre of it, that those assets are available to the community outside the times of 9am to 3pm. The next step is to join up even more of the services available from government and look at investment strategy that cuts across government much more, broadband is just another enabler.

Billy McClean In terms of business support, we have a generation of ICT literate people coming through who maybe are not aware of some of the business opportunities in Northern Ireland. Are we really showcasing how you could use the technology to do business in Northern Ireland?

Bill Murphy Cornwall is ahead of us in in take-up and it was bottom up by boot-straps. Very high unemployment, a lot of EU funding but a very joined-up-thinking approach by government; business links, universities, pushing the whole small business agenda, getting stuck into the community.

Prof Gerard Parr You cannot look at this just in purely a regional context anymore. I think there's a real European dimension here about mobility, wireless access to high-speed, infrastructure and relevant applications.

Ruairi Jennings I think the Invest NI approach towards SMEs working with the six sectors, and developing that is the way to go about it. Certainly we've seen clusters of businesses talking to each other and one showing the other what it has done for their business.

In the residential sector, you've got to let people try it out, see what it can do. Once people see the kids using it for education, once you put it in the hands of the consumer, they do see the benefit. The more you can demonstrate it to people, the more the consumer is really buying into it.

Bill McCluggage I believe the home consumer is going to be the big demander of broadband services. We have a whole series of new platforms coming out from BT which will allow you to migrate backwards and forwards over IP between home phones and mobile; a new cell chip that's being worked on by Sony. They're all aimed at the consumer who is in the home at the moment.

Anna Carragher Yes, we're looking already at things like real player on radio, which means you can play back radio programmes from the last seven days. Now, in broadband you have got the possibility of doing that very quickly on television. There's also the possibility of bundling together things, so you can bundle together all the sport or an entire series or natural history programmes and have those downloadable so they burn out after seven days. That way you get round the rights management of them, a huge issue for downloading. And you can do that subscription or as a free-to-air service. We can make the archive available, which is extremely valuable for educational reasons. We can explore ultra-local television going into particular communities and providing them with an ultra-local service news on a loop, video diaries, community access. We see our role in this as demand drivers by being content providers.

Denis Wolinski Yes, there are huge amounts of content available; it comes back to the problem of price. In Paris a few weeks ago, a new service was launched 8MB, for 30 euros a month, 5MB of that you can have digital television, the other 3MB gives you broadband and voice-over IP. When the price is right, people will take it up.

Barry Gardiner MP If we're trying to get broadband into the home, then it is the woman that is going to control that. And

the problem is we're not informing her of the content and the price to make it seem an attractive proposition.

Prof Gerard Parr That's a very valid point and one we're embracing in an all-island economy initiative I mentioned earlier called CITSP 32, standing for Communications and Information Technology Support Partnership in 32 countries, supported by the Dublin government. People are being bombarded with information and they're even more confused. People are afraid to buy into technology that is going to be obsolete in six months, 12 months. There's the up-front capital cost, the recurrent cost, but then there's the notion that this technology is going to be a waste of time.

'We need a joint strategy which will pull together price, content, service and infrastructure'

Anna Carragher I just want to go back to what the minister said in that I think the market in communication is absolutely crucial if we go ahead. I think in Northern Ireland, given all the elements we're talking about and given the infrastructure, we all need to come together for a joint strategy which will pull together the price, the content, the service, the infrastructure, so that we have a similar coherent message, particularly to the home user.

Andy Carty Yes, business and community have brought together a number of the big players in the community and I really want to commend the digital inclusion programme also supported by the eGovernment but let's build the awareness together.

Price is important but the thing is value, and the value hasn't been explained. Talk £20 a month to somebody: book your holiday online and you can save that for the year.

Meeting adjourned for lunch

James Kerr Bruce Robinson will open the afternoon session with his preamble 'Exploiting success, where do we start and how do we expedite progress and overcome setbacks?'

Bruce Robinson One of the challenges for my department as we move forward in Northern Ireland, is understanding the economic environment where it is best for government to intervene and what's the rationale for it. One of the main justifications for intervention is that so much of the economy is SME driven and small companies don't have a lot of resource

to spend exploring and understanding issues. So there is this deficit of information, some of it if you like is a deficit of understanding, and that's a space that government can sensibly occupy. But what we've also been keen to do is to stop doing things, which is a real trick for government, especially in this part of the world, because we've had an amazing aptitude for picking up issues that need to be dealt with and then somehow morphing them on to continue to require resource and energy and time, long after they've outlived the useful role of government. This is about seeking to effect change.

The other thing that influenced us was that, after the Star Network was completed, the truth is that we saw government intervention in Star exclusively about establishing the hardware.

I think the demand stimulation job is done. And the reason I think it is done is because of work that we've done on C2K.

About five months ago I was driving my daughter and her friend to the cinema. They were chatting away, and her friend said: 'We hit the trigger level today'. And I thought: there's only one thing that can be about: broadband enablement on the exchange. She lives out at The Temple, which most people round here know, beyond the outskirts of Belfast. She said: 'Over 350 signed up today for broadband'.

So from an economic development point of view, I don't think we need to do any more. I really mean that. The exception is in social inclusion and skills. Those are still big issues.

The content issue is about a mainstream issue for Invest NI. It is about creative industries, it is about newer technologies, in the same way we responded to the opportunities in software. There's no need for absolutely special intervention in the way there was on the securing of the contract.

Precisely because of C2K, because we have all of the tools to do a lot of this thinking. We're creating people to come into the workforce who will be highly literate and provide the drivers. We did that before with software. We now should fold our tent on all of this, and go off and start wrestling with what we should be doing on nanotechnology.

Andy Carty Over lunch we were saying that one of the jobs we have on this board is looking at an investment strategy for Northern Ireland. If we could have had 20 primary health care centres, which would have made a real difference to the health of the community, how do we actually justify spending money on something that would have happened anyway? I think sometimes we've got to step back and say, even more so than Bruce was saying stop it now, do we need to do this investment? Should government be intervening?

Bill Murphy But without the government and EU assistance, there's no way that all of Northern Ireland would have been



served, not in any foreseeable future. Would we be able to have the confidence to sit here, to talk about a post-enablement world? No, we wouldn't.

Ruairi Jennings I think value for money is certainly there from the government's side. In the South of Ireland, government investment won't achieve broadband into every home in the south, so, you know...

Campbell Tweed In my community most of us live a bit of a distance from population centres, and now access is not far away for us. It is much appreciated.

Bruce Robinson One farmer I know was talking to me about how some things were being done in New Zealand in the diary industry. He was able to call up on the internet a set of experiences in New Zealand. This guy has everything in his computer from his milking parlour to his yields. It is as sophisticated a business technologically as any process industry that I've seen.

Victor Hewitt I think as a matter of principle we need to be quite careful about this. Bruce mentioned the Star investment and that is a good example of what economists would call the 'field of dreams' approach if you build it they will come. Well, that doesn't often turn out to be the case. It is just that there are opportunity costs here, other things could have been done and can be done with the public money that is going to be invested in this. So there are sacrifices being made elsewhere and across different sectors and we have to be very careful that we are actually getting a return.

Prof Gerard Parr I was warmed by Bruce's comment that

skills and social inclusion will be potentially the focus of attention from now on. I'm wondering what formal strategy is being developed to release those assets in the community; it needs to be done province-wide today.

Bro McFerran We are marginalising economically places like Strabane because of the cost of telecommunications to those areas. Now, this is somewhere where common sense can prevail and government can intervene.

Bruce Robinson I accept that entirely, Bro. But I was talking more about the structure and the structured response. In a couple of years' time broadband structure will be in place, so there's no need for us to think about broadband advisors.

'If people don't know how to open an email, that's probably holding back their business'

James Kerr But in the same way you look to help companies improve their marketing overseas if they have a deficiency in that regard, if people don't know how to open an email that's probably holding back their business and you could and should be doing something to help in that area.

Bruce Robinson The provocative bit is that, we've created some 300,000 consumers. Now the vast majority of them are under the age of 16, but they're there, they're coming into the market, they're creating the demand, the job is done.

Leslie Morrison We have electricity and water here, but they don't make us an international power house. If this is going to be a utility like electricity is, it seems to me it is a necessary condition to have sufficient provision.

Bro McFerran But, if you use electricity as an analogy, we get charged through the nose for it; it disadvantages us.

Leslie Morrison Yes, I agree with your cost point. But I was moving on to thinking creatively about business models for this stuff. That requires very hard thinking. You've got to think hard about what exactly is the business model, why would people do it here? Industry by industry, company by company, you have to think about what they can use broadband for that will give them an edge over someone else?

Jim McCusker Could I come back to the point about the economic case for intervention? Many of the briefings paint

a very rosy picture of falling unemployment, but when you dig down into the statistics, only two-thirds of the working population are in employment or connected to the employment market. That's in excess of 300,000 people who are outside the labour market and of working age. There is a hard core of male older people who probably have a literacy and numeracy difficulty. C2K is fine for the future, but we've a problem at the moment of people of 50-plus, particularly males, who are most reluctant to admit they've problems.

But they will go to union representatives, they'll go to community representatives and seek help that way, but the development of broadband will be lost in that major sector of the population unless we do more to reach out to them.

Richard Sterling OBE Yes. There's an essential skill strategy out there, which recognises ICT as the third essential skill after literacy and numeracy, but if you haven't got literacy and numeracy, how on earth are you going to use ICT? I hope government recognises that.

I'm not happy with Bruce's fix-it-and-leave-it strategy. Why is there no intervention to look at postalisation, you know, to deal with the charging problem when we're able to do it with natural gas usage and with other things?

Bruce Robinson There's a de facto postalised system for broadband now in Northern Ireland, so that, for the ordinary person there's the same charge irrespective of where they are in Northern Ireland and irrespective of whether they're getting ADSL or wireless.

Richard Sterling OBE On the low end that's right.

Bro McFerran But where you want specialised services, you're going to pay through the nose. If everybody needed an ADSL line of 512KB, you pay the same fee everywhere but not when looking for the bandwidth that we want.

Bruce Robinson That's like saying somebody who uses a lot of oil needs a big storage tank for oil, so storage tanks should cost the same whether they hold 1,000 litres or 25,000 litres.

Victor Hewitt Why should there be a subsidy to that particular line to Strabane? We could grow tomatoes in Northern Ireland if we spend the money on greenhouses and fuel them up but it is simply not economic to do so. Costs do matter.

Campbell Tweed But the question is whether the bill is a fair one. It is whether in something that's a wee bit out of the ordinary, somebody isn't really sticking his or her arm into it.

Bro McFerran We saw the same thing with airfares. If you wanted to fly to Exeter you paid something like £300 for an airfare from London. Now you get those for £20, £30, which is more sensible. The same sort of policy needs to be applied.

Victor Hewitt Well, you have competition on those things, which you don't have here, you have a monopoly here, so it is a regulation issue. It is not an economic issue.

James Kerr I want us to cover what we talked a bit about before lunch, about the killer application that we haven't found yet. What other uses do we think that we can put this technology to? Or is something like voice over internet going to become so pervasive that we think, well, how did we ever do without this?

‘We are really at a stage of major technology change and we need the infrastructure in place’

Leslie Orr I do hope that Bruce was just being provocative after lunch, because we're really just at the start, folks. This is the infrastructure for the knowledge-based economy. To get to 500KB across Northern Ireland is the first step but there's a whole new phase ahead. We're at the infancy of applications; we are really at a stage of major technology change and we need the infrastructure in place.

We need a continuation of the plan that has been started so well by DETI in terms of broader band for Northern Ireland because that is the future of the infrastructure we need.

With TV, 50 per cent of the population has switched to digital TV, but a big market discontinuity is about to happen in 2010 when analogue TV is switched off because, if we continue both services in parallel, we're using up vital spectrum.

In Northern Ireland, we're the size of a region that can make these plans and make them happen as we've done in broadband. If we take a lead and switch off analogue TV by 2006, four years ahead of the rest of the UK, we're going to release 118MHz of spectrum for broadband application or broader band, and we'll keep the province ahead.

Ruairi Jennings On Leslie's point, we had a delegation in Dublin two weeks ago from South Korea, and in South Korea one of the companies has five million broadband subscribers on DSL services, the average being between 5MB and 10MB download speeds, so they're very advanced. But they were here looking at what wireless broadband can do.

And really I guess the point there is that, as an economy, Northern Ireland can't be too complacent and think that one solution or one technology is going to address all aspects of this market.

We're now looking at the next generation of wireless technologies. So just a note of caution on the spectrum issue. Northern Ireland needs some form of build-it-or-lose-it clause in the spectrum allocation to make sure that whoever gets spectrum actually uses it for these new technologies.

Denis Wolinski James, can I, just on that, you know, we are looking at the whole issue of spectrum trading and there will be a review of that towards the end of year, so the way that spectrum has been used in the past is certainly something that is going to be looked at very closely.

In terms of, you mentioned wireless technologies, I don't know if anybody saw last week's *New Statesman*, but there are 40 pages on the use of wireless technologies. But the other thing about wireless and social inclusion is, you know, wireless does offer opportunities for communities to become, you know, much more in control of their own use, and their access to broadband and the internet.

James Kerr Just before we wrap up, something that hasn't been mentioned is security and safety. If we're all going to have broadband connections and all our children are going to be sitting in front of computer screens more often, have we not a greater concern about what they might be exposed to, and those in education, is there a real issue there?

Jimmy Stewart For mothers, their primary issue will be how secure is this service in terms of my kids going up to their bedroom and using it? What can they access? It provides an educational resource, but it provides access to all sorts of other services that I don't want my kid having access to.

So, you know, we need to be rolling out services for the home market with an absolute emphasis on the security attached to those services. Security levels must make the home market comfortable and I think that will be a major driver to the home.

Billy McClean Yes, just one story about somebody who has had money taken out of their account can stop an awful lot of goodwill in terms of trying to get more users getting access to the internet.

Having said that, there are a number of initiatives that we're trying to kick off in terms of raising awareness and I think there's an issue for government in terms of leadership in

Northern Ireland. If you go to Sweden, you go from the airport down to Stockholm you will know you're in an information society. If you travel from Belfast International to Belfast, you will not.

So I'm throwing out a challenge there to say: what do we need to do in terms of leadership if we're thinking about a knowledge-based economy? How do we attract the sort of industries we want around that and the opportunities that we have with the broadband structure?

Campbell Tweed In Japan they've a very good way of marrying the importance of their tradition but taking up what is the very best of what is at the cutting edge and we have to try and do that as well.

Prof Gerard Parr I wondered about the wider point, I know there's been some publicity about this event, about what the plans are to more widely disseminate this to the consumer, the citizen of Northern Ireland?

I know it is a *New Statesman* event but briefly over lunch we talked about how people know that this engagement is taking place, that we can expect the headlines.

James Kerr Shifting away from the practicalities of all of this, is there a danger that we become even lazier in our thinking, this becomes even more of a cut and paste way of finding information and real knowledge and real learning actually disappears further out the back of the pipe?

Barry Gardiner MP No, no. I thought this morning we were beginning to galvanise people, not just to discussing the issues but actually to think about what we could do to drive the whole process forward. But the way the conversation has gone this afternoon, it is beginning to unravel what seemed to be a growing consensus.

To say that new ways of acquiring information are going to make us lazy, is like saying let's not have books, otherwise it will all take our memory away. Let's get real about this. Did people say: 'oh we can't have tarmacaded roads, look at the number of people going to be killed on the roads every year'?

If we want to see our society give the opportunities to our kids to compete, to succeed, then we have to give them the tools and the wherewithal and that means all of us making sure that the thing happens in a focused way, and that it happens in away that is going to roll it out in terms of economic development.

So let us not end up this afternoon all going away saying: 'oh well maybe there's too many problems, the technology is



here, let's just see how it develops.' Let's actually decide that we're going to drive it on, that we're going to try and cooperate with each other, across sectors in the different ways that we can.

Government is playing its role, yes, Invest NI, is playing its role to get business talking to business; the providers are getting on with rolling it out. Let's make sure we use and grasp this opportunity.

Billy McClean To be positive on that, you know, 20 businesses we've got round the table, who are committing over £2.2m to match £2.4m from the government to implement over the next two years, five areas of initiative to really make this happen for the citizen, and that's really joining up, I think.

So really we have a positive influence for the future, and we need to make all of those things work and to drive it forward as quickly as we can.

James Kerr This morning where Bill Murphy said to us look, access will, as an issue, be largely be sorted within the next year to year-and-a-half. We had quite an interesting debate this afternoon as to how we've gone about that process, and whether the government money and intervention was the best way to do that.

Competition is driving down the price. But we have to look again at who is driving demand. What is the role of the domestic consumer? The small business?

Government's role is evolving and it is important that we have a debate about the type of policies and the initiatives that government takes forward.

Thank you all very much; I thoroughly enjoyed it.



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