

The Web: Dialup not as dead as disco, yet

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Is dialup Internet access, so to say, as dead as disco? Or does it still have a few smooth moves left? The conventional wisdom is that broadband is overtaking good old modems as the preferred access choice of online consumers. But analysts tell United Press International's The Web the situation may not be as simple as portrayed by some broadband enthusiasts.

One of Europe's leading telecom providers, France Telecom, recently reported that it would not meet anticipated 2005 revenue projections and expressed caution about investments in next-generation broadband technologies, including FTTH and VDSL2.

"France Telecom's caution over high-speed Internet suggests that telecom vendors will struggle to meet sales targets with some incumbents," said Martin Olausson, a senior analyst with Strategy Analytics, a Boston-based IT research firm.

In the meantime, not far away in Ireland, new research by an organization called ComReg indicates that 10 percent of customers there who had signed up for broadband services switched back to dialup networks, or so-called narrowband services. The survey, conducted by Amarach Consulting for ComReg, polled 1,000 people aged 15 to 74 in Ireland. The poll noted that there were a lot of free broadband trials in Ireland that may have attracted customers who weren't really interested in switching services when the bill actually came in the post.

Analysts worry that this pushback against broadband among some

consumers might have global ramifications. "If other markets develop similar competitive profiles," said Olausson, "telecom operators, such as BT and Deutsche Telekom may come under pressure to re-state their previously announced next-generation network plans."

This view may be unduly bearish, however. In the United Kingdom broadband now accounts for 64 percent of all connections, per figures for December 2005, released by the U.K. Office of National Statistics. Connections for broadband there were down by one-third, year-to-year. Five years ago, in 2001, only 1 percent of U.K. consumers used broadband access to get on the Net.

But the statistics agency said that broadband services in the United Kingdom were reasonably priced and widely available. U.K. telecom providers are moving forward with plans for 8 Mbps service -- dramatically faster than the 1 Mbps, or megabits per second, service available presently.

The same cannot be said for other markets -- including much of the United States, much of which is slow to warm to broadband.

The relatively sluggish pace of broadband deployment in the United States has many worried. A group calling itself the Community Broadband Coalition -- made up of Washington lobbying groups like AARP and hi-tech companies like Amazon.com, Intel Corp. and Skype Communications S.A. -- last week sent a letter to the Senate Commerce, Science and Transportation Committee urging support for a bill that would increase deployment of broadband with a little help from Washington. The measure, S. 1294, the Community Broadband Act of 2005, was introduced by Sen. John McCain, R-Ariz., a Republican presidential aspirant, and is co-sponsored by Sen. John Kerry, D-Mass., a presidential campaign failure.

A copy of a letter written by the coalition lobbying on behalf of the bill sent to Sen. Ted Stevens, R-Alaska, the committee's chairman, and Sen. Daniel K. Inouye, D-Hawaii, the panel's co-chairman, was provided to The Web.

"At the turn of the last century, when the private sector failed to provide electric service to much of America, thousands of community leaders stepped forward to form their own electric utilities," said the letter of the Community Broadband Coalition, dated Feb. 13, 2006. "Now, communities across America are ready to provide broadband access to their citizens, offering competitive alternatives for their consideration."

The letter noted that locales like Philadelphia are launching municipal broadband networks and that New Orleans was offering free wireless Internet access in an attempt to boost the local economy.

But, unlike in the United Kingdom, overall "only 30 percent of U.S. households subscribe to broadband services," the letter to the senators noted, "a reflection of high prices, too few choices and unavailability of attractive services."

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