

Four factors for success in ultrafast broadband

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Internet service providers (ISPs) hoping to emulate the success of New Zealand's ultrafast broadband initiative, which has positioned that country as a global leader in this realm, should heed four lessons from their approach according to research published in the International Journal of Technology Policy and Law.

Malcolm Webb, Mark Toner and Jordan Cox of Auckland based law firm Webb Henderson, suggest that the following factors underpinned the development of [broadband](#) in New Zealand:

- The competitive tender process, which helped to mitigate the inherently strong position of the incumbent both in the tender process itself and the ongoing market structure (including the landmark structural separation of the incumbent – voluntarily)
- The targeted nature of the ultrafast broadband (UFB) initiative, which does not include the least urban (and therefore most expensive) 25% of New Zealanders
- the government's shouldering of demand risk, which alleviates one of the dominant private sector concerns which would otherwise be factored into their pricing and drive costs up accordingly
- Innovative funding mechanisms that allow the government to 'recycle' its funds multiple times, and in doing so save on upfront funding obligations

The team explains that many governments are considering, or have

begun to implement, plans to facilitate the roll-out of high speed broadband. However, the government of New Zealand has stolen a march on many other nations by addressing the various challenges expediently for its rolling out of next-generation access networks, including the issues of funding, demand-side and supply-side risk and the involvement of the incumbent and other private operators. Indeed, the government committed the equivalent of US\$1 billion to ensure that at least three quarters of New Zealanders have access to downlink speeds of at least 100 megabits per second and uplink speeds of at least 50 Mbps.

Average speeds around the world vary wildly, but it is common for many users even in city centres of Europe and the US to have access to a mere 1 to 10 Mbps downloads and a few hundred kilobits upload speeds. At 1 Mbps downloading a 5-minute pop song as an mp3 file would take almost 1 minute. At 100 Mbps it would be almost instantaneous. Given the advent of multimedia streaming, audio-video content the need for speed is greater than ever for many consumers and businesses.

The team's analysis of progress in New Zealand offers many lessons to other regions hoping to benefit from ultrafast broadband. "In our view, New Zealand's approach to funding and deployment of fibre represents an innovative public/private partnership designed for today's tight fiscal environment," the researchers conclude.

More information: Webb, M., Toner, M. and Cox, J. (2014) 'Taking the initiative: lessons from New Zealand's experience with the ultra-fast broadband initiative', *Int. J. Technology Policy and Law*, Vol. 1, No. 4, pp.317–334.

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