



IIC: Next Generation Networks – what does the future hold?

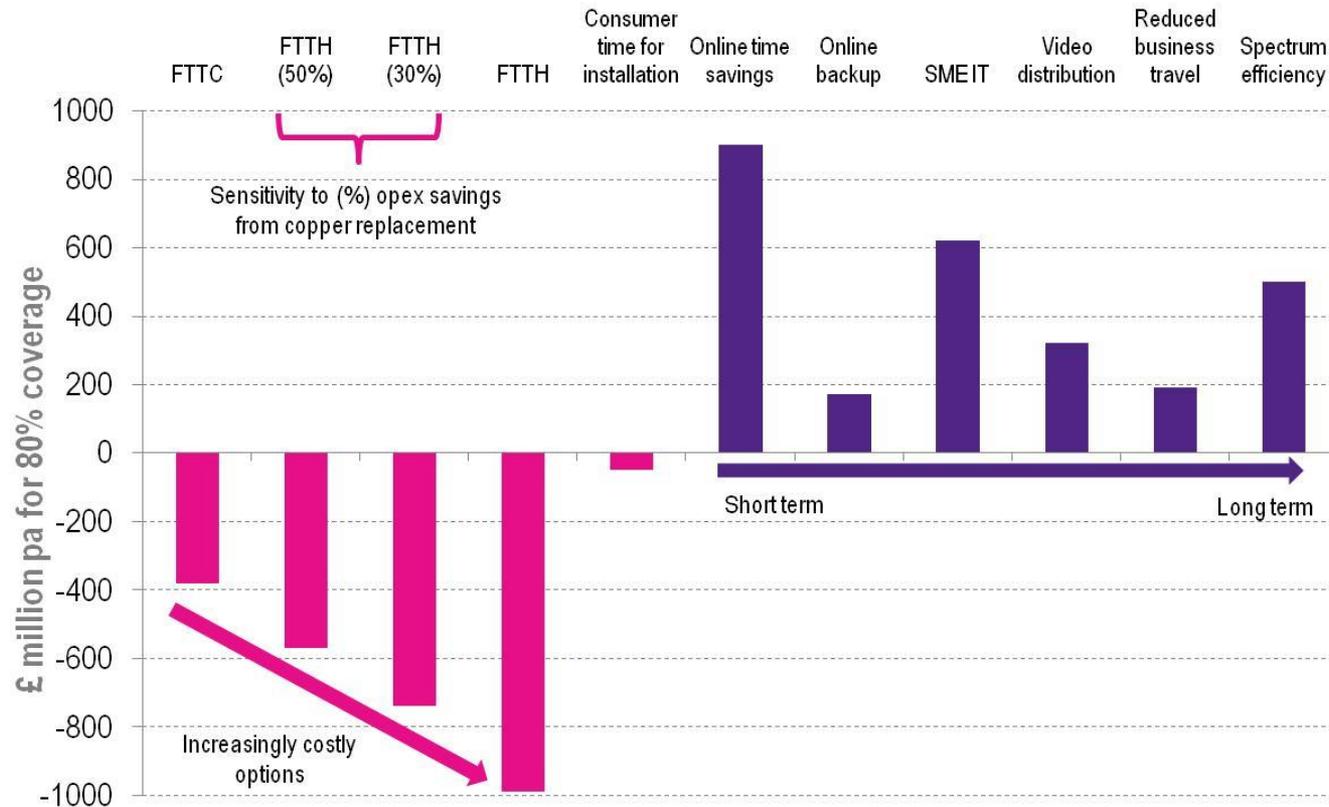
Brian Williamson

24-25 June 2008, Madrid, Spain

Sources of value from NGA



Indicative incremental annual costs and benefits



Williamson and Marks. June 2008. "A framework for evaluating the value of next generation broadband."
 A report for the broadband stakeholder group. <http://www.plumconsulting.co.uk/>

Value from “Creative destruction”



Policy enablers for transformation



3 access networks plus NGN cores

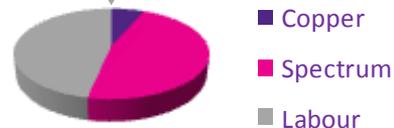


Rationalisation

1.5 access networks plus NGN cores



Resources



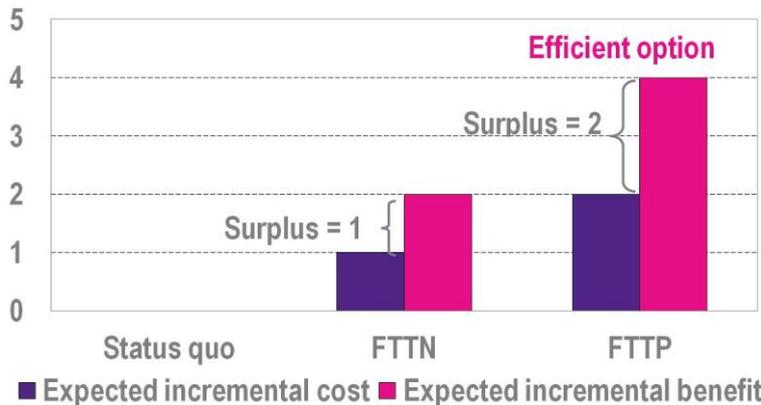
Disintermediation
New relationships



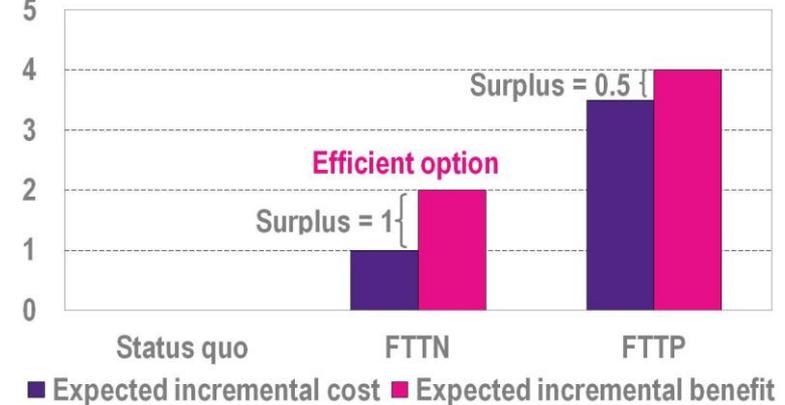
New services

Price control will not lead to efficient investment

Investment options in situation A



Investment options in situation B

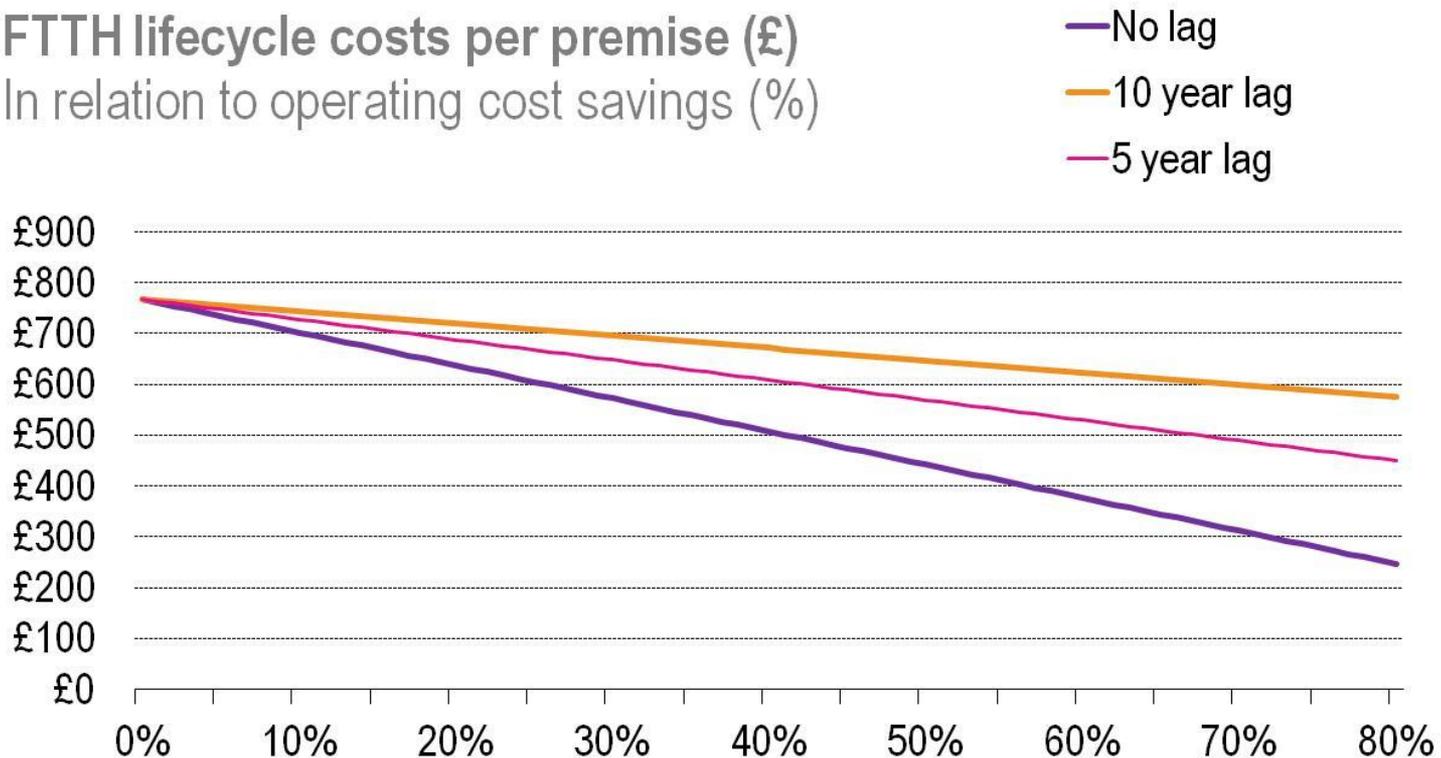


Source: http://www.london.edu/assets/documents/PDF/LBS_functional_separation_investment_decisions_September_2007.pdf

- Wide range of investment options – technology and timing
- Value needs to be reflected in the decision
- Need price flexibility, or very good central planning

Copper switch off would lower costs **plum**

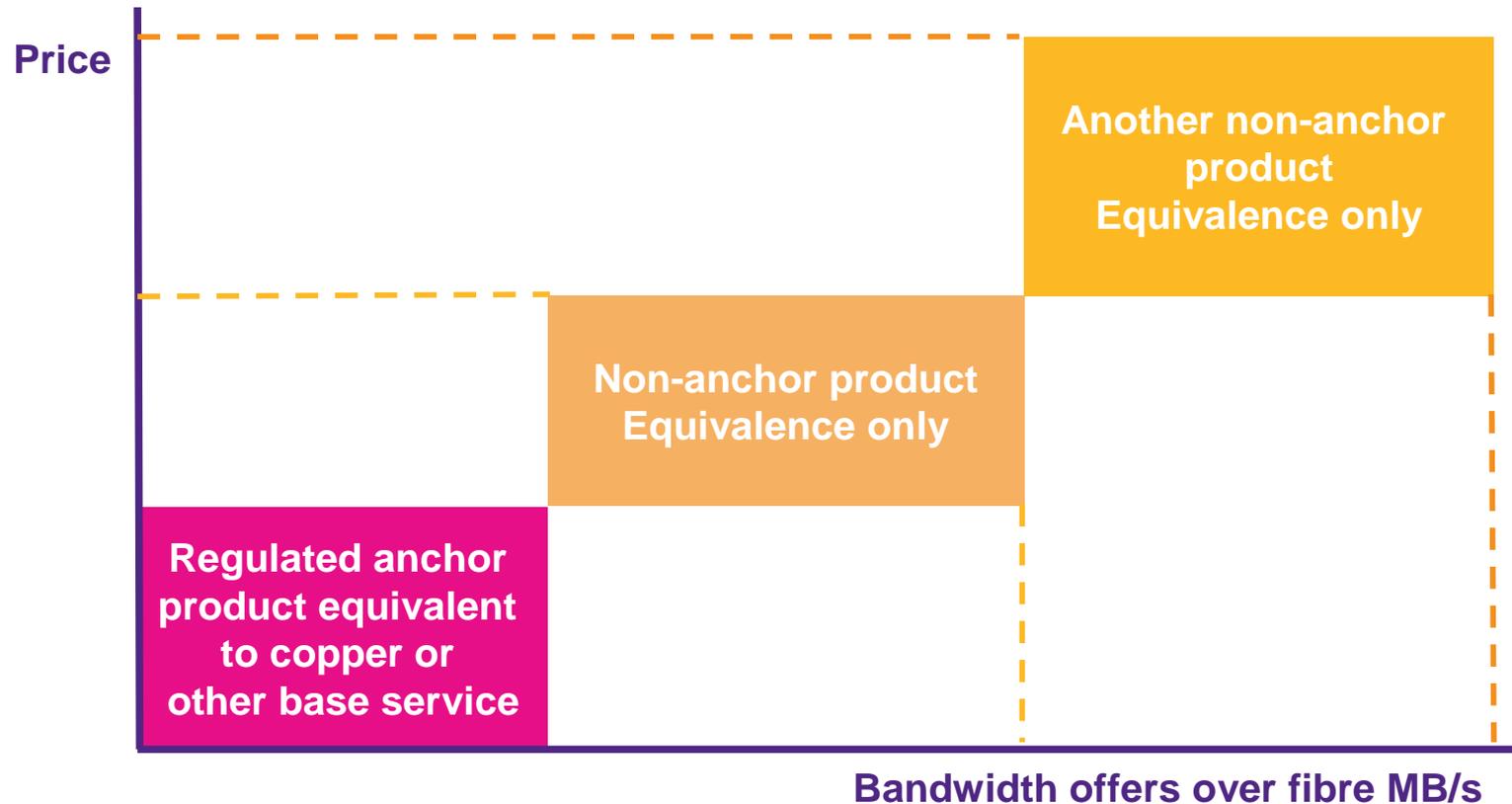
FTTH lifecycle costs per premise (£)
In relation to operating cost savings (%)



Source: Plum Consulting calculations with base operating costs of £71 per annum

Williamson and Marks. June 2008. "A framework for evaluating the value of next generation broadband."
A report for the broadband stakeholder group. <http://www.plumconsulting.co.uk/>

Anchor product provides protection



Brian Williamson (July 2007) "New regulatory approaches to next generation access"

http://www.broadbanduk.org/component/option,com_docman/task,doc_download/gid,944/Itemid,9/

Challenges to realising benefits



- **Exercise of efficient investment options**
 - Price flexibility
- **Value chain restructuring**
 - Long term relationships
 - Ownership
 - Contracts
- **New competitive model**
 - Active bitstream product
 - Network element unbundling infeasible or unattractive

- **Copper switch off**
 - Power from premise for service continuity
- **Broadcasting switchover**
 - Platform neutral broadcasting policy
 - UHF spectrum trading
- **Short tail wireless network**
 - High speed wireless requires dense “base station” network
 - Fibre everywhere

“The difficulty lies, not in the new ideas, but in escaping the old ones.”
John Maynard Keynes