

## **ANNEX A: REGULATORY AND MARKET DEVELOPMENTS**

### **1. OVERVIEW**

In Chapter 1 (Section 1.2) of the main response, BT introduces further evidence that competition is strong and effective.

BT has also continued to monitor market developments within the telecommunications industry since October 2001 when it submitted its response to the previous consultative document.

Section 2 of this annex contains a selection of media reports and company announcements on specific activities and developments that have arisen since last October. As in previous submissions, they have been categorised using the same themes:

Deregulation and the Costs of Regulation

Price and Quality

Diversity of Market Growth

Growing Demand for Packages

Innovation in Narrowband and Mobile Telephony

Changes in Industry Structure

Creating the Broadband Market

Network Investment

Whilst the relevant parts of the reports and announcements have been reproduced verbatim, BT's emphasis has been added to highlight the main points.

## 2. RECENT ACTIVITY AND DEVELOPMENTS

### 2.1 Deregulation and the Costs of Regulation

Privatisation was hailed in the Thatcher era as a safe way to introduce the unsophisticated public to the opportunities and profits of share ownership. What was not made clear at the time was [how each business would be confronted by a regulator whose purpose would be to defend the consumer interest to such an extent that the businesses could not make a decent long-term economic return.](#) ***(Business Day: A private sector hamstring by the regulators, Evening Standard, 07 November 2001)***

Lawmakers and regulators must steer toward an [integrated set of policies that stimulate competition for broadband](#) and local services and allow financing of these improvements. To realise their aspiration of a broadband Europe, they must shift their focus [from extracting value through licensing fees, privatisation, and over-regulated consumer prices to supporting carefully](#) - but not coddling - an industry that faces a complicated and expensive infrastructure challenge. ***(Column: Breaking down the broadband gates, Wall Street Journal Europe, 19 November 2001)***

[Red tape and heavy-handed customs authorities make Britain the worst European country to trade with, according to a survey by the European Commission.](#) The study, carried out among 4,000 Europe-based businesses, found that unnecessary domestic and European regulations cost companies Euros 50bn (£30.5bn) a year - [15 per cent of their annual expenditure.](#) According to the survey, [the regulatory burden imposed on companies trying to sell good and services to Britain is heavier than anywhere else in the European Union.](#) Italy and France followed the UK in the league of bad trading, while Finland was voted the easiest market to trade with. ***(Britain 'worst EU country to trade with', Financial Times, 20 November 2001)***

[The remaining BT Group is anticipating a period of corporate tranquillity.](#) Having cut the worst losses, BT's chief executive and finance director are both heading for the exit. The chairman Sir Christopher Bland, now fully in charge, has turned away offers for the regulated network from the usual venture capital outfits. [But state regulators can be relied on to create more instability at every opportunity.](#) ***(UK: Two divorces are better than one – Comments, The Times, 20 November 2001)***

[All price controls on household electricity and gas sales are expected to be lifted today by Callum McCarthy, energy industry regulator.](#) The move represents a decisive step in the liberalisation of Britain's energy markets, which began 15 years ago when the gas industry was privatised. Few people then expected that consumers would be able to move freely between suppliers, which would compete against each other on price and service. [Gas prices since then have fallen by 37 per cent in real terms, while average electricity prices, on the same basis, have fallen by 28 per cent since 1990, a year after the industry was privatised.](#) [From today all energy retailers, including former public monopolies, will be free to raise or lower prices.](#) ***(Increase in energy competition prompts end to all price controls, Financial Times, 26 November 2001)***

The harm caused by the persistence of price controls extends far beyond their direct effect on margins. For any company subjected to this regulatory framework, sparring with the regulator becomes a way of life. It takes over its corporate culture, and stamps out its competitive instincts. The sooner OfTel emulates Ofgem's self-effacement, the better. *(Price Regulation, The Lex Column, Financial Times, 27 November 2001)*

The Better Regulation Task Force has been regarded with a degree of contempt in quarters where the firm belief is that the only better regulation is less regulation. ... Last July he [Lord Haskins] delivered a hefty report on how Britain's utility regulators could be improved. ... The BRTF was clearly not intended to come out with strident views and criticisms of the Government. Lord Haskins must have temporarily forgotten his role. Hence his report has been left on the self. It should not be. It made 28 separate points, many of them highly critical of the current system under which the utilities operate. ... Haskin's report was critical about political interference in the regulatory system; said that consultation with industry was inadequate and over-complicated; that parliamentary scrutiny of regulators was ineffective and that the watchdogs themselves tended to be blinkered. *(Haskins report deserves an airing – Commentary, The Times, 02 February 2002)*

Government policy demands that utilities are “publicly accountable” and regulators must impose this whether or not this contradicts their duties to their shareholders, or whether they operate in a competitive sector. Licence conditions and compulsory codes of practice are the levers for government to tell utilities how to run their business. Economic regulators have been transformed into partisan consumer watchdog figures with “social action plans” and remits to tackle “exclusion” and the needs of “disadvantaged consumers”. ... In telecoms, competition is vigorous, but a new super-regulator, Ofcom, is to be imposed, to cover everything from tasteful television to mobile phone tariffs. This monster regulator will need to justify its existence through more regulation. ... The Government justifies all this increased regulatory activities defending the interests of consumers, forgetting the uncomfortable fact that consumers must pick up the bill. And it is substantial. Regulators are expensive monopolies. *(UK: City – Personal view – Off course – Independent regulation's failure a former regulation expert with Railtrack argues that outside controls are placing huge pressures on companies, Daily Telegraph, 18 March 2002)*

Sir, Mr Paul Franklin of Orange argues that there have been 20 years of regulatory failure in the fixed telephony market (Letters, April 18). The UK has more network competition than anywhere in Europe. BT's share of the calls market is just 60 per cent, compared with more than 80 per cent for both France Telecom (Orange's parent company) and Deutsche Telekom. As Mr Franklin says, retail prices have fallen by more than 50 per cent since 1984. Research shows that more than 90 per cent of UK consumers are happy with their telecomms services. These figures would not constitute most people's definition of failure. *(UK consumers happy with telecomms services, Financial Times, 23 April 2002)*

The Dutch telecoms regulator is set to take a big step to beef up competition in the local phone market, pushing former monopolist KPN to give start-ups better access to clients in return for easing price controls. ***(Netherlands: Update 1 – Interview – Dutch telco watchdog to lift local calls caps, Reuters News, Reuters English News Service, 26 April 2002)***

## 2.2 Price and Quality

British cable group NTL Inc said on Monday it had started an [always-on Internet service which runs at twice the speed of standard dial-up, but costs a similar price of 14.99 pounds \(\\$22\) a month](#). The company said it hopes the 128 kilobytes per second service, which compares with 56k per second for standard dial-up Internet access, would be a “first step” towards its full broadband 512k service for 24.99 pounds a month. NTL, which reported 2.9 million residential customers using at least one of its services, expects to beat its target of 100,000 high speed Internet customers by the end of 2001. The [bundled “triple play” of services available through cable – Internet access, digital TV and a standard phone line – would now cost 29.98 pounds a month](#). **(NTL offers fast net access at dial-up price, Reuters News, 08 October 2001)**

Virgin.net is to cut the cost of its [anytime unmetered service](#), bucking the trend of price rises by its larger rivals. Peter Tuomey, sales and marketing director for Virgin.net, said: “We are dropping our price to £13.49 from £15 by simply passing on cost savings.” Meanwhile, on Wednesday, Freeserve, the French-owned ISP, will launch its Broadband in a Box product in Dixons shops around the UK. This is the first broadband internet service available on the high street and allows people to install the product themselves without the help of a BT engineer. [The introductory price is £84.99 plus £29.99 per month subscription](#). **(UK: City – Connected – Surprise unmetered rate cut from Virgin., Daily Telegraph, 23 April 2002)**

BT today unveiled plans to [offer customers unlimited free UK calls at evening and weekends from 7 January 2002](#). The new, competitively priced package, [BT Together with unlimited UK calls](#), becomes a new option in the popular BT Together range, including line rental and a range of further discounts for a regular payment of just [£18.50 a month](#). The new options now available within the BT Together scheme are: [BT Together with unlimited UK calls: £18.50 per month including line rental, unlimited free evening calls to all land line national and local numbers and discounted rates at other times](#). [BT Together with unlimited UK and surf calls: £23.50 per month including line rental, unlimited free evening calls to all land line national and local numbers plus unlimited off peak internet calls \(to SurfTime numbers\) and discounted rates at other times](#). **(BT announces unlimited free calls from 2002 for over 19 million customers, BT Press Release, 04 December 2001)**

British Telecommunications Plc said on Tuesday [it will substantially cut the price of its high-speed Internet connections to independent service providers such as Freeserve and AOL from January 15](#). The initiative is the latest move to help reduce broadband retail prices and stimulate demand across the entire UK market, which has one of the lowest penetrations of broadband connections in the industrialised world. The wholesale price of BT’s ADSL service, which transforms normal telephone lines into fast internet pipes, will cost [25 pounds \(\\$36\) a month with a 50 pound connection fee](#). **(BT says to cut wholesale broadband prices, Reuters News, 18 December 2001)**

BT's chief executive today put his foot on the accelerator for broadband growth throughout the UK, with [dramatic price cuts to boost demand](#). He revealed BT's plans to target one million asymmetric digital subscriber line (ADSL) broadband connections over BT's network by summer 2003, by: [Cutting wholesale line rental for consumer connections from £25 to £14.75 a month, from April 1](#). Encouraging all service providers, including BTopenworld, to use the wholesale saving to set new prices for consumers and businesses and to mount their own campaigns to promote broadband. Paul Reynolds, CEO of BT Wholesale said: "[We have now achieved the price that service providers told us they needed to get end user prices below £30](#)". ***(Sweeping price reductions as BT targets broadband million, BT Press Release, 26 February 2002)***

The [retail Internet arm of British Telecom](#) has cut the cost of its broadband fast internet service by £10 to [£29.99 per month](#) following the price cuts announced by BT last week. The reduction is good news to subscribers but is less than the reduction expected by industry insiders who expected BT to announce prices lower than those available through competitors Freeserve, NTL and Telewest. ***(UK – BT slashes monthly Internet costs, The Tarifica Alert, 04 March 2002)***

A number of UK access providers have announced lower-cost access initiatives that could at least breathe life into a market that has a mere 200,000 or so broadband homes. In early February, [UK ISP PIPEX announced a residential ADSL offering](#) at just under [£30 a month](#), including VAT, a price the company claims is the lowest tariff in the country. There is no set up charge for the 512kbps Xtreme Solo product and no minimum one-year agreement. PIPEX has earmarked some £2 million to subsidise their set up fees, which it believes are a barrier to entry. Last week, [Tele2 UK](#) launched a one-month free trial of its 512kbps fixed wireless access (FWA) residential and business offering in nine regions. The company will install the service at no cost to the user, who would then pay a [minimum £39.99 / month](#) (excluding VAT) to keep the product after the trial period. ***(Broadband prices head south in quest for customers, Internet Markets, 15 February 2002)***

The gloves are off in the battle between Northern Ireland's first low cost telecoms provider [Rainbow tele.com](#) and telecoms giant BT. Rainbow, which is the first local telecoms company to [offer a Carrier Pre-Selection \(CPS\) service in Northern Ireland](#) claims it can save businesses [up to 35 per cent on phone bills](#). The company says it can offer low prices because CPS allows an independent reseller like Rainbow to route outbound calls via existing BT lines. Rainbow claims a BT customer, using BT's Together's Business Rates will pay 3.4 p a minute a call from Coleraine to Portadown while a Rainbow customer making the same call will pay 1.99p a minute. ***(Yet more tempting offers of cheap call rates, Belfast Newsletter, 12 March 2002)***

BT Cellnet has introduced [changes to tariffs](#) on both its prepaid and postpaid offerings aimed at [making clearer the potential for savings](#). It follows similar moves by Orange and One-2-One to make such savings more transparent in their pricing plans. BT Cellnet's new packages, which came into effect on October 1, [include tariffs designed to attract heavy SMS users](#). They also allow [greater customisation of services and include the concept of "Xtras", where an additional monthly charge, usually £4.99 \(\\$7.99\) users get perks such as bundled voice and WAP minutes](#). ***(BT Cellnet unveils new tariffs, Mobile Communications, 02 October 2001)***

UK mobile operator [BT Cellnet \(O2\)](#) is launching a [new postpaid package](#) in an off-the-shelf-box that it is marketing as an uncomplicated alternative to buying a prepaid mobile telephone. The new package, which BT Cellnet is promoting as an ideal Christmas gift, is called [Pay Monthly Xtra 160](#) because [it includes £160 of free airtime credited to the mobile telephone](#). BT Cellnet is also launching a range of [Christmas vouchers with a starting price of £4.99](#), which will cover the cost of premium mobile services such as SMS sports alerts, ring tones, celebrity voicemail greetings and icons. ***(BT Cellnet wraps up for Xmas, Mobile Communications, 30 October 2001)***

[BT Cellnet is to become the third UK mobile phone network to partner with Air Miles](#) in less than two years, after signing a deal with the British Airways-owned loyalty scheme. Under the agreement, [Air Miles and BA Miles members who sign up to the dedicated BT Cellnet / Air Miles tariff will earn extra miles when they use their BT Cellnet mobiles](#). ***(BT Cellnet signs up as Air Miles phone partner, Marketing, 07 March 2002)***

Mobile phone operator [Vodafone UK](#) has come first in the most recent [Ofel nationwide call success rate survey](#), with a national average of [97.4 per cent](#). Vodafone topped the charts in six out of nine UK regions, with the biggest leads of nearly 2 per cent being recorded in Scotland and the South East. Vodafone's call success rate in Northern Ireland was 97.6 per cent – 0.9 per cent ahead of its nearest rival and 0.2 per cent ahead of the national average. ***(Top spot for Vodafone, Belfast Newsletter, 23 November 2001)***

[One-2-One](#) has commercially launched a package that closely resembles one that became largely discredited soon after being introduced by the UK mobile operator in 1993. The new package, [Free Time](#), was launched on October 31. For [£20 a month rental, it allows extensive free off-peak calls to any UK fixed-line telephone or One-2-One mobile](#). The offer is available only until the end of the year. Unlike the 1993 package, which offered unlimited free off-peak calls (albeit to local UK fixed line telephones), [Free Time restricts the free-call allowance to 3,000 minutes \(50 hours\) per month](#). One-2-One claims that this still makes it one of the [most generous pricing plans available in the UK market](#). In keeping with the simplicity principle, Free Time involves a flat charge of 25 pence per minute for calls to any fixed-line or mobile network, including its own, during the designated peak hours of 7.00am to 7.00pm. A charge of 25 pence per minute also applies to calls made by One-2-One customers to rival mobile networks during off-peak hours. ***(One-2-One resurrects discredited package – but with a difference, Mobile Communications, 13 November 2001)***

NTL has launched a mobile phone service promising calls from its landlines to its mobiles that are 30% cheaper than to other mobiles. Monthly line rental is £9.99, and calls cost 10p a minute at any time, except to other mobile networks, when they cost 40p a minute. (***New NTL mobile service – saving news, Sunday Times, 11 November 2001***)

### 2.3. Diversity of Market Growth

Proof is out that broadband Britain is far from a new phenomenon, as Telewest Broadband announces today that it has installed more than 107,000 broadband (512kbps) internet customers. While BT has spent the last year dragging its feet over wholesale ADSL pricing, Telewest has experienced 1,135 per cent customer growth of its award-winning blueyonder broadband internet service. Philip Jansen, managing director of Telewest Broadband's consumer division, said: "This time last year we were selling 380 broadband connections a day on average, but today we are averaging 900". ***(Broadband-a-go-go!, Telewest Broadband Press Release, 01 March 2002)***

Cable has continued to outstrip ADSL as Britain's preferred broadband technology. NTL claims a total of 79,000 broadband cable users, and anticipates it will exceed its target of 100,000 subscribers by the end of the year. BTopenworld, meanwhile, is now claiming to have 62,000 subscribers to its ADSL service, and to be adding customers at the rate of 4,000 a week. ***(Cable still ahead of ADSL, Network News, 14 November 2001)***

The company [NTL] says that its broadband network now covers almost 50 percent of the U.K. population, including major cities such as London, Manchester, Glasgow, Belfast, Cardiff, Leeds, Nottingham, Southampton, Oxford and Cambridge. ***(NTL offers low-cost 128 kps U.K. broadband service, Newsbytes (USA), 09 October 2001)***

NTL Incorporated, the UK's leading broadband communications company, announces that it has achieved its 100,000<sup>th</sup> residential broadband milestone, well ahead of its year-end target. This milestone cements NTL's pole position in Broadband less than a year after launching the service. Broadband cable has become one of the fastest growing new consumer technologies of the last twelve months. Based on company estimates, over 240,000 UK homes now have Broadband Internet access with the broadband cable industry providing over 70% of it. ***(100,000 Broadband customers for NTL, NTL Press Release, 19 November 2001)***

After almost a year of relatively slow asymmetric digital subscriber line (ADSL) sign-ups, UK surfers finally are starting to jump on the broadband wagon. New figures from BTopenworld, British Telecom's broadband division, show that there were 60,000 subscribers at the end of October. BTopenworld spokesperson Ed Barker told Newbytes that this surge in demand almost certainly has been caused by a recent reduction in ADSL installation costs. In parallel with the surge in demand for ADSL lines, BTopenworld's figures also show that consumer service installations are continuing to outstrip business in the UK. The broadband carrier's figures at the end of September show its direct and wholesale subscribers numbered 52,336, comprising 21,334 business customers and 30,992 consumer connections. The figures are significantly higher than in March, when BTopenworld reported 9,672 business and 15,354 consumer ADSL subscribers. ***(New ADSL sign-ups ramp up in UK, Newsbytes (USA), 13 November 2001)***

Wireless broadband operator Tele2 is close to achieving its planned target of 45 percent population coverage of the UK by the end of the year, and is also aiming for 65 percent

coverage by the end of 2003. Pricing on the wireless broadband service starts at 39.99 British pounds (\$57) a month for residential and small business customers. By the end of 2003, Tele2 says it plans to offer wireless broadband services in 40 major urban centres across the UK. The carrier says its service is planning to launch shortly or already has launched in Leeds, Bradford, Sheffield, Nottingham, Leicester, Reading, Wokingham, Bracknell, Slough, Windsor, Coventry, Bath, Birmingham, Uxbridge and Crystal Place (London). *(Tele2 expanding wireless broadband network in UK, Newsbytes (USA), 26 November 2001)*

Internet Service Providers have confirmed that more and more Britons are registering to Internet services, after subscriptions rose 11.5% in the last year. Dial-up connections dominated the market, with just 3% of Internet subscribers in December opting for permanent connections. Subscriptions for December were up 0.6% on November and there was a 10% increase in permanent connections in this period. *(UK – More Brits on-line, The Tarifica Alert, 19 February 2002)*

Practically half of Britain is hooked up to the internet at home after a dramatic surge of new sign-ups in the last few months. Around 45 per cent of homes, or 11 million households, are now online, compared with fewer than one in three this time last year. To put it into context, it's about the same number of people using the internet as those subscribing to pay-TV. The great rush of sign-ups is an indication of the good value deals out there from Internet Service Providers (ISPs), compared to last year when the market was in disarray. Now 4.29 million of the 11 million UK homes with internet access, subscribe to one of the several unmetered packages on the market. Overall, more than 33 million people in the UK say they use, or have used, the internet. *(Net gains as 45% of us log on to the web, The Mirror, 08 February 2002)*

In the UK, Orange active customer base grew by 320,000 to reach 12.2 million at the end of September (end Q3 2000: 8.3 million). Orange UK added 218,000 net new customers onto contract tariffs, taking the contract base to 3.6 million at the quarter end. Contract net connections accounted for 68% of growth in the quarter (27% in Q2 2001 and 7% in Q1 2001). Prepay customers accounted for 32% of the growth in the quarter (73% in Q2 2001 and 93% in Q1 2001) taking the prepay base to 8.6 million at the end of September. *(Orange adds 1.5 million new customers in third quarter, Orange News, October 2001)*

The UK recorded a total of 251,000 new customers bringing [the total UK base to 12.8 million customers](#). Contract net additions in the UK were more than 100,000 above the previous quarter, continuing the focus on higher value customers. [The total contract base in the UK is now over 4.6 million customers](#). Sir Christopher Gent, Chief Executive of [Vodafone](#) said: "The anticipated churn from prepay growth last year in the UK and Germany was not as high as we expected and we have therefore come through this quarter in a better position and on track to achieve 20% customer growth this year". ***(Vodafone continues focus on higher value customers, Vodafone Newsletter, 08 October 2001)***

[Vodafone Group Plc](#) ("Vodafone") today announces that [it has connected 100 million Vodafone customers through its networks in 28 countries around the world](#), underlining its position as the world's mobile communications leader. Sir Christopher Gent, Chief Executive of Vodafone, said: "[Vodafone has increased its customer base more than ten fold in the past three years](#). This has been achieved both through good sustained organic customer growth and through our successful geographic expansion". ***(Vodafone tops 100 million customers, Vodafone Press Release, 22 January 2002)***

[BT Cellnet](#) reports a [total of 11.0 million active customers](#), consisting of 7.6 million pre-pay customers and 3.4 million post-pay customers. In the quarter, BT Cellnet showed net additions of 78,000 active customers (an increase of 95,000 in pre-pay and a reduction of 17,000 in post-pay). [Use of mobile data has also increased](#) with WAP unique visitors growing by 32,000 to 820,000, a rise of 4.1 per cent over the previous quarter. ***(mmO<sub>2</sub> reports second quarter customer numbers, BT Press Release, 11 October 2001)***

The UK's fourth largest mobile phone operator, [One2One](#), [gained 500,000 new subscribers during the last three months of 2001](#), figures showed yesterday. The data, which includes One2One's Virgin Mobile joint venture, [meant subscriber numbers rose by 2.1 million to 10.4 million last year](#). The quarterly growth rate matched numbers for the third quarter showing an increase of 500,000 in the three months to September 30. ***(One2One wins extra half-million customers during year's final three months, Yorkshire Post, 18 January 2002)***

[Virgin Mobile](#) said it had bucked the market trend, posting strong first-quarter sales and saying it expects to grow faster than any of its rivals in 2002. [Net new connections in the three months to the end of March were 164,223, or around 10 pct, and the total customer base is now 1.61 mln](#). Vodafone, the world's largest mobile phone network, expects to see just a 1 pct increase in UK subscriber numbers when it reports tomorrow. ***(Virgin Mobile Q1 subscriber growth 10 pct, E\*Trade UK, 24 April 2002)***

More than 12 billion text messages were sent by Britons last year. That's double the 2000 total and more than one a day for every mobile phone owner. And experts predict the craze will leap another 50 per cent this year. Mobile Data Association chairman Mike Short said: "We sent more than a billion for the first time in August and a high of 1.3 billion in December." Mobile giant Orange carried almost four billion texts, easily the most. ***(Text calls hit 12bn in a year, The Mirror, 23 January 2002)***

British mobile phone users set a fresh record by sending 1.4 billion text messages in January, which works out to almost one message per person per day, the Mobile Association said on Monday. The UK average daily figure was 45 million SMS messages, compared with just under 30 million one year before, the MDA said in a statement. ***(UK mobile text message growth continues in January, Reuters News, Reuters English News Service, 25 February 2002)***

The popularity of mobile telephones among young people is highlighted in research just published which shows 82 per cent of 14 to 16 years olds now own one. Even children aged seven to 10 have been caught up in the trend, with 23 per cent saying they used a mobile phone ***(Mobile phones must for young ones, Belfast Newsletter, 08 December 2001)***

#### 2.4. Growing Demand for Packages

UK cable operator [NTL](#) and mobile operator [Orange UK](#) launched their new joint venture on November 5. [It offers a bundled mobile, fixed-line, digital television and internet-access service under the NTL Home brand.](#) Orange is responsible for customer registration, service and billing. ***(NTL / Orange venture takes off, Mobile Communications, 13 November 2001)***

British cable operators [Telewest Communications Plc](#) and [NTL Inc.](#) said on Tuesday they would [jointly develop high-speed digital television applications to help attract more people to cable.](#) Telewest and NTL said they would produce links between certain TV programmes and further text, audio or video related to the show as well as shopping, betting, interactive advertising and games. The high-speed services would demonstrate that [cable could provide interactivity on television without tying up the phone](#) like competitors, the two companies said. Out of their combined 4.5 million customer base at the end of the first half, around [1.5 million](#) were subscribers to digital TV with either NTL or Telewest. ***(Telewest, NTL to jointly develop interactive TV, Reuters News, 06 November 2001)***

[The Independent Television Commission has awarded BT a 15-year licence to broadcast television programmes across its phone networks.](#) The licence allows BT to offer customers TV output via broadband, however chairman Sir Christopher Bland has ruled out any such plans in the immediate future. ***(BT broadcast licence, Broadcast, 08 March 2002)***

[The BBC and ITV](#), Britain's top terrestrial TV channels, plan to introduce as early as April a [new set-top box that will allow more than 15 free-to-air digital channels to be watched on analogue TVs](#), sources close to the plan said on Thursday. Britain is already the world leader in digital TV uptake with [almost 40 percent of its households converted to digital](#) compared with a European average of 16.3 percent, according to research house Strategy Analytics. The coalition is also [in talks with phone company BT Group](#) about a marketing alliance that would allow buyers of the boxes to get [a package of digital TV, telephone and broadband Internet services](#) to counter rival "triple play" offers from cable operators NTL and Telewest. ***(Digital TV box from BBC, ITV to debut April – sources, Reuters News, Reuters English News Service, 17 January 2002)***

[Kingston Interactive TV](#), the Hull-based company owned by Kingston Communications, breaks new ground in the emerging market for digital entertainment and high speed internet access this week with the [launch of its video on demand and other broadband television services to 10,000 households.](#) Kit is to [introduce a commercial, asymmetric digital subscriber lines service](#), where video, voice and data are delivered over conventional copper telephone lines. [Yes Television](#) will supply the video on demand, providing 800 hours of films and BBC TV programming, including hit shows such as East Enders and Blue Planet, and the BBC's News 24. ***(Kit TV launches new digital subscriber service, Financial Times, 13 November 2001)***

Video-on-demand outfit Video Networks is set to go into direct competition with NTL and Telewest this summer as it revamps its on-demand entertainment offering HomeChoice to include broadcast TV. The development, which could see the company offer as wide a range of channels as Sky Digital over high speed phone lines by the end of the year, will dramatically improve the service's offering. HomeChoice subscribers will also have access to high-speed internet and telephony. 'Over the next four to five years we want to get to about 3 million subscribers', he [Video Networks' chief executive Simon hochhauser] said, noting that BT's ADSL charges would fall from £60 to around £20 per month. **(Video Networks to take on cable, Broadcast, 18 January 2002)**

BTOpenworld, the retail internet division of BT Group Plc, said on Friday it would start trials for online games and music subscription services to entice its customers to pay for higher speed access. Openworld has 1.6 million customers, but this includes just 62,000 business and residential broadband users. Both the new BT services will be available to narrowband and broadband customers, but speed will prove a noticeable advantage, for more sophisticated games in particular. The games service, costing 9.99 pounds a month, will allow gamers to play each other at games they already own. The music service, for 7.99 pounds a month, streams classical music and allows users to download 10 tracks a month. **(BT starts web subscriptions for games, music, Reuters News, 30 November 2001)**

The UK operation of Microsoft Network (MSN) has teamed up with BTOpenworld, one of British Telecom's Internet operations, to offer a raft of monthly deals to access the Net. The FreeWeb monthly deals start at 4.99 British pounds (\$7.23) and range up to 9.99 pounds (\$21.70) for a daytime-only unmetered package. The 4.99-pounds-a-month deal – one of the cheapest on the market – gives users free Net access for up to 10 hours a month, while an 8.99 pounds (\$13) rate boosts the free access time to 25 hours a month. MSN says that the new deals have been launched in response to UK telecom regulator Oftel's "Consumers Use of the Internet" survey of earlier in the year. **(MSN UK taps BT to offer budget net access, Newsbytes (USA), 13 December 2001)**

British Telecommunications is teaming up with four of the world's most powerful technology companies to help small businesses embrace e-business. It is understood BT will offer a tailor-made package of communications and information technology services, drawing on Dell's personal computers, Microsoft's software, Cisco's networking skills and EDS's expertise in designing and managing computer systems. **(BT in alliance to boost e-trade, Sunday Times, 07 October 2001)**

## 2.5. Innovation in Narrowband and Mobile Telephony

BT claims its ten-month-old [billing trial has been 'a great success'](#). As a result, it is now launching a [Web service called BT Together Online](#), giving e-billing customers greater control over their account and allowing a higher level of personalisation. ***(BT billing trial a success, Marketing Week (UK), 15 November 2001)***

BT announced today a multi-million pound partnership with Marconi to launch the world's largest public network of multimedia terminals in payphones. BT Payphones, part of the Consumer Division of BT Retail, will install [28,000 new terminals](#) to be built by Marconi and which will [offer full Internet access, e-mail and text messaging](#). Rollout will begin in April 2002 with [3,000 terminals expected to be in place within a year](#). The new phones will offer a range of services including e-mail, text messaging, maps, directions, location-based services and retail opportunities – as well as classic voice services. ***(BT and Marconi join forces in e-payphones rollout, BT Press Release, 12 December 2001)***

BT Group has signed a deal with MMO, the division it span off in November, [to offer mobile phone services to business and residential customers](#). The agreement means [BT will for the first time be able to offer residential users one bill for both mobile and fixed line services](#). Last September, British Gas launched a telecoms service that offers consumers combined bills for mobile and fixed-line calls. Users pay a monthly fee for a set number of off-peak calls that can be shared between fixed and mobile phones. British Gas has so far attracted 15,000 customers, which it said was in line with its initial targets. ***(BT uses MMO to offer unified bills, Financial Times, 21 March 2002)***

BT today announced the [launch of an internet micropayment service](#), which will provide consumers with a secure way to buy online content and services without having to set up a subscription service. Although available to any internet user, [BT customers may in time have the added advantage of charging their purchases to their BT phone bill](#). The BT micropayment service, to be launched in partnership with [Firstgate Internet AG](#) of Germany, is based on proven and highly successful technology. It will mean consumers can choose to access content on a pay-as-you-go basis via a single relationship with BT rather than having the hassle of multiple relationships with content and service providers. [The BT service will be available to all consumers, regardless of their telephony supplier](#). Based on the German experience, it is anticipated that most demand will be for [payments between 50 pence and £5](#). ***(BT micropayment service makes it easier to click&buy™ online, BT Press Release, 24 April 2002)***

Tetertext has expanded its [SMS service to BT Cellnet mobile users](#) following the operator's [launch of reverse billing](#). Users can receive text alerts in categories such as news, sport and holidays. The firm is looking at a partnership with Orange, which is set to launch reverse billing next year. It launched the service with Vodafone in April, and last month it sent 280,000 messages, at 25p each, to users. ***(Teletext extends SMS offering to BT Cellnet users, New Media Age (UK), 06 December 2001)***

Global news provider CNN has launched a [subscription-based SMS breaking news service](#) that will be backed by a seven-figure advertising campaign. The English

language service ([www.europe.cnn.com/mobile](http://www.europe.cnn.com/mobile)) is being offered directly to consumers in conjunction with mobile communications company Red Message and will be available to GSM mobile phone users in the UK, Europe and around the world. It went live on Monday, offering breaking news headlines for 7.5 euros a month and content from more than 15 additional categories at 3.75 euros a month, per category. Additional categories are selected from within the core options of World News, Business News and Sport News. **(CNN offers breaking news on SMS service, Revolution, 09 January 2002)**

Genie has partnered with Popworld to launch the Pop Txt service, providing pop news and gossip via SMS. The service will be promoted in the Popworld magazine, which is distributed with The Mail on Sunday, and the Popworld site. **(Genie and Popworld join for Pop Txt service, New Media Age (UK), 13 December 2001)**

BT Cellnet has partnered with mobile games specialist Digital Bridges to launch a range of SMS games. The games include Anagram and quiz games Quizcall and Christmas Quizcall, with more titles to be released in the new year. **(BT Cellnet and Digital Bridges launch SMS game range, New Media Age (UK), 06 December 2001)**

BT Cellnet, the UK's second largest mobile operator, has signed an agreement to offer a chat SMS service to the eleven million subscribers on its network. The new service, Txt Chat Rm, is to be supplied by Freever, the Paris-based company that provided France's three mobile network operators with the same service. **(UK – Messaging agreement for BT Cellnet, The Tarifica Alert, 22 January 2002)**

Virgin Mobile has launched an interactive Internet by voice portal that allows two-way access to the mobile Net for the carrier's 1.25 million cellular phone users. The "4321" service, accessed by dialling 4321 on any UK Virgin Cellular phone, offers a wide variety of services, including news bulletins, sports and celebrity interviews, Stephen Day, a company spokesman, told Newsbytes. Plans call for the 20 pence (29 cents) per minute service to be extended to include voice-driven access to almost any e-mail account using POP-3 technology, replying via a voicemail attachment if appropriate. **(UK cellco launches internet by voice, Newsbytes (USA), 06 December 2001)**

Vodafone Group Plc (“Vodafone”) announces today that it has launched initial global mobile payment business trials in the UK, Germany and Italy. Full commercial service for the UK, Germany and Italy, serving more than 50m Vodafone customers will commence later this year. Payments on Vodafone’s trial global mobile payment platform will be made through established payment instruments such as credit cards, debit cards or electronic direct debit for larger purchases. Vodafone’s trial mobile payment platform will enable trialist customers to purchase digital and physical goods using their mobile device. Over time, Vodafone will extend the functionality of its mobile payment platform to service purchase points such as vending machines as well as to fixed retail shops. Thomas Geitner, Chief Executive, Global Products and Services, Vodafone Group Plc, said: “As part of the Vodafone service offering, we want our customers to be able to use their mobiles as a payment tool, so ultimately, they will be able to pay for services and make purchases in shops or when they’re on-line. Our mobile payment initiatives will create further stimulus for the mobile economy”. **(Vodafone launches global mobile payment business trials, Vodafone Newsletter, 10 January 2002)**

Eircell Vodafone, Ireland’s leading mobile phone operator, announced an agreement with Irish software company Altamedius, formerly Arctic Web, for the provision of micropayment services. The micropayment services will facilitate small-value purchases of goods and services through the Internet, WAP, IVR and vending machines. Transactions can be settled via new (add-to-bill, micro-payment) and existing (credit and debit card, bank account) payment methods. The service will be aimed particularly at 16 to 24 year-olds who do not have credit or debit cards. **(Republic of Ireland: Eircell Vodafone to launch Irish micropayments services, Electronic Payments International, 31 December 2001)**

Mobile phones will tell passengers when their bus is due to arrive following the introduction of a pioneering scheme in a Sheffield suburb. The Buz information service will provide up-to-the minute bus times using WAP-enabled phones at seven trial stops in the Broomhill area of the city. Passengers will be able to access a bus timetable at any time of day or night throughout the year. **(Phones at bus stops will tell timetable, Yorkshire Post, 18 November 2001)**

Amstrad is reported to be planning to launch ZX Spectrum computer games for use on mobile phones. The company is understood to be planning to release a range of Old Spectrum titles, converted for use on WAP and 3G mobile phones, early next year. The games used limited colours and sounds making them ideal for mobile phones. **(Amstrad games for mobiles, Electronics Weekly (UK), 12 December 2001)**

Sainsbury's is gearing up to adopt wireless as a prime interactive channel as it looks to leapfrog other supermarkets in the space. Sainsbury's will launch its first mobile promotions trial early in the new year to 10,000 of its Reward Card customers. The exercise is designed as a testbed for further mobile services and to gauge customer reactions. The supermarket has also relaunched its mobile virtual network operator (MVNO) One, running over the BT Cellnet network, as Sainsbury's Mobile and has ramped up its promotion. ***(Sainsbury's to take up mobile as an I-channel, New Media Age (UK), 13 December 2001)***

This year expect a flood of internet mini-utilities – pieces of technology that may not be earth shattering in themselves but which make the internet easier or more convenient to use. Typical of the genre is “PocketThis”, which the Orange mobile phone network has been quietly offering for the past few weeks. Without a whiff of publicity it has garnered more than 10,000 customers for the service. Developed in the US, where it runs on the VoiceStream network, it essentially combines web information with wireless delivery. The information is sent to the mobile phone operator where it can be despatched as an SMS message or held on the operator's website ready to be despatched via WAP when requested. ***(Survey – Creative Business: Internet utilities, Financial Times Survey, 22 January 2002)***

## 2.6. Changes in Industry Structure

Telewest and NTL, the UK's two remaining cable companies, are pressing on with what amounts to an [operational merger](#) by stepping up [joint buying of television programming and hardware](#). The moves towards merger follow the creation of a joint-venture interactive television unit and a shared marketing campaign for high-speed internet services. ***(Telewest and NTL aim for operational merger, Financial Times, 16 November 2001)***

NTL Inc. said on Monday it may [offer wholesale broadband capacity to Internet service providers](#) in order to generate more cash from its expensive cable network as it crawls out from under a \$17 billion pile of debt. The British cable company is in talks with leading UK ISPs, including AOL and Freeserve, about the possibility of the ISPs selling high speed services on the back of the cable network, an NTL spokesman said. Its cable passes around half of Britain's homes, with most of them able to get broadband access. [As of the third quarter, NTL had signed up about 10 percent of its homes to Internet access, and about one percent to broadband.](#) ***(NTL may offer wholesale broadband for ISPs, Reuters News, 14 January 2002)***

Bridge Broadband is to begin offering [broadband Internet services for business UK-wide](#) and is expected to compete well with British Telecom's equivalent ADSL offer. However, where BT charge an installation cost, [Bridge Broadband waive the initial cost](#) and offer subscribers a fixed monthly rental over a contract period of three years. Over the course of the contract duration, subscribers can upgrade their service with Bridge Broadband. The company will offer two-way connectivity via an entry package giving 512 kbps downstream and 128 kbps upstream. ***(New broadband supplier in the market, The Tarifica Alert, 27 November 2001)***

Lattice has defied the carnage in the UK telecommunications sector [by launching a new entrant into the market](#), arguing that there was still room for more broadband capacity. [186k, the company's wholly-owned telecoms subsidiary named after the speed of light, launched its national fibre optic network yesterday.](#) 186k was founded last year with Pounds 450 m of investment from Lattice, the owner of the Transco gas network – along which the company has laid most of its 2,000 km of fibre. ***(186k sees room for new entrant in broadband, Financial Times, 25 October 2001)***

Two British utilities made further moves into the telecommunications market on Wednesday as they offer their customers a wider range of services and try to develop less regulated revenue streams. [Centrica Plc](#), the UK's largest domestic gas supplier which also provides electricity, [announced the two million pounds \(\\$2.9 million\) purchase of the UK high-speed broadband network of Iomart](#), an Internet security and messaging firm. And [Lattice Group Plc](#), the gas pipeline company which was once part of British Gas with Centrica, said on Wednesday that [the remaining northern and London parts of its 186k telecoms network has gone live](#). Lattice, which switched on the southern and central broadband networks of UK telecoms business 186k almost three months ago, will in two weeks [launch a joint venture with Thames Water using London sewers to extend the network](#). ***(UK utilities seek to turn up heat on BT, Reuters News, 09 January 2002)***

[Two British utilities opened a new wholesale telecoms business on Wednesday](#), offering a simpler way to set-up high-speed connections in London [by building a network through the city's sewers](#). The joint venture, formed by the telecoms arm of gas pipeline company [Lattice](#) and utility [Thames Water](#), will be named [Urband](#) and will compete head-on with BT by building its broadband network right up to customer doorsteps. Urband will sell access to the [high-speed fibre-optic network](#) to alternative carriers such as Energis and Colt, who will then sell it on to their client companies around the greater London area. The sewer network within London's M25 circular motorway runs [for 45,000 kilometres \(27,960 miles\)](#). [The initial Urband network will run through just 80 kilometres, but will pass within 50 metres of about half its target of 8,400 buildings around the city](#). Sales and marketing director Ian Montgomery estimated it could [charge about 10 percent less on average](#) for communications traffic, on top of quicker connection times. ***(New BT telecoms rival Urband to emerge from London Sewers, Reuters News, Reuters English News Service, 23 January 2002)***

[London Electricity](#), owned by French Energy group Electricite de France, today becomes the latest utility to try to cash in on its miles of underground network by [launching a telecoms operation](#). The new company, named [51deg.](#) after the latitude of London, will supply network to other telecom companies and offer its [17,000 sites across the capital for use as base stations for mobile phone masts](#). 51deg. has built an [85 km fibre-optic ring](#) which stretches from Docklands in the east to Hyde Park in the west and from Brixton in the south up to Euston. The company can also install fibre in London Electricity's [30,000 km of underground ducting](#), which contains electric cables, as a means of connecting customers to its network. London Electricity is the latest utility company to invest in the telecoms world. ***(LE finds more latitude in telecoms, Guardian, 17 December 2001)***

Energy supplier [London Electricity \(LE\) Group](#) is planning to move into the telecoms sector with the [launch of a fixed-line phone service](#). The move would follow the energy group's construction of 51, a digital network around London to serve organisations such as mobile operators, which need wholesale bandwidth. It is not clear whether LE will launch an [LE-branded or a Virgin-Energy-branded telecoms service](#). LE has been trying to push Virgin Energy, which it owns, as a national brand. ***(LE Group set to move into phone sector, Marketing Week, 18 April 2002)***

[Electricity group ESB is set to offer Internet and telephony services in Ireland by year-end after being granted a license by regulator ODTR](#). The outfit's re-entry to the fray may help boost competition and benefit the online consumer in a market still without unmetered access, broadband and local-loop unbundling. In its recent quarterly review, ODTR pointed to the implementation of fixed-rate web access and the rapid rollout of affordable broadband services as key strategic areas for this year. ***(Could electric firm relight Irish net?, Internet Markets, 18 January 2002)***

Twenty years after it was split from British Telecommunications, the [Post Office](#) is considering a [mobile phone business](#) as part of its [re-entry into telecoms](#). Consignia, the state-owned group that runs the Royal Mail, is partnering Sweden's pan-European telecoms operator, [Tele2](#), to [launch a fixed-line service](#) next week that will use Post Office outlets and branding. It is understood both parties see a mobile phone service as a logical next step if that operation is successful. The [pre-pay domestic fixed-line service](#) to be launched next week will use [networks leased from BT and Kingston Communications](#). Last month, the Post Office launched [pre-pay cards with which customers can dial a prefix and gain access to Tele's 2 leased networks in the UK](#). Next week, a fixed-line business will provide customers with pre-programmed router boxes for digital cordless phones to encourage greater customer loyalty than pre-pay cards. ***(Post Office eyes mobile phone venture, Financial Times, 16 November 2001)***

[National Grid](#) and [Hutchison 3G](#), Britain's newest mobile phone operator, have agreed to [share electricity pylons to carry radio antenna for third generation mobile services](#). Up to [1,000 masts next to motorways and main roads](#) have been identified for use by Hutchison, which won one of five third generation licences last year but has no network infrastructure. National grid, which owns 22,000 electricity transmission towers in England and Wales, will be responsible for installing the 3G radio equipment through Gridcom, its telecoms infrastructure subsidiary. ***(Power grid pylons to be used for 3G signal, Financial Times, 08 October 2001)***

Britain's fifth mobile operator, [Hutchison 3G](#), yesterday helped lay the ground for [launching a nationwide service next year by signing a roaming agreement with established rival MmO<sub>2</sub>](#). The tie-up will allow Hutchison to [provide a full national voice service on top of fast internet, third-generation data services from its first day of operation](#) – currently due next September. The new operator will lease capacity on MmO<sub>2</sub>'s Cellnet network to fill in geographical gaps. Hutchison's own network will initially only cover major urban areas and transport routes. ***(City – Hutchison link-up, Daily Telegraph, 11 December 2001)***

Hutchison 3G yesterday moved a step closer to launching Britain's newest mobile telephone network by [signing a deal with the BBC's technology unit](#). BBC Technology will [manage the production of audio-visual content](#) for Hutchison under a five-year contract that is understood to be worth millions of pounds. BBC Technology will take content from these partners – which will include real-time video – and process it to be delivered over Hutchison's third generation, or 3G, mobile phone network. ***(BBC content deal puts Hutchison 3G ahead of pack, Guardian, 11 January 2002)***

Online retailer [lastminute.com](#) said on Tuesday [it has formed a strategic partnership with mobile operator Orange UK](#) to develop mobile retail software. The British-based company, which sells last minute holidays, hotel stays, theatre tickets and gifts, said the software will [allow Orange users to gain access to its deals via their mobile phone at any time](#). The partnership will also let lastminute.com expand its distribution on the mobile platform via Orange UK's existing 12.55 million customers. ***(Lastminute.com teams up with Orange UK, Reuters News, Reuters English News Service, 22 January 2002)***

NTL, the leading cable operator in the UK, [has teamed up with mobile phone operator Orange to launch a new service](#). Under the agreement, [Orange will act as a virtual network for NTL, allowing the cable company to create its own mobile service for its four million customers](#), who will be able to receive a single bill for their fixed line and mobile calls. The service will be marketed as part of the NTL Home proposition, and Orange UK will be responsible for customer registration, service and billing. The agreement is similar to the one Orange struck last July with fixed-line operator Energis. NTL said [the new service will pave the way for customers to get a single bill for mobile and fixed line services and package-deal discounts](#). ***(NTL moves into mobile market with Orange, Belfast News, 02 November 2001)***

## 2.7. Creating the Broadband Market

Hughes Network Systems has joined the fray in the UK's increasingly competitive broadband satellite sector via its British subsidiary, HOT Telecom, with the launch last month of a two-way VSAT service offering downstream speeds of 512 Kbit/sec and a 256 Kbit/sec return path. The new StreamBeam two-way service is initially targeting SMEs across Europe on top of the large-scale corporate networks they have served until now. The stalled DSL rollout may have opened up a satellite opportunity specific to the UK market. Four new entrants have moved into position in the last three months, including Tiscali and BT (each partnered by Gilat), Aramiska (serving the business market with DVB-RCS video capabilities) and now StreamBeam. **(UK competition hots up as Hughes enters fray, Broadband Media, 08 October 2001)**

Aramiska, the first commercial broadband service using a two-way satellite capability based on the new DVB-RCS standard, offers broadband access to the Internet across Europe, combined with business ISP services, broadband multicasting, co-location services and online storage. Last week, Aramiska launched services in the UK with a complete range of satellite-based broadband business packages for UK SMEs. Prices of Aramiska's UK services will be from £99 a month for broadband connectivity enabling business everywhere to accelerate their core business processes. **(Aramiska launch broadband satellite service, The Tarifica Alert, 11 December 2001)**

Small businesses in rural areas are set to benefit from high-speed internet services, the Minister for Enterprise, Trade and Investment revealed yesterday. Sir Reg Empey detailed the introduction of a DETI-sponsored programme to enable small businesses in remote locations to take up internet services fast by using satellite. Northern Ireland is one of the first regions in the UK to receive the new service. Sir Reg said access to satellite broadband services would help small businesses in rural areas to capitalise on e-business opportunities and benefit from speedy internet connection and faster customer response. Some of the satellite companies providing this new service are BT, Tiscali, Aramiska and Beam. **(Internet satellite boost for small business, Belfast Newsletter, 16 January 2002)**

Rural businesses and heavy consumer UK users of the Internet will be able to hook into the Internet via satellite broadband later this month, British Telecom said this morning. Originally announced in the fall, the joint venture between BT and Gilat of Israel has now been priced from 899 British pounds (\$1,300) for installation and from 70 pounds (\$102) a month rental for the satellite service. Initially, the service will be offered in the Highlands and Islands of Scotland, as well as Northern Ireland – two areas in the UK where regular broadband is unavailable – but plans are in hand to roll out the service nationally, said Ed Barker, a BTopenworld spokesperson. The service will be marketed mainly at small to medium businesses, which BTopenworld says is a prime market for rural broadband. **(BT, Gilat satellite broadband service set for UK launch, Newsbytes (USA), 05 November 2001)**

Broadband internet access in Northern Ireland has been given a boost with BT launching a new product and ntl boasting that it is providing most of the service in the UK. Last week, BT Northern Ireland launched Satellite Broadband which, together with ADSL, will provide 100 per cent broadband access for every business in Northern Ireland, no matter where they are located. ***(Information Technology – Telecom company takes to the skies for broadband access, Belfast Newsletter, 27 November 2001)***

Scotland is to become one of the first countries in Europe to gain 100 per cent high speed internet access, after BT announced it is to roll out its broadband satellite service across the country. The company said it was expanding the service, after a successful trial in the Highlands and Islands, with immediate effect. A dozen small businesses in the north of Scotland are already using the BT service, which offers download speeds up to 10 times faster than conventional dial-up connections, with a further 50 firms expected to sign up in the next few weeks. ***(Highlands lead broadband way, Scotsman, 14 February 2002)***

BT Wholesale today announced that it is to start trials of a new satellite delivery service for high speed internet access across mainland UK. It will allow always-on receipt of e-mails as well as fast download of music, photos, presentations and other documents and is aimed at small businesses and high use residential customers. If successful, the service could be made available throughout the UK including rural areas beyond the reach of DSL broadband and cable. The service will download via a 65cm receive-only satellite dish, at speeds of up to 256 kbits/s and will also provide 'always-on' satellite downstream delivery of emails and selected internet pages. The return path will be via a conventional phone line. ***The satellite high speed internet access trial will start in late May, and is scheduled to last for six months. (BT Wholesale to trial fast internet by satellite, BT Press Release, 15 April 2002)***

BT Wholesale will launch its mass-market self-install broadband ADSL service on January 15, 2002. The new product will see BT Wholesale setting up customers' lines to support a range of high-speed services without needing to visit the end user. Independent Service Providers (SPs) will, as now, sell their products direct to customers, but also supply the necessary equipment. This can simply be plugged in by the end customer, saving the need for an engineer's visit. The wholesale price of the residential product to SPs will be £25 a month rental with a £50 connection fee –substantially lower than the standard packages. ***(BT confirms launch of DIY broadband service, BT Press Release, 18 December 2001)***

Five of the UK's largest portals and ISPs are set to give Broadband Britain a timely boost with the launch of mass-market self-install broadband services. AOL, Yahoo!, Virgin.Net and MSN are among a raft of high-profile UK companies hoping to roll out the service as early as February, having carried out trials over the last few weeks. According to James Bilefield, Yahoo! product development director, the portal is actively looking to develop its UK broadband strategy and is considering taking advantage of BT Wholesale's offer. Virgin.Net has confirmed it will enter the broadband fray as soon as self-install becomes available. **(BT self-install service revives portals' plans for broadband, New Media Age (UK), 20 December 2001)**

Virgin.net is to roll out a plug-in-and-play DSL based broadband service in September. Following a trial period, which is scheduled for June, Virgin plans to start offering its users a self-install broadband box that will do away with the expensive installation process using a telecoms engineer. Virgin.net's ISP services are currently powered by cable operator ntl. BT Wholesale, the telco's business division, is to begin offering ISPs a white-label broadband self-install service this month. Although the cost of the ADSL modem box has yet to be finalised, BT is to charge ISPs £25 per month for the service, which ISPs would then charge to the user. **(Virgin.net set to roll out broadband, Revolution, 16 January 2002)**

Demand for broadband has doubled since BT cut its wholesale price – even though most customers won't see the savings until 1 April. BT Wholesale reduced the cost of ADSL to internet service providers (ISPs) to £14.75 a month, which should mean users will see prices come down to between £20 and £30 a month. Demand has since grown from about 4,000 installations per week to more than 8,000. 'A lot of ISPs' new prices will start in April, so this increase is very encouraging', said a BT spokesman. **(ADSL price cut doubles demand for broadband, Computing, 21 March 2002)**

BT is bringing broadband services to 100 more exchanges in the UK following a reassessment of demand in all exchanges based on the new costs and wholesale prices that were announced by the company last month. The 100 extra exchanges mean that ADSL services will be available to more than two thirds of the UK population, a total of 16 million households, by the end of May. Under the programme, more than 50 further cities and towns will be added to the broadband map as well as gaps being filled in existing coverage. Paul Reynolds, chief executive of BT Wholesale, said: "We are also adding extra capacity in the current 1,010 ADSL enabled exchanges to meet the significant increase in demand that resulted from the price reductions made by service providers as they passed on our wholesale cuts". **(BT extends broadband to 100 more exchanges, BT Press Release, 08 April 2002)**

BT today confirmed the [launch of a new direct broadband access service for its customers for just £27 per month](#), creating a new way for millions of homes to access “always-on”, fast internet. Called **BT Broadband**, the service will be widely available from autumn 2002 and backed by a full mass marketing drive. [It allows customers “always-on”, high-speed direct access to the internet over a single home phone line, facilitated by a simple plug and play set up which customers can install themselves.](#) A “no frills” product, BT Broadband strips out services like email, free personal web space and content. It gives customers greater choice, in separating access from content, leaving them free to create the portfolio of services and content they want. ***(BT’s no frills direct access at the heart of drive for mass market broadband, BT Press Release, 24 April 2002)***

[Wireless mesh technology](#) would slash up-front investment for broadband rollout. BT is [to test broadband fixed wireless technology that can deliver up to 25Mbps](#) and requires less up-front investment than ADSL. The telco has signed a [deal with Radiant Networks to install a test wireless mesh network of 100 sites in Cardiff](#). Wireless mesh technology tackles one of the big obstacles to the urban rollout of broadband fixed wireless. Because each node acts as a mini base station, extra nodes can be purchased as demand grows. This slashes the up-front investment, which has long held broadband back. BT will be operating the trial under a three-year development licence. ***(BT tests broadband unblocker, Network News, 14 November 2001)***

A pioneering multi pound project was today announced by BT which could provide a blueprint for the development of broadband services in rural Britain. The project will involve the [provision of intensive support and advice packages for 3,300 Cornish businesses and the rapid rollout of ADSL broadband technology to a further 12 Cornish telephone exchanges](#). This roll out will mean that [93,000 households and 14,000 businesses will be within ADSL enabled exchange areas in Cornwall](#). ***(Cornwall leads the way in bringing broadband to rural businesses, BT Press Release, 11 December 2001)***

[Three Welsh councils have jointly commissioned a managed network that uses SDSL to maintain broadband connections to remote sites](#). The network is being built by [Siemens Network Systems \(SNS\)](#) and aims to comply with the Government’s 2005 deadline for the delivery of online public services. ***(Carriers – Valleys rejoice as SDSL broadband links Welsh councils, Network News, 16 January 2002)***

[Sony Computer Entertainment Europe](#) is set to [introduce broadband services to millions of owners of its PlayStation 2 \(PS2\) video game console](#), following a planned partnership with BTopenworld. [BTopenworld](#) is to begin trialing both broadband and narrowband services for use with Sony’s PS2 games console. The move is scheduled for the beginning of next year, and Sony is to provide content for the new broadband games service, for which BTopenworld will provide the back end technology and services. BTopenworld will also offer paid-for subscription-based multi-player gaming services on the new network. ***(Sony set to release broadband PS2, Revolution, 05 December 2001)***

Telewest Broadband has started trials for a high speed internet service for PS2 owners and plans to offer services next year. *(PS2 online, Guardian, 20 December 2001)*

Telewest Broadband is aiming to attract even more speed demons to its blueyonder broadband Internet service with the launch of a new campaign offering the first 720 hours on line for free. In another move to make broadband Internet as approachable and accessible as possible, anyone who signs-up during January will not pay for the first month of their eye-opening Internet experience. Telewest's blueyonder broadband Internet service allows users to surf the Web nearly ten times faster than with a standard dial-up modem, bringing page browsing, music downloading, video streaming and online gaming to life. *(E-Business – Future Vision – Broadband service free for month, Birmingham Post, 15 January 2002)*

Telewest Communications PLC will be rolling out a 1-megabit broadband service towards the end of the year, group chief executive Adam Singer said. He said the new service will be “20 times the speed of dial-up and twice as fast as BT Group PLC's DSL offering”. *(Telewest to roll out 1-megabit broadband service later this yr, E\*Trade UK, 26 February 2002)*

NTL, the UK's leading broadband services company, announced today that it will launch the first 1 Megabit (1Mb) broadband service for residential customers in the UK. Available from Monday 11 March, the service will be up to twenty times faster than normal dial up. The new broadband service will be provided through the combination of a powerful cable modem and NTL's fibre-optic network. It will be priced at £49.99 per month to NTL digital customers. *(NTL to launch UK's fastest broadband service, NTL Press Release, 05 March 2002)*

Orange became the third UK mobile network to launch a GPRS service late last week. The network was not expected to offer its service until at least February next year, but has pushed ahead with a 'soft' launch, available to customers on request. Orange is offering a number of different GPRS price plans based on the level of expected use. It is also promising transfer rates comparable with those of Vodadone and Cellnet, which launched their services at the beginning of the year. *(Comms & Client – Orange sneaks in its GPRS service, Computing (UK), 13 December 2001).*

Logica PLC said it is launching a live trial implementation of its multimedia messaging service (MMS) with Orange UK. The development over Orange UK's GPRS network – which is based on Logica's Multimedia Messaging Service Centre – enables the delivery of mobile message containing audio, pictures, animation and real-time video streaming. Orange UK will use the trial to develop and test a range of MMS services and evaluate expected market take-up and profitability, Logica said. *(Logica, E\*Trade UK, 06 December 2001)*

Swedish telecoms equipment maker [Ericsson](#) said on Wednesday it had won a global deal from the world's biggest mobile operator [Vodafone](#) to supply software for picture messages to mobile phones. Multimedia messaging (MMS) is the successor to text messages and will enable users to send colour pictures, animations, audio and video clips along with text once they have third-generation (3G) mobile handsets, which producers will offer late this year. [Operators expect MMS to build on the huge success of the SMS](#), making it possible to send electronic postcards, animated cartoons and multimedia presentations. Vodafone said it would initially launch MMS in Germany, Greece, Ireland, Italy, the Netherlands, Portugal, Spain, Sweden and the United Kingdom. ***(Update 2 – Ericsson, Vodafone in multimedia messaging deal, Reuters News, 16 January 2002)***

Mobile phone operator [Vodafone](#) has [expanded its general packet radio service \(GPRS\) always-on wireless data service](#), allowing users to connect to the Net over GPRS with devices other than phones. Using a GPRS mobile phone, with a laptop or handheld PC and Vodafone's [Connect Me software](#), users [can use a GPRS connection to provide full internet access to a computer device](#). Previously, Vodafone GPRS services were limited to Wap access only. ***(Bulletin – Comms & Client – Vodafone expands GPRS service, Computing (UK), 06 December 2001)***

[Vodafone Group Plc](#) ("Vodafone") today [announces it is the first mobile operator to offer commercial GPRS roaming across Europe](#). Vodafone customers in 12 countries including Belgium, France, Germany, Greece, Ireland, Italy, The Netherlands, Portugal, Spain, Sweden, Switzerland and the UK will be able to access their Vodafone services over GPRS in a growing number of destinations when travelling in Europe. Vodafone customers will be able to [seamlessly access services such as corporate e-mail, intranet and personalised information on their mobile phones, lap tops or PDAs over GPRS](#). Vodafone customers travelling abroad access their GPRS services in exactly the same way as they do at home. Vodafone customers will be [billed on a volume basis](#) for accessing their data services over GPRS while roaming in Europe. ***(Vodafone launches first commercial European GPRS roaming service, Vodafone Press Release, 25 March 2002)***

[Eircell Vodafone](#) introduced the State's first commercial "next generation" mobile phone service yesterday following a lengthy delay caused by a shortage of handsets. The service, [based on general packet radio services \(GPRS\) or 2.5G technology](#), will [initially target corporate customers](#) before it is made available to consumers next month. The EUR100 million (£79 million) investment will enable users to connect to the internet at speeds faster than currently possible. Corporate customers in the Republic will have a choice of two pricing plans for Eircell's GPRS services. ***(Eircell unrolls new service, Irish Times, 09 January 2002)***

Irish consumers can use next generation mobile phone technology from today following the introduction of Digifone's 2.5G – or general packet radio service network. The service offers consumers high-speed connection to Digifone's network and will enable them to access the internet and download files to mobile devices. Digifone's customers will have a choice of six tariffs based on the amount of data downloaded to devices rather than the time they spend connected to a mobile network. The firm's price plans range from no rental charge up to rental of EUR50 (£39) per month. A fee of up to EUR2 for each megabyte downloaded is also charged in some plans. **(Digifone 2.5G service goes online today, Irish Times, 22 January 2002)**

BT officially started the trial of mmO<sub>2</sub> network 3G services last week on the Isle of Man with 200 users testing the service. The 200 people are connected to a network, supplied by NEC and Siemens, which covers approximately 85% of the 75,000 population and this service is set for further testing in mainland cities from next year. **(3G trials underway, The Tarifica Alert, 11 December 2001)**

Hutchison 3G, the newest of the UK's mobile phone operators and owner of the UK's largest third-generation licence, has signed a content deal that will allow it to offer news and gossip over 3G handsets from magazines such as FHM, New Woman and Smash Hits, The two year deal, signed with Emap, the magazine publisher, will raise pressure on rival operators to forge similar deals. Hutchison's deal follows its purchase last year of exclusive FA Premier League football rights for an estimated Pounds 35m. These rights, which expire in July 2004, will enable it to provide football content to its 3G users in the UK and Ireland. Hutchison is widely expected to be the first mobile operator to provide 3G services in the UK. It has said its service will launch in the second half of the year. **(Hutchison in content deal with Emap, Financial Times, 04 March 2002)**

## 2.8. Network Investment

Hutchison 3G, a new company which will launch a third-generation mobile phone service in the UK next year, announced plans to create more than 600 jobs at a customer help centre in Glasgow. 3G phones will offer a range of new services. These include videophone capacity and the ability to call up a video clip of football matches broadcast 30 seconds after the action. They will also provide music, share price information, and internet access. Hutchison Whampoa stumped up (pounds) 4.4 bn for a 20-year 3G licence in a government auction last year. Since then it has raised a further (pounds) 3.2 bn to equip and launch its UK subsidiary. The company said it will be the first of the UK's five 3G licence holders to launch its service. Hutchison 3G said it would roll out its UK network over the next three years. **(Hutchison 3G calls up 600 jobs for Glasgow, The Herald, 15 November 2001)**

Telecoms equipment group Marconi unveiled a new alliance yesterday to help British Telecom enhance its existing network. The £30 million contract with BT Wholesale will see Marconi develop new software at its sites in Coventry and Liverpool. Work on the project is expected to begin immediately, with the first software transferred on to BT's network next year. The three-year deal covers BT's existing narrowband network which has seen increased traffic as more users log on to the internet. **(Telecoms network alliance, Belfast Newsletter, 02 February 2002)**

A triple play of broadband partnerships is completed by Omne Communications. The UK's newest cabler has inked a deal for U.S. wireless and wireline apps outfit InfoSpace to provide portal services on its PC and TV platforms. The portal is slated for a 1Q02 launch to accompany the rollout of Omne's network in its Southwest Scotland and Northwest England franchise area. The broadband network will pass 325,000 homes and 25,000 businesses and is due for completion by end-2004. Omne secured £265 million (\$383 million) in funding last May. Build out began last fall and is due to be completed within three years. The cabler will offer the usual dial-up and high-speed Internet access, TV and telephony, although the rollout timetable and details of services remain sketchy. **(New partnerships in pipeline as UK exits slow lane, Internet Markets, 18 January 2002)**

A next-generation broadband network has been launched in Scotland by 186k, the telecom subsidiary of Lattice Group. The fibre-optic network will initially run between Glasgow and Edinburgh, but could eventually reach northern cities if demand grows. The Scottish link-up is part of the company's 450 million pounds UK network, which has been built from scratch to provide high-speed internet connections for medium and large firms. In London, 186k is building a network that runs inside sewers, in a novel bid to bypass expensive drilling work in the capital. **(Broadband network to link up business users, Scotsman, 20 February 2002)**

Britain's [Bulldog Communications](#) said on Monday it had raised [10 million pounds](#) (\$14.25 million) in the first of two scheduled rounds of funding towards its plan to compete with BT for local broadband services. The company said that the funding would allow it [to provide 500,000 homes and businesses in central London with high-speed broadband services this year](#), adding it was now in a good position to achieve its aim of raising 40 million pounds in 2002. It hopes that a second round of funding later this year will allow it [to expand to the greater metropolitan area, supporting four million homes and businesses by the second quarter of 2003](#). ***(Bulldog snaps at BT's heels with broadband funding, Reuters News, Reuters English News Service, 11 February 2002)***

While the snarl-up in local-loop unbundling and arguments about its impact on UK take-up of ADSL kept the industry tied up in knots during 2001, [one broadband service provider was quietly building out another kind of infrastructure](#). It covers a significant chunk of territory, forming a rough triangle from Bristol to the west and the London suburb of Crystal Palace in the east, extending to Bradford and Leeds at the apex in the north. [Tele2 is one of only two UK broadband fixed wireless operators offering commercial two-way high-speed services using radio links](#). Indeed, it has been developing both its network and service offerings since 1998. It ran a pilot scheme in the Thames Valley at Reading, west of London, where several big-name US high-tech companies have their UK headquarters and teleworking is already common. Today, the company is starting to [look like a serious contender in the access stakes](#) as well as providing a pointer to the [possible role of broadband fixed wireless](#) as a way around the "last mile" problems thrown up by fixed-line networks. ***(While ADSL battle rumbles on, tele2 expands wireless network, Broadband Media, 28 January 2002)***