

# Broadband

We're in the business of making Britain click and hum. The development of a range of broadband services is at the heart of our plans for growth.

Technology has made it possible for us to transform the copper telephone wire to the home into a multimedia superhighway.

The ordinary telephone socket on the wall can now be a gateway to a vast range of services, including telephony, messaging, music, movies, software, games and information.

Digital subscriber line (DSL) technology enables the existing copper local loop (the link between a customer's premises and the local telephone exchange) to operate at much faster speeds than was previously possible.<sup>3</sup>

We are the UK's leading provider of DSL broadband services – by 31 March 2002, over 1,000 of our exchanges had been DSL-enabled, bringing over 60% of the population within reach of DSL services.<sup>4</sup> And in April 2002, we announced that we will be enabling a further 100 exchanges, bringing coverage to 66%.

At the end of May 2002, we plan to start trials of a new satellite delivery service for high-speed internet access across the UK. This service, which is aimed at small businesses and high-use residential customers, will allow always-on receipt of e-mail as well as fast download of music, photos and other documents. If successful, the service could be made available throughout the UK, including in rural areas not currently within the reach of DSL broadband.

We believe that there is huge growth potential in the UK broadband market, provided that services are attractive, affordable and accessible.

And BT is showing the way.

From 1 April 2002, we substantially reduced the wholesale prices we charge internet service providers (ISPs) to use our phone lines for high-speed internet access, from £30 per month for an engineer-installed product or £25 a month for a self-installed basic product, to £14.75 per month. This has enabled them, in turn, to reduce the retail prices they charge their customers, who can now take broadband for less than £30 per month.



From the same date, we cut the retail price of our BTopenworld broadband service from £39.99 a month to £29.99 a month for domestic and business users, and in March we launched Plug & Go, a self-install broadband product, which means that there is no need to arrange a visit from an engineer.<sup>5</sup>

In April 2002, we also announced the launch of BT Broadband, a “no frills” broadband product, which connects customers directly to the internet, without the need to go through a portal.

But pricing is not the only issue; there’s also the wow factor.

Our target is to achieve five million UK connections by 2006, and the marketing challenge is to find the right mix of what’s technically possible and what customers want.

Early adopters of broadband are already seeing the benefits.

The “second wave” internet experience is qualitatively very different from the first – faster, always on, more interactive and with much higher quality audio and video than was previously available.

And BT is already playing a part in marketing services to second wave internet users. For example, we offer a classical music service which offers members unlimited listening to an instant online classical collection and the chance to download ten pieces of classical music from the internet for a monthly fee of £7.99.

And in April 2002, we acquired the assets of dotmusic.com, one of Europe’s most successful popular music sites, with 1.6 million users.

We’ve also acquired the assets of Games Domain – the UK’s leading online games site, with 800,000 unique users.

Of course, broadband is more than an online connection. It’s also a powerful business tool.

Broadband will transform the way businesses communicate with their customers, suppliers, shareholders and employees. It will enable them to sell and market in new ways, and to explore new markets and new opportunities.

For example, we offer a broadband access product, Teleworker, which gives remote workers always-on access to vital corporate information, and gives businesses access to a wider range of people and skills.

Broadband is our future.

And that’s not just a prediction about the way technology’s going; it’s a commitment to our customers – a commitment to work with them to transform the UK broadband services market.

Like we said, everything begins and ends with our customers.

Like we said, it couldn’t be simpler ... or more challenging ... or more fun.

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#### footnotes

<sup>3</sup>Typically, ADSL operates at 500Kbit per second. However, speeds can be enhanced up to 2Mbit per second.

<sup>4</sup>DSL connections are running at up to 10,000 a week and as at 31 March 2002, we had installed a total of 170,000 DSL lines.

<sup>5</sup>For a one-off activation charge of £65, a modem charge of £85 and monthly rental of £29.99, customers can order a comprehensive installation pack and agree a date by when their line will be activated.

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