


Conditions for broadband investment: Provocative thoughts

Rohan Samarajiva, LIRNEasia



Broadband: The neglected questions

- Because we/governments think the Internet is a merit good
 - The multifarious forms of communication it allows
 - Information retrieval
 - Publishing
 - Transactions
 - Remote computing
 - Do these functions come in one form only?
 - Desktop computer at the end of a wire?
 - Desktop computer at end of a fixed wireless link?
 - Mobile handset connected to a mobile broadband link?
 - Should policy/regulation privilege one of these forms?
- 

If neutral on the form, what can be done?

- Create incentives for building backbone capacity, both within countries and between countries
-
- Also create the conditions for effective sharing of existing backbone capacity
 - Not easy to do both
 - Let a hundred flowers bloom at the end of the backbone

If they build it, will they come?

- Price has to be right
 - What are the lessons from mobile?
-
- Without a budget-broadband-network business model, will the long tail be actually connected?
 - “All you can eat,” flat-rate pricing plans?
 - “Cachet” type pricing that has worked with mobile?
 - Without the long-tail, will the middle of the market be served?

They will come; then it will be built

- The new business model in mobile was not dependent on the existence of backbone
 - Though retail prices would be even lower if backbone costs were lower
 - Enough demand will pull broadband investment
 - But if governments want to accelerate broadband (of all kinds), non-market-distorting incentives should be offered to operators already building backbone (rather than new, government owned backbone networks)
 - Backbone is more important for broadband than for mobile
- 