

UK Enterprise Broadband Index 2017

“89% of UK businesses would consider switching to wireless broadband”

October 2017



Executive summary

The CBNL **UK Enterprise Broadband Index 2017** report is based on a survey of 200 businesses and highlights the gap between their connectivity demands and the services they receive. Of those surveyed, almost unanimously, 89% of businesses said they would consider switching to wireless broadband. In addition, every respondent admitted that poor broadband has negatively impacted their performance over the last two years, yet more than half (56%) have not changed provider.

The findings reveal that UK businesses currently face significant challenges in sourcing and switching connectivity providers, which highlights the enormous market opportunity that exists for disruptive wireless carriers.

For example, half of businesses (47%) are not receiving the broadband speeds advertised by their provider. One-in-three businesses (35%) said that they have been negatively impacted by slow broadband speeds, and a further 34% experienced significant periods of network downtime.

Businesses are looking for faster and more reliable broadband options, yet half (56%) choose to remain with their current providers. One-in-three (32%) want to avoid disruption, 23% are tied into lengthy contracts, while 16% are restricted to services provided as part of a building lease. Moreover, 10% suggested they would change at the earliest opportunity, demonstrating a real appetite for viable alternatives.

The research highlights the significant market opportunity for disruptive carriers, with 89% of companies stating they would consider moving to wireless services if the speed and reliability was comparable to, or greater than, their existing broadband. With pre-5G fixed wireless commercially available, carriers have an immediate opportunity to leverage more agile and cost-effective solutions that can quickly address this demand.

Furthermore, the data also highlights the benefits that 26GHz can bring to the UK enterprise market and the value of Ofcom's recent decision to call for inputs to inform their ongoing programme of work to make spectrum in the band available for 5G wireless networks. The survey shows that increasing the availability of the millimetre wave bands, such as this, is vital to stimulate broadband investment across global markets, enabling operators to unlock the capacity of high band spectrum and bring more competitive services to market.

Introduction

In September 2017, the government kick-started the first stage of a £10 million scheme to help bring the UK's fastest and most reliable broadband to businesses, schools and hospitals.¹ Six local pilot schemes will test ways of connecting offices and public sector buildings with the next generation of full fibre networks running wired connections straight to the doors of homes and businesses.

A further £190 million will be spent by 2020-21 as part of the government's £23 billion National Productivity Investment Fund, with £740 million specifically earmarked for improving Britain's digital infrastructure, and ensuring the UK is match-fit for the future.

However, according to a survey of 200 IT decision makers across the major urban centres of the UK, fibre should be complemented with advanced wireless and alternative connectivity solutions. It's clear that investment in wireless is equally important to scale capacities and address gaps in coverage, providing operators with a greater range of business models to accelerate broadband investment.

Every single enterprise surveyed admitted that broadband issues have negatively impacted their business in some way - be it slow broadband speeds, significant periods of down time, or issues with constant buffering. 47% of respondents said they were not getting advertised speeds on their existing broadband connections.

Not surprisingly, almost half of businesses surveyed had changed broadband provider in the last two years as a result of the negative impact of connectivity issues on their business. Of those that hadn't changed, less than half were happy with their existing provider, which indicates there is a degree of acceptance that poor broadband is unavoidable and that businesses are being severely impacted by inflexibility and a lack of competitive alternatives on the market.

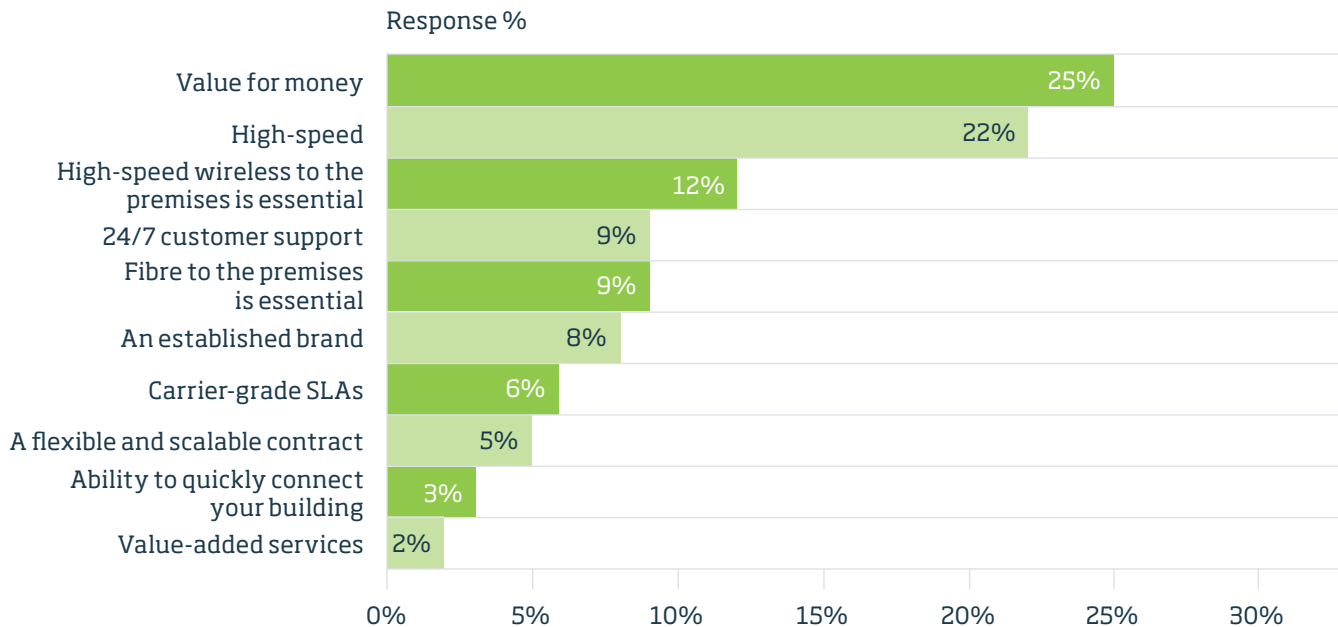
CBNL's **UK Enterprise Broadband Index 2017** highlights the reasons behind the dissatisfaction with existing enterprise broadband services, provides insight to future enterprise investment, highlights the role emerging millimetre wave technologies can play in the connectivity ecosystem, and shows why the door is wide open for disruptive carriers to capitalise on the opportunity.

¹ GOV.UK. (September 2017) "Six areas to pilot UK's fastest broadband as part of £200 million project", <http://bit.ly/2wA6347>"

Delivery

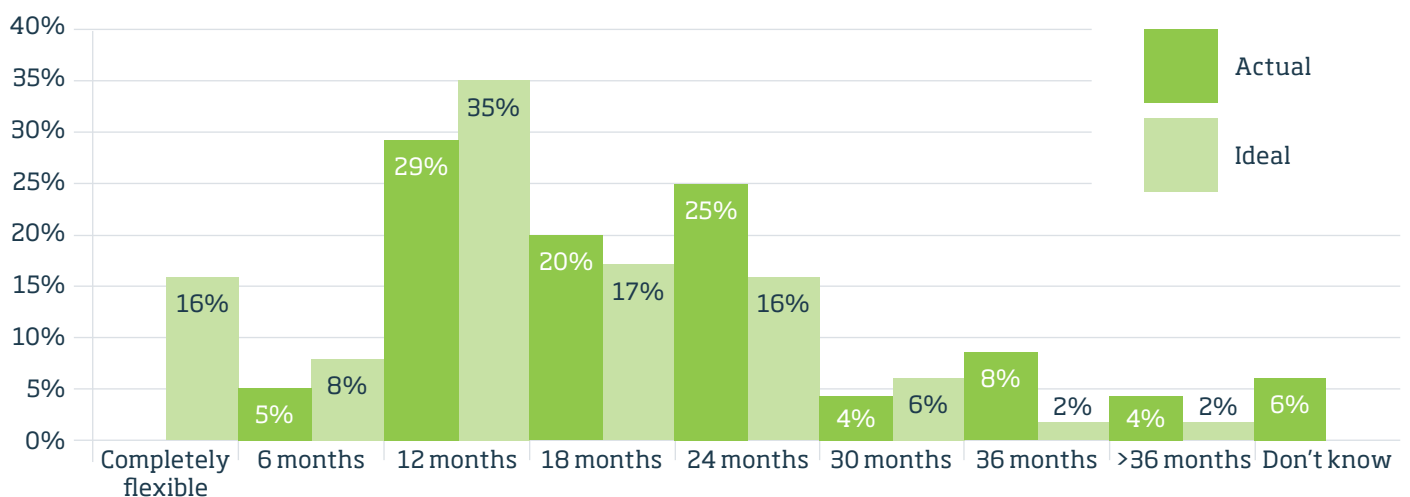
The two single greatest priorities for businesses when choosing a broadband provider are value for money and a high-speed connection, according to CBNL's **UK Enterprise Broadband Index 2017**. Furthermore, high-speed wireless to the premises is a must for 12% of respondents, while only 9% rated fibre to the premises as an essential service (Figure 1).

Figure 1.
Rank the 3 most important priorities to you when choosing a broadband provider?



Although only 5% of businesses said a flexible and scalable contract was one of their three most important priorities when choosing a broadband provider, 16% would ideally like a completely flexible contract (Figure 2). While most businesses (35%) would like a 12-month contract, the vast majority (61%) are engaged in contracts that will be in place for upwards of 18 months.

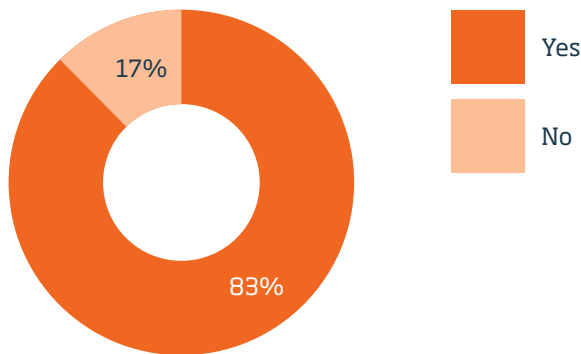
Figure 2.
How actual broadband contract length compares to ideal contract length.



Performance

On the face of it, the research suggests that a majority of businesses are content with the connectivity services provided to them. A total of 83% of businesses surveyed said their connectivity requirements were being met by their broadband provider (Figure 3) and, as we saw in the previous section, the main priorities when choosing a broadband provider are value for money and a high-speed connection.

Figure 3. Are your connectivity requirements being met by your broadband provider?



However, almost half of all businesses admit that their broadband connection does not actually meet the speeds that were advertised by their provider, which would, therefore, indicate that not all connectivity requirements are actually being met.

A total of 21% of businesses surveyed said their broadband was significantly slower than the advertised speed, while another 26% said that the connection was not as fast as had been advertised by the provider (Figure 4).

Most businesses surveyed would appear to require advertised broadband speeds of between 51-100Mbps, with the number of businesses needing faster connections dropping the higher the advertised speed (Figure 5). Generally speaking, the larger the enterprise, the higher the advertised speed of their connection.

Clearly businesses have only a superficial satisfaction with their broadband, with service providers not meeting the desired performance for around half of UK businesses.

Figure 4. How does your broadband perform against advertised speed?

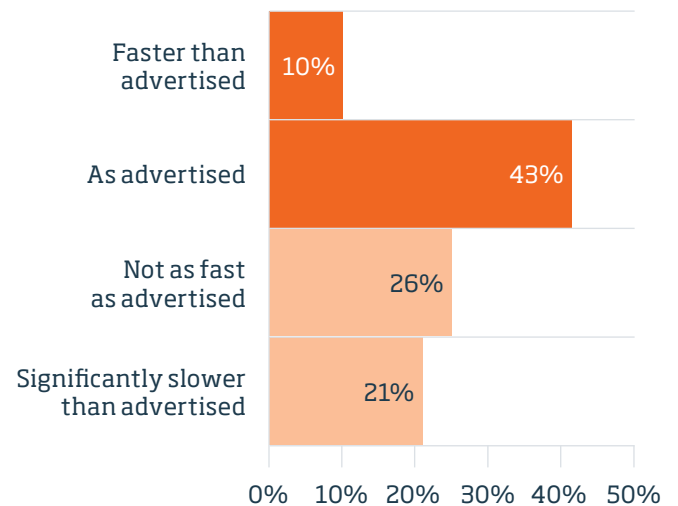
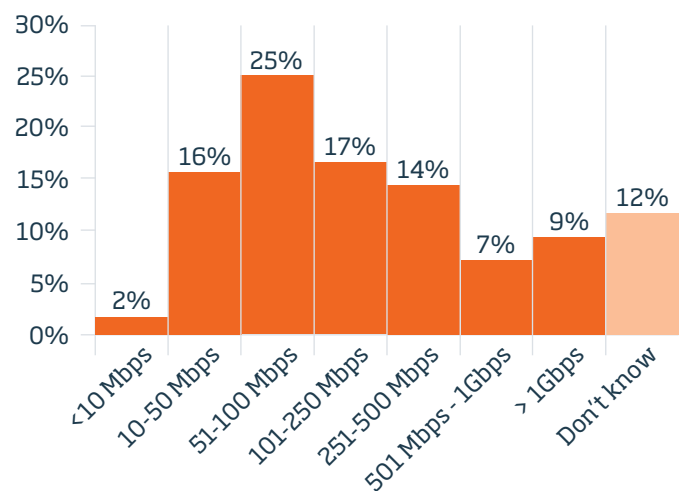


Figure 5. What is the advertised speed of your broadband connection?



Behaviour and productivity

Unanimously, 100% of respondents admitted poor broadband has negatively impacted their performance over the last two years, be it slow broadband speeds, significant periods of down time, or issues with constant buffering (Figure 6).

A total of 44% of businesses changed provider as a result of the impact on their business (Figure 7). From the 56% that did not change, less than half are actually happy with their existing provider – citing lengthy or inflexible contracts, a wish to avoid disruption, and broadband connectivity being locked into a building lease as the main reasons they did not (Figure 8). Disruption from changing provider is a major factor with 59% of businesses surveyed suffering between 2-10 hours of downtime from changing broadband provider with 64% losing the same in man hours (Figure 9).

Figure 6. Have any of the following broadband issues negatively impacted your business?

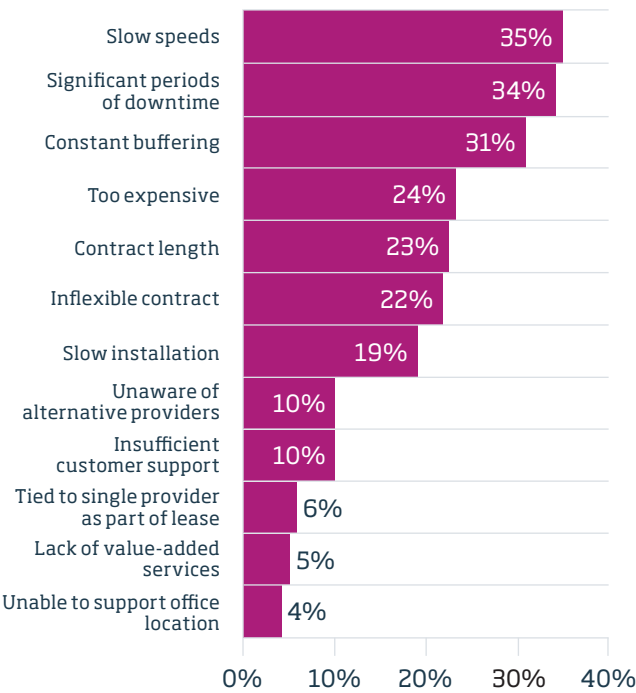


Figure 7. Have any of these frustrations caused you to change broadband provider in the past 2 years?

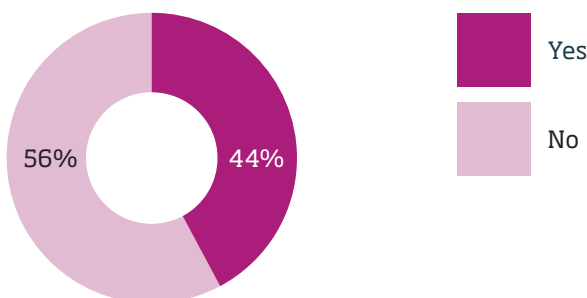
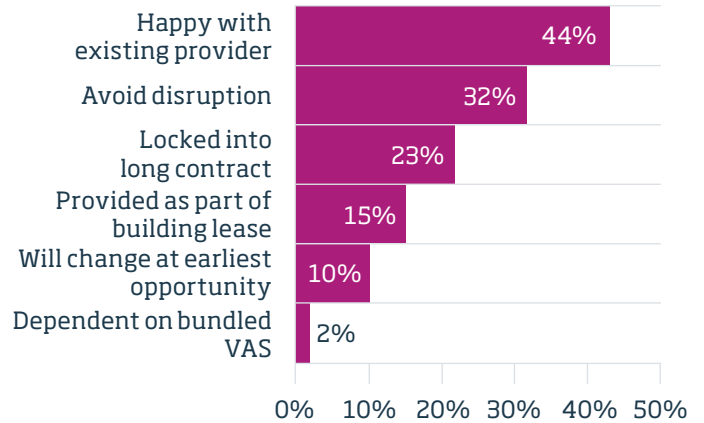


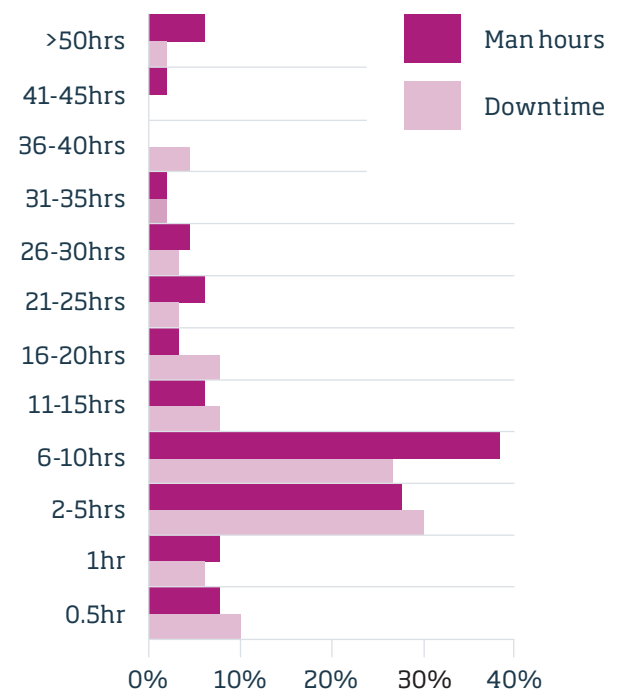
Figure 8. If no, why have you remained with your existing provider?



This indicates there is a degree of acceptance among UK businesses that poor broadband is unavoidable. Because businesses are being severely impacted by inflexibility and the lack of competitive alternatives, they are unable to identify and switch to a provider capable of meeting their broadband requirements. Again, this merely serves to underline the fact the UK is underserved from a broadband perspective and the opportunity remains for disruptive wireless carriers to become key providers within the connectivity ecosystem.

Ultimately, this is not a favourable position for the UK broadband market as it could stifle business growth.

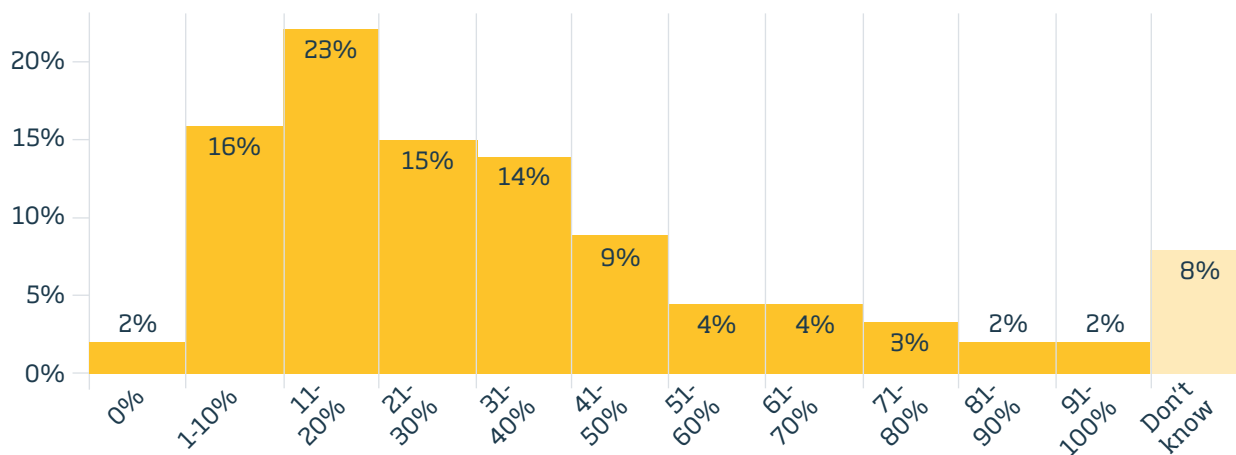
Figure 9. Downtime and loss of man hours by changing provider



Investment

Currently 16% of businesses in the UK are spending just 1-10% of their IT budget on connectivity, with 23% spending 11-20% (Figure 10). However, investment in connectivity is set to be flat over the next 12 months, with 45% of businesses either having completed their investment, maintaining, or decreasing existing levels of spend. A further 46% plan to increase spend, with 10% unsure (Figure 11).

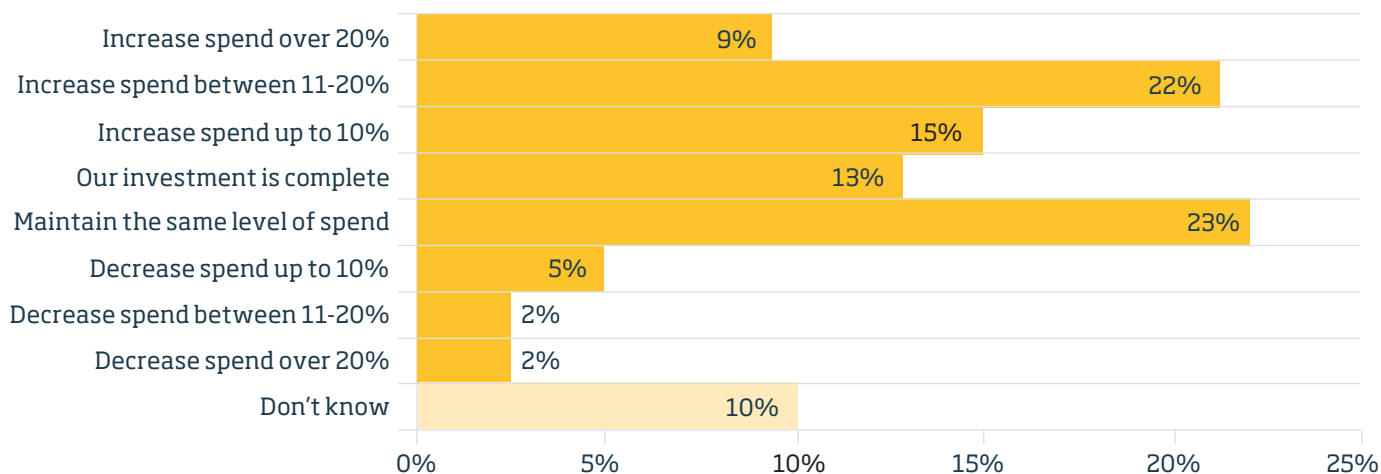
Figure 10. What percentage of your IT budget is devoted to connectivity?



Consequently, it is reasonable to expect that many businesses will remain with their existing providers in order to avoid disruption or because they are tied to a current contract. Flat investment indicates the industry must bring more value to the market to support business growth and international competitiveness.

Clearly, this will drive businesses appetite for alternative connectivity solutions. 89% of businesses admit that they would now consider moving to wireless connectivity services if the speed and reliability was comparable to, or greater than, their existing broadband service.

Figure 11. What are your company's investment plans regarding business connectivity in the next 12 months?



The data shows that many businesses are putting up with services that do not meet their expectations, and with investment set to remain flat in the near-term, inertia looks set to grip UK businesses regarding broadband.

This divergence between enterprises' connectivity expectations and their connectivity expenditure highlights the importance to operators of innovation, in order to sustain and improve long-term network profitability. In this regard, there is a huge opportunity for wireless carriers to provide businesses with more cost effective, agile and higher capacity broadband services that are in-line with the existing business climate.

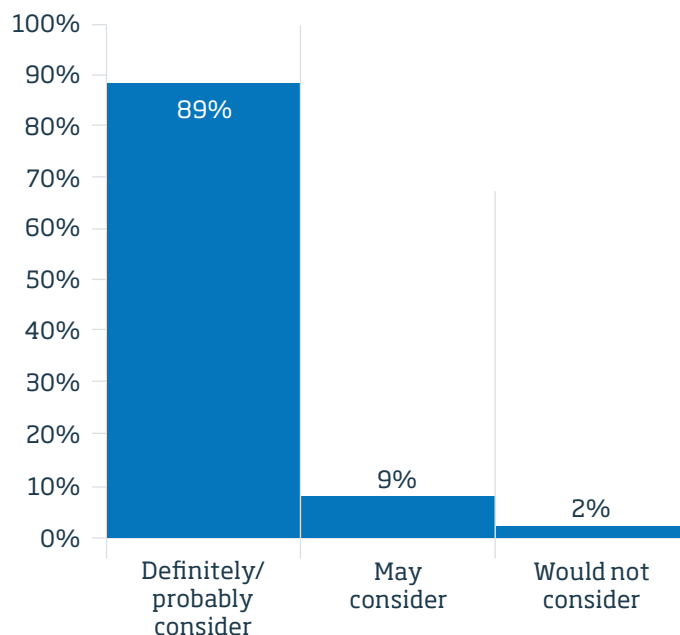
The future

The UK government has committed £200 million of public money to drive its full-fibre programme, which will see businesses, hospitals and schools become the first to try out full-fibre network technology.¹ While the investment is welcome news for both the private and public sector, as this research has highlighted, there is pent-up demand throughout UK businesses for alternative connectivity solutions, and wireless in particular. For the benefit of UK business, investment in wireless solutions, which are highly complementary to fibre, need further consideration.

For example, following the identification of 26GHz spectrum as a “pioneer band” for 5G in Europe — similarly in the US, the FCC’s pivotal decision to open up high-band spectrum for 5G networks and technologies — an increasing number of mobile operators are looking to millimetre wave to realise their 5G ambitions.

UK communications regulator Ofcom has recently held a call for inputs to help inform their ongoing programme of work to make spectrum in the band available for 5G wireless networks.² But the use of millimetre wave spectrum and the associated technologies are available now. Not only do they provide a disruptive wireless operator with the technology to meet UK businesses broadband requirements, they provide a huge competitive advantage.

Figure 12. Would you consider wireless if the speed and reliability was comparable to, or greater than, your existing broadband service?



There are indications that this might be creating a sea change. As already highlighted, 89% of businesses would now consider moving to wireless broadband if the speed and reliability was comparable to, or greater than, their existing broadband service (see Figure 12). The indication is, therefore, that perception of wireless is very positive and in demand.

An independent study from Real Wireless into the total cost of ownership (TCO) and time to breakeven of last mile data transport³ concluded that innovative millimetre wave solutions are significantly more cost-effective than legacy wireless and fibre, and can offer comparable bandwidth and Service Level Agreements (SLAs).

More specifically, the report showed that through savings in CAPEX and OPEX, licensed point-to-multipoint (PMP) wireless can deliver up to 50% cost savings over point-to-point in high density deployments carrying bursty high capacity traffic – typical of the anticipated 5G last mile.

² Ofcom. (2017) Call for inputs on 5G spectrum access at 26 GHz and update on bands above 30 GHz, <http://bit.ly/2gPa2TC>

³ Real Wireless. (2016) Total cost of ownership and time to breakeven of last mile data transport for MNOs and ISPs, <http://bit.ly/2yJnflg>

Conclusion

The research plainly identifies the main priorities for businesses when choosing a broadband provider as value for money and a high-speed connection.

Demand for fast, reliable and flexible connectivity services means that the broadband industry has to be innovative in its offerings while ensuring business customers do not unavoidably suffer poor service. As we have seen, inflexibility and a lack of competitive broadband alternatives is not a favourable position for the UK market as it could stifle business growth.

The opportunity for wireless is self-evident with 89% of businesses in favour of wireless connectivity. The research highlights a clear market opportunity for carriers to address connectivity issues by utilising new millimetre wave technology, such as PMP.

Moreover, as we approach 5G deployment, the use of fixed wireless and millimetre wave spectrum will be crucial tools for delivering the next generation of enterprise infrastructure in the UK and beyond.

Furthermore, the report also highlights the benefits that 26GHz can bring to the UK enterprise market and the value of Ofcom's recent decision to call for inputs to help inform their ongoing programme of work to make spectrum in the band available for 5G wireless networks.

Methodology

The research was conducted by MobileSquared between August and September 2017. An online survey was created and distributed to a sample of 200 UK businesses, equally split by size: small, medium, and large. Respondents were IT-based decision makers with a clear understanding of their company's connectivity strategy.



About MobileSquared

MobileSquared is a trusted research partner to some of the biggest companies in mobile, working with organisations including; Three UK, O2, Tesco Mobile, Nokia, Qualcomm, Mitel, Textlocal, OpenMarket, Nestle, Xerox, MEF and the Phone-paid Services Authority (PSA). We produce reports that create a buzz, and forecasts which shape the mobile industry, and are the company behind the most quoted stat in mobile marketing, **"90% of SMSs are read within 3 minutes"**. The MobileSquared team have been analysing the mobile industry since 1997, covering all areas of mobile including; mobile advertising, marketing, A2P messaging, OTT, RCS, LTE, broadband, 5G, unified communications, mobile payments, premium rate services and mobile technology. MobileSquared Chief Analyst and Founder, Nick Lane, speaks regularly at international mobile conferences and is recognised as one of the leading analysts in the messaging space. Find out more about MobileSquared at www.mobilesquared.co.uk



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Established in 2000, CBNL is the market-leader in licensed point-to-multipoint (PMP) microwave and millimetre wave solutions. CBNL's carrier-grade VectaStar® platform is deployed by over 100 communications providers for a range of applications, including backhaul (macro and small cell), enterprise access, smart city connectivity, broadcast and residential broadband. VectaStar is commercially deployed across 50+ countries and is an established network technology with the world's leading service providers, including seven of the top 10 largest mobile operator groups. VectaStar offers up to 1.2Gbps per sector and up to 14.4Gbps per hub site. Offering greater spectral efficiency, faster deployment times and total cost of ownership savings of up to 50 percent compared to alternative carrier grade technologies, VectaStar offers a leading business case to scale network capacities and meet the industry's growing demand for data. Privately held, CBNL has headquarters in Cambridge, UK, with offices in Nigeria, South Africa and Kenya. www.cbnl.com