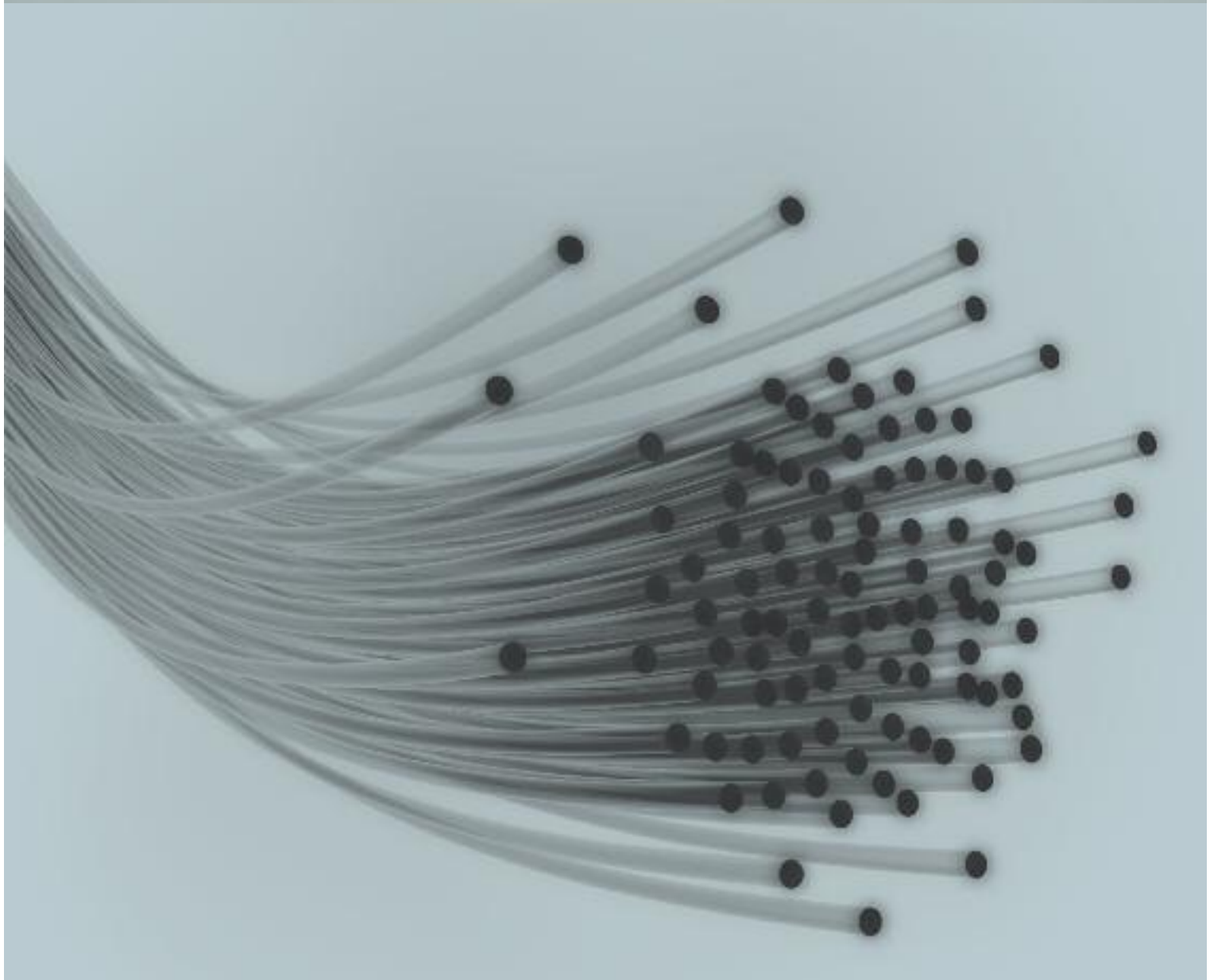
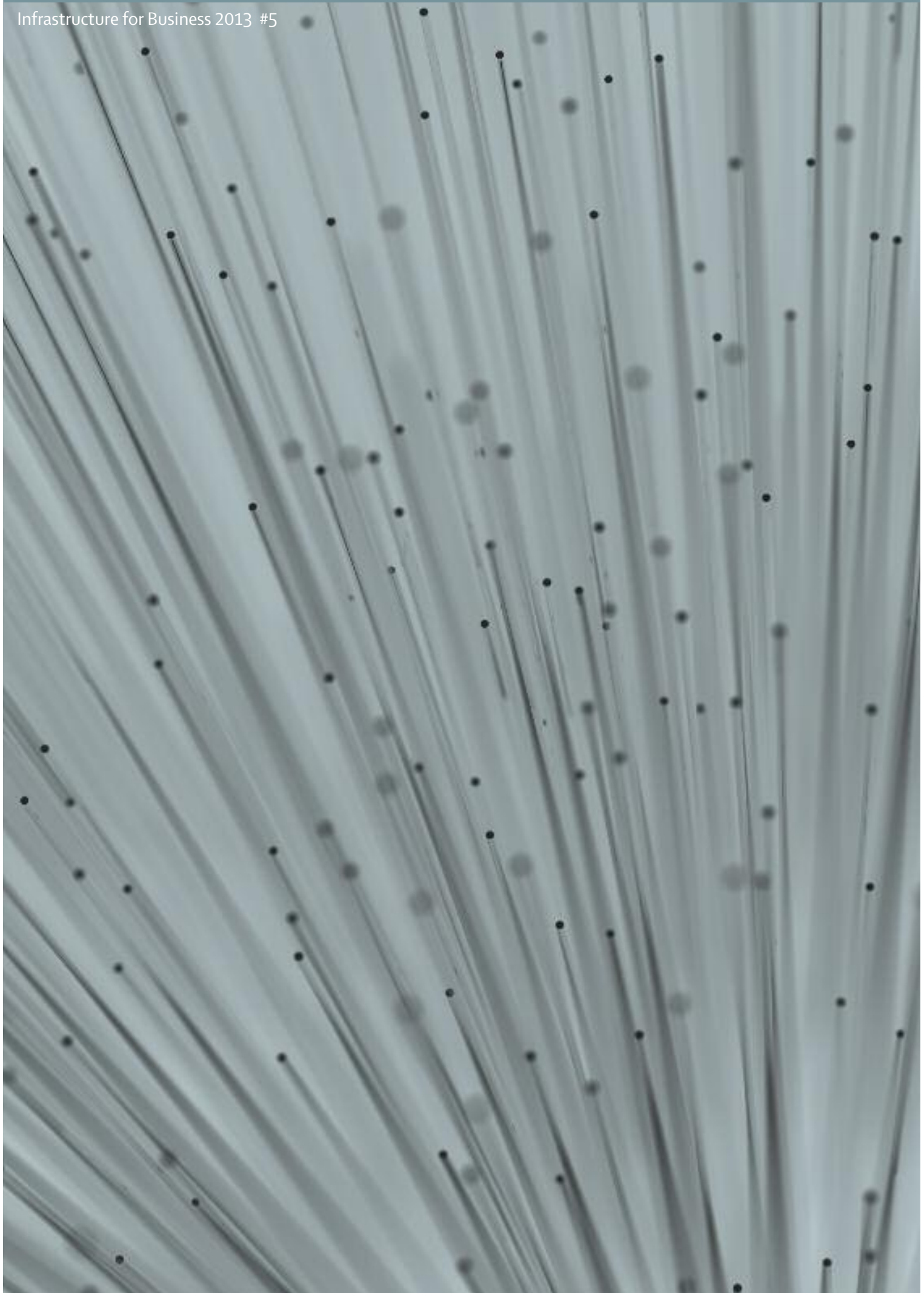




Infrastructure for Business

The IoD Member Broadband Survey





The IoD Member Broadband Survey

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Executive summary

In October 2012, the IoD carried out a survey of 1,147 IoD members to gather their views on fixed-line and mobile internet services for their business. The experiences of the two thirds of respondents with a primary workplace located in an urban area and the one third with a primary workplace located in a rural area were given particular attention.¹

The key findings of the survey include:

Fixed-line broadband speeds

- Overall, 57% of IoD members are satisfied with fixed-line download speeds for their business, and 50% with fixed-line upload speeds.
- By contrast, just 34% of members with a primary workplace in a rural area are satisfied with the speed of their fixed-line service for downloads, while 51% are dissatisfied.
- Only 29% of rural members are satisfied with upload speeds, compared to 58% dissatisfied.

Mobile internet services

- Overall, just 25% of IoD members are satisfied with mobile download speeds, compared to 45% dissatisfied.
- In rural areas, just 13% are satisfied with mobile download speeds, compared with 60% dissatisfied.
- Only 21% of rural members are satisfied with the reliability of their mobile internet services, compared with 46% dissatisfied.

Benefits of higher internet speeds

- Significantly higher fixed-line and mobile internet speeds would:
 - Improve the productivity of 83% of IoD members;
 - Improve the overall competitiveness of 65%;
 - Encourage 56% to offer more flexible working opportunities to staff;
 - Encourage 31% to invest more in their business;
 - Encourage 13% to hire more staff.

The last three years – slightly faster

- Overall, 17% think that **fixed-line** downloads are now significantly faster than three years ago, while 41% say that they are slightly faster. By comparison, just 7% think they have got slightly slower and only 3% significantly slower.
- Overall, 12% think that **mobile** downloads have got significantly faster over the last three years and 33% think they have got slightly faster. By contrast, 7% think that mobile download speeds have fallen slightly and 3% think they have fallen significantly.

¹ The IoD surveyed 1,147 IoD members between 11 and 21 October 2012 using the IoD's Policy Voice panel, a community of IoD members who participate in monthly surveys on public policy issues. 746 members (65%) self-defined their primary workplace as being in an urban location, and 396 (35%) self-defined their primary workplace as being in a rural location.

- In **rural areas**, just 8% think that **mobile** download speeds have improved significantly over the last three years, but 25% think they have improved slightly. More than four in ten (43%) think that mobile download speeds have remained the same over the last three years. Just 8% think they have worsened slightly and 4% say they have worsened significantly.

The next three years – significantly faster

- Overall, 39% think that **fixed-line** downloads will get significantly faster over the next three years, and 41% think they will get slightly faster. Just 2% think they will slow.
- Overall, 45% think that **mobile** downloads will get significantly faster, 33% slightly faster and just 2% slower.

Openreach

- Overall, 32% of IoD members who have dealt with Openreach (the company that looks after the wires connecting homes and businesses to the local telephone exchange) were satisfied with the service, compared to 42% dissatisfied and 26% neither satisfied nor dissatisfied.
- Only 23% of rural members who have dealt with Openreach were satisfied with the service, compared to 46% dissatisfied.



Context

This report presents the views and experiences of 1,147 IoD members across the UK on their business internet services. The context for this report is fourfold.

First, internet use is growing exponentially:

- According to a recent report by Cisco, global internet traffic will increase from around 370 exabytes (billion gigabytes) in 2011 to over 1,320 exabytes in 2016, a compound average growth rate of 29% a year.
- Within that total, mobile data is expected to account for an increasing share, with a compound average growth rate of 78% a year.²

Second, the UK is in the middle of the pack on broadband speeds:

- According to a report by Akamai, a cloud provider that analyses the 2 trillion daily requests for web content it receives, the UK ranks:
 - 18th in the world on average connection speeds;
 - 19th in the world on the fastest connection speeds;
 - 21st in the world on the percentage of connections above 10 Mbps;
 - 16th in the world on the percentage of connections above 4 Mbps.³

Third, the current roll-out of superfast broadband to urban areas is to be welcomed. But the rural broadband programme risks lacking in ambition, funding and urgency:

- The House of Lords Communications Committee recently criticised the Government's broadband strategy for failing to create a future-proof national network, concluding that the current programme risks leaving people and businesses in certain areas of the UK behind.⁴
- A recent report by Policy Exchange argued that the 2Mbps-by-2015 universal service commitment may soon prove to be inadequate, recommending that "to maintain a baseline level of connectivity consistent with rising expectations and internet use in the general population, the government should develop and begin tracking a universal service commitment cast in relative rather than absolute terms".⁵

Fourth, improved fixed-line and mobile internet infrastructure would provide important productivity benefits to businesses and could assist with the wider aims of rebalancing growth across the UK and encouraging exports.

In this context, and to help provide further evidence to the debate, the IoD asked businesses across the UK about their experiences on the ground.

² Cisco, *Cisco Visual Networking Index: Forecast and Methodology 2011-2016*, May 2012 Table 1 http://www.cisco.com/en/US/solutions/collateral/ns341/ns525/ns537/ns705/ns827/white_paper_c11-481360.pdf

³ Akamai, *The State of the Internet*, 2nd Quarter 2012, Section 6 http://www.akamai.com/dl/whitepapers/akamai_soti_q212.pdf?curl=/dl/whitepapers/akamai_soti_q212.pdf&solcheck=1&WT.mc_id=soti_Q212&

⁴ House of Lords Select Committee on Communications, *Broadband for all – an alternative vision*, July 2012 <http://www.publications.parliament.uk/pa/ld201213/ldselect/ldcomuni/41/41.pdf>

⁵ Chris Yiu and Sarah Fink, *The Superfast and the Furious: Priorities for the future of UK broadband policy*, Policy Exchange, January 2013, pp59-60 <http://www.policyexchange.org.uk/images/publications/the%20superfast%20and%20the%20furious.pdf>

The IoD member broadband survey

In October 2012, the IoD carried out a survey of 1,147 IoD members to gather their views on fixed-line and mobile internet services for their business. The experiences of the two thirds of respondents with a primary workplace located in an urban area and the one third with a primary workplace located in a rural area were given particular attention.⁶

Four topics were examined:

- Satisfaction with the existing state of internet services;
- The likely benefits of faster internet speeds;
- How internet speeds have changed over the last three years and are expected to change over the next three years;
- Views on Openreach, the company that installs and maintains the cables and wires that run from homes and businesses to the local exchange.

SATISFACTION WITH INTERNET SERVICES

There are two key splits with regard to satisfaction with internet services.

- Firstly, IoD members overall tend to be satisfied with fixed-line broadband speeds for their business but dissatisfied with mobile internet speeds.
- Secondly, IoD members with rural businesses tend to be dissatisfied with fixed-line broadband speeds as well as with mobile internet services more generally.

Fixed-line broadband services

Speed

Overall, IoD members are generally satisfied with fixed-line download and upload speeds for their business:

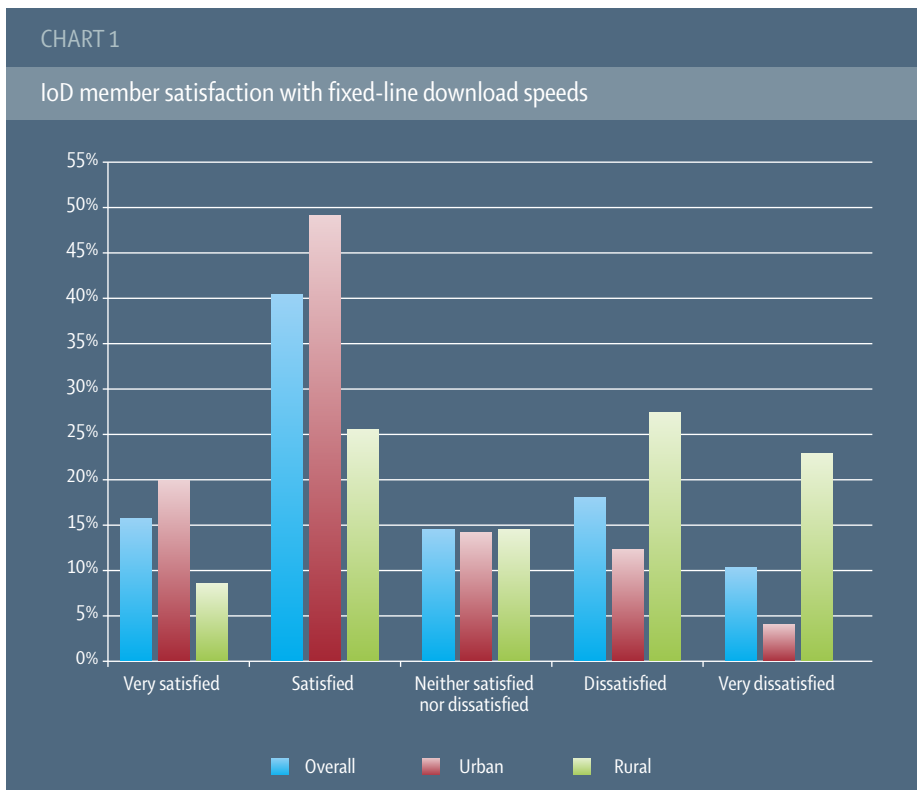
- Overall, 57% of IoD members are satisfied with the speed of their fixed-line broadband service for downloads, compared to 29% dissatisfied.
- For uploads, 50% are satisfied compared with 34% dissatisfied.

Urban and rural members, however, report very different experiences:

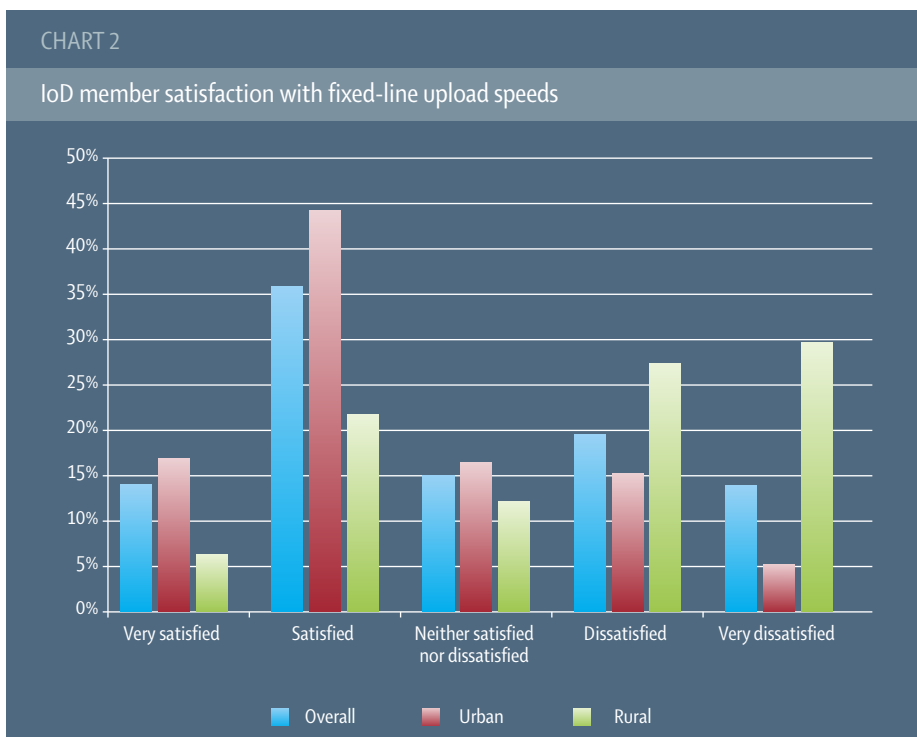
- Just 34% of members with a primary workplace in a rural area are satisfied with the speed of their fixed-line service for downloads, while 51% are dissatisfied.
- Only 29% of rural members are satisfied with upload speeds, compared to 58% dissatisfied.
- Members with a primary workplace located in an urban area are more upbeat, with 69% satisfied with download speeds, compared to just 17% dissatisfied.

⁶ The IoD surveyed 1,147 IoD members between 11 and 21 October 2012 using the IoD's Policy Voice panel, a community of IoD members who participate in monthly surveys on public policy issues. 746 members (65%) self-defined their primary workplace as being in an urban location, and 396 (35%) self-defined their primary workplace as being in a rural location.

- Similarly, 61% of urban members are satisfied with upload speeds, compared to 20% dissatisfied.



“Only 34% of rural IoD members are satisfied with fixed-line download speeds for their business, while 51% are dissatisfied.”



Reliability

Similarly, most IoD members are satisfied with the reliability of their fixed-line broadband service, but rural members are less likely to be satisfied:

- Overall, 66% of IoD members are satisfied with the reliability of their workplace fixed-line broadband service, compared to 21% dissatisfied.
- Urban members are generally content with the reliability of their service, with 73% satisfied and 14% dissatisfied.
- Rural members are also happy with reliability, but less so – 49% are satisfied and 35% dissatisfied.

Price

Views on the price of broadband services are mixed:

- Overall, 39% of IoD members are satisfied with the price of the fixed-line broadband service for their business, with 25% dissatisfied and 31% neither satisfied nor dissatisfied.
- Rural members are more likely to be unhappy, with 29% satisfied, 32% dissatisfied and 36% neither satisfied nor dissatisfied.
- Urban members are more content, with 44% satisfied and 20% dissatisfied.

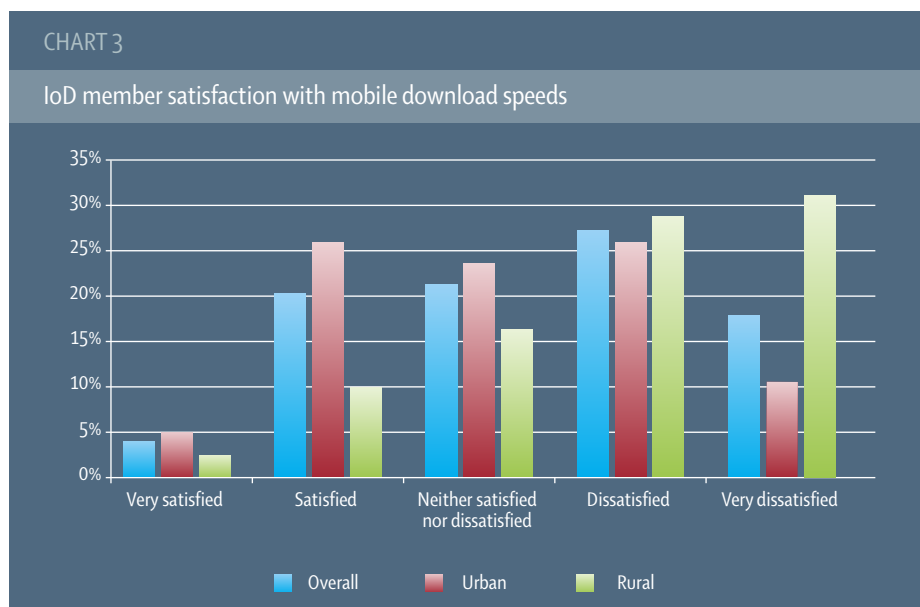
Mobile internet services

Speed

In contrast to fixed-line broadband services, IoD members in all areas tend to be unhappy with mobile internet speeds, with rural members particularly downbeat:

- Overall, just 25% of IoD members are satisfied with mobile download speeds, compared to 45% dissatisfied.
- Similarly, just 20% are satisfied with mobile upload speeds, compared to 48% dissatisfied.
- Rural members are particularly unhappy. Just 13% are satisfied with mobile download speeds and 11% with mobile upload speeds. By contrast, 60% are dissatisfied with mobile download speeds and 59% with mobile upload speeds.
- Urban members also tend to be unimpressed. Less than a third (31%) are satisfied with mobile download speeds, compared with 37% dissatisfied. Only a quarter (25%) are happy with mobile upload speeds, compared with 42% unhappy.

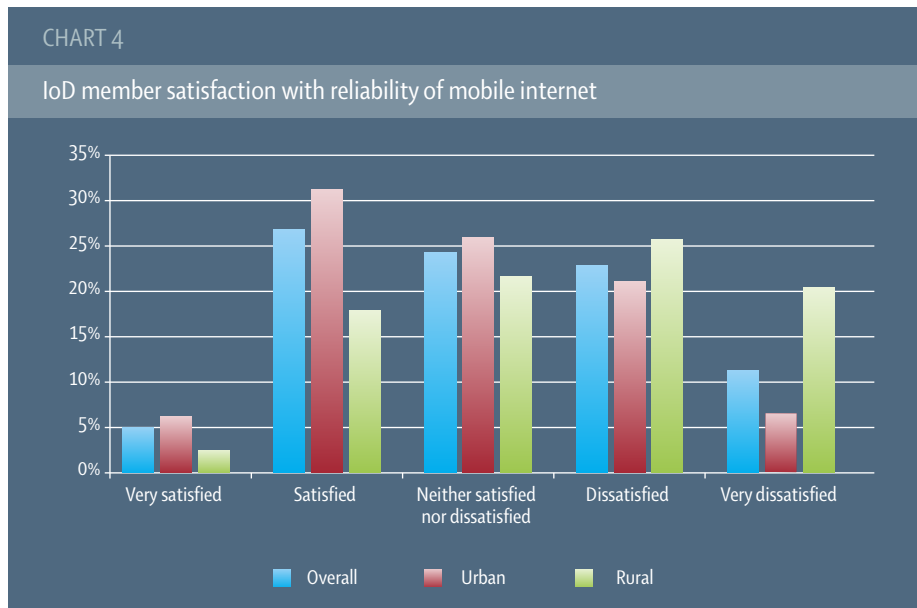
“Overall, just 25% of IoD members are satisfied with mobile download speeds.”



Reliability

IoD members located in urban areas tend to be satisfied with the reliability of their mobile internet service, in contrast to those located in rural areas:

- Overall, 32% of IoD members are satisfied with the reliability of their mobile internet service, compared to 35% dissatisfied.
- Just 21% of rural members are satisfied, compared with 46% dissatisfied.
- Urban members are more upbeat, with 38% satisfied with the reliability of their mobile internet service and 28% dissatisfied.



Price

A similar picture can be seen on price, with rural members tending to be unhappy:

- Overall, 26% of IoD members are satisfied with the price of their mobile internet service, compared to 30% dissatisfied.
- Only 19% of rural members are satisfied with the price of their mobile internet service, compared to 35% dissatisfied.
- Among urban members, 29% are satisfied and 26% dissatisfied.

BENEFITS OF SIGNIFICANTLY FASTER INTERNET SPEEDS

IoD members, especially those in rural areas, think that significantly faster fixed-line and mobile internet speeds would bring a range of benefits.

Overall:

- 83% say that significantly faster fixed-line and mobile internet services would improve the productivity of their business;
- 65% think that faster speeds would improve the overall competitiveness of their business;
- 79% already offer flexible working very often or quite often, and 56% say that higher speeds would encourage them to offer more flexible working opportunities to staff;

- 31% say that higher speeds would encourage them to invest more in their business;
- 13% think that faster internet services would encourage their business to hire more staff.

“Faster internet speeds would improve the productivity of 83% of IoD members’ businesses.”

TABLE 1

How faster fixed-line and mobile internet speeds would benefit IoD members

	“Strongly agree”	“Tend to agree”
“It would improve our organisation’s productivity”	39%	44%
“It would increase the overall competitiveness of our organisation”	24%	41%
“It would encourage our organisation to offer more flexible working opportunities to staff”	23%	33%
“It would encourage us to invest more in our organisation”	6%	25%
“It would encourage our organisation to hire more staff”	3%	10%

Members with a primary workplace in a rural area would benefit particularly. Faster speeds would:

- Improve the productivity of 88%;
- Improve the overall competitiveness of 75%;
- Encourage 60% to offer more flexible working opportunities to staff;
- Encourage 37% to invest more in their business;
- Encourage 15% to hire more staff.

Urban members would also benefit. Faster speeds would:

- Improve the productivity of 80%;
- Improve the overall competitiveness of 61%;
- Encourage 54% to offer more flexible working opportunities to staff;
- Encourage 28% to invest more in their business;
- Encourage 12% to hire more staff.

TRENDS OVER TIME

The UK is in the middle of a roll-out of superfast fibre broadband to cities and towns, and a more limited programme of improvements to the internet services received in less populated areas. Later this year, 4G mobile services from all major providers (i.e. in addition to EE) are set to be rolled-out across the country, following the 4G spectrum auction.

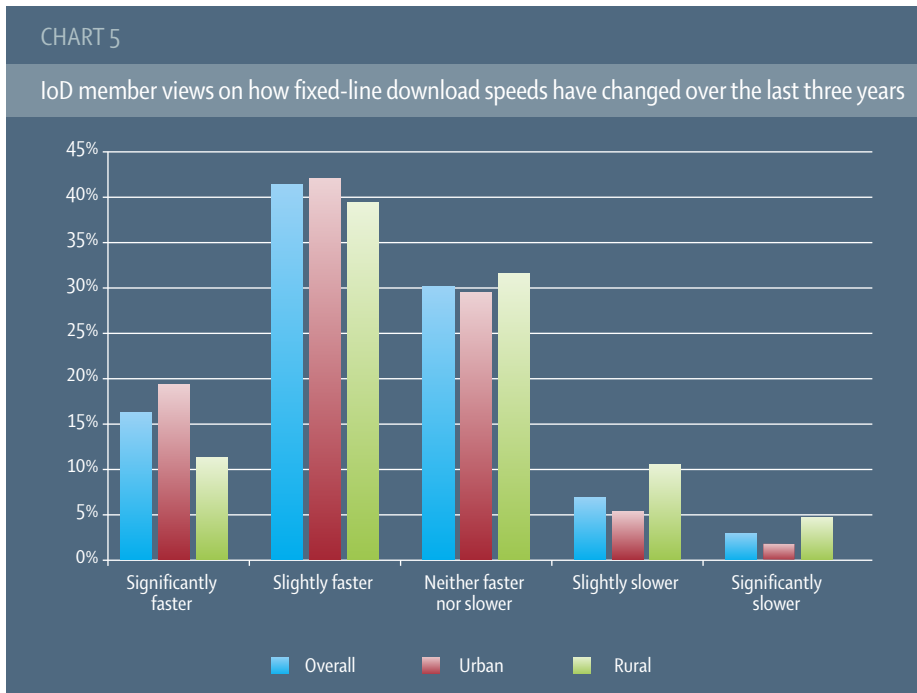
IoD members, including those in rural areas, are generally upbeat about download and upload speed improvements over the last three years, and very positive about the next three years.

Fixed-line broadband services

Last three years

IoD members tend to agree that fixed-line download speeds have improved over the last three years:

- Overall, 17% think that fixed-line downloads are now significantly faster than three years ago, while 41% say that they are slightly faster. By comparison, just 7% think they have got slightly slower and only 3% significantly slower.
- Among rural members, 12% say that download speeds are significantly faster and 39% slightly faster, compared with 11% who think they are slightly slower and 5% significantly slower.
- Among urban members, 19% say that download speeds have risen significantly and 43% say they have risen slightly, compared to just 6% who think they have fallen slightly and 2% saying they have fallen significantly.



Fixed-line upload speeds are also considered to have improved over the last three years:

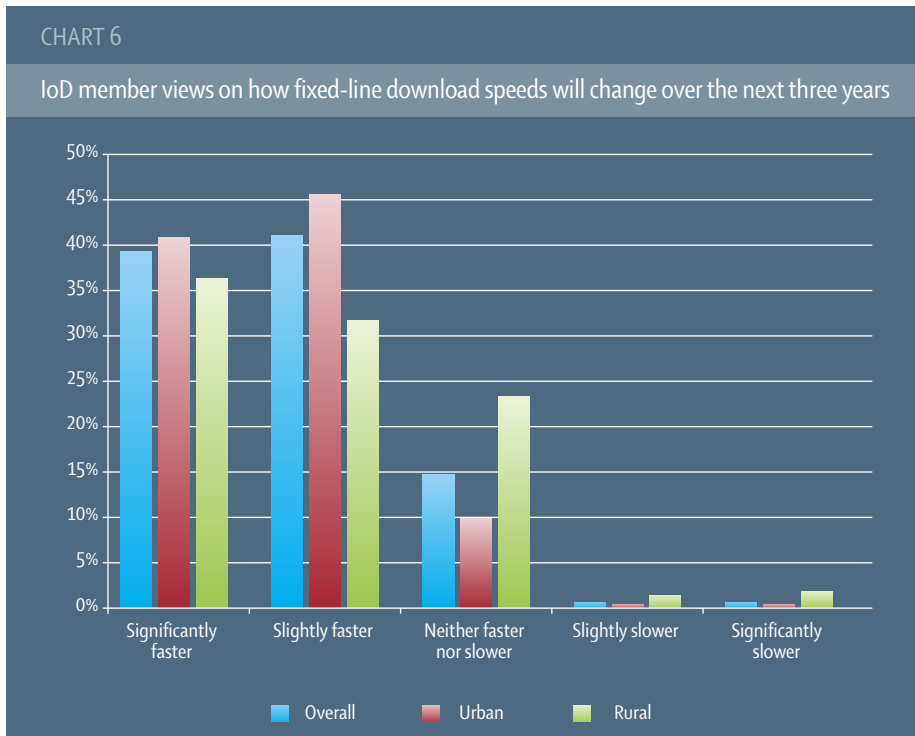
- Overall, 15% say that fixed-line uploads are significantly faster than three years ago, and 37% think they are slightly faster. Only 8% think that upload speeds have fallen slightly, and just 3% say they have fallen significantly.
- Rural members also tend to agree, with 11% thinking upload speeds are significantly faster and 33% slightly faster, compared to 11% saying that upload speeds are slightly slower and 5% significantly slower.
- Urban members are the most upbeat, with 18% thinking fixed-line uploads have got significantly faster, 40% slightly faster, just 7% slightly slower and only 2% significantly slower.

Next three years

Over the next three years, IoD members believe that fixed-line download speeds will improve:

- Overall, 39% think that downloads will get significantly faster, and 41% think they will get slightly faster. Just 2% think they will slow.
- In rural areas, 37% think that download speeds will improve significantly and 32% say that they will improve slightly. Only 4% think they will get worse.
- In urban areas, 41% think they will improve significantly and 46% say they will improve slightly, with just 1% thinking that download speeds will fall.

“Fixed-line and mobile internet speeds are expected to increase significantly over the next three years.”



A similar picture can be seen for upload speeds over the next three years:

- Overall, 39% of IoD members say that upload speeds will improve significantly and 40% think that they will improve slightly. By contrast, just 2% think that upload speeds will fall.
- In rural areas, 36% think that fixed-line upload speeds will increase significantly and 31% say they will increase slightly. Only 4% think they will fall.
- In urban areas, 41% say upload speeds will increase significant and 45% say they will increase slightly, with just 1% thinking they will fall.

Mobile internet services

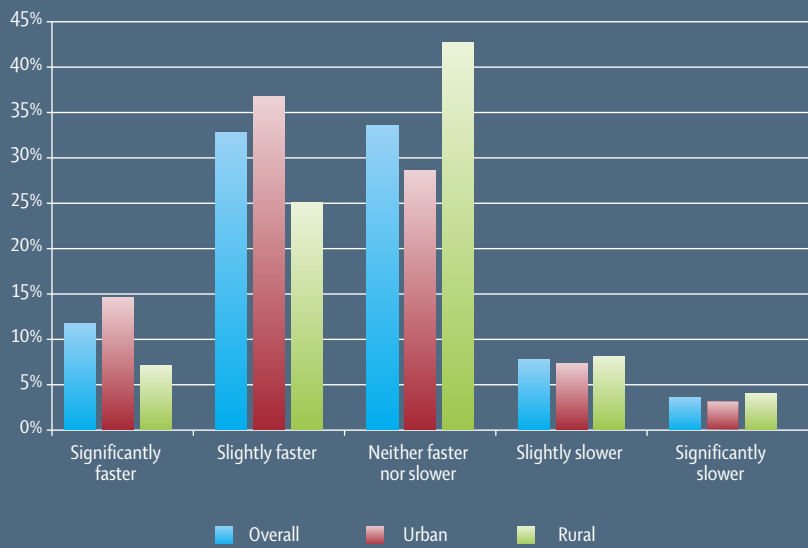
Last three years

IoD members are positive about mobile download speed improvements over the last three years, but less so than for fixed-line:

- Overall, 12% think that mobile internet downloads have got significantly faster and 33% think they have got slightly faster. By contrast, 7% think that mobile download speeds have fallen slightly and 3% think they have fallen significantly.
- In rural areas, just 8% think that mobile download speeds have improved significantly over the last three years, but 25% think they have improved slightly. More than four in ten (43%) think that mobile download speeds have remained the same over the last three years. Just 8% think they have worsened slightly and 4% say they have worsened significantly.
- In urban areas, IoD members are more positive, with 15% saying that mobile download speeds have risen significantly and 37% saying they have risen slightly. By contrast, only 7% think they have fallen slightly and 3% say they have fallen significantly.

CHART 7

IoD member views on how mobile download speeds have changed over the last three years



A similar picture can be seen for mobile upload speeds over the last three years:

- Overall, 10% think that mobile upload speeds have risen significantly, 29% think they have risen slightly, 7% say they have fallen slightly and 4% think they have fallen significantly.
- In rural areas, just 6% think that mobile uploads have got significantly faster, with 22% saying they have got slightly faster. The largest proportion (45%) think that mobile upload speeds have stayed the same. Only 7%, though, think that mobile upload speeds have fallen slightly and 6% say they have fallen significantly.
- Amongst urban members, mobile upload speeds are thought to have risen significantly by 12%, risen slightly by 33%, fallen slightly by 7% and fallen significantly by 3%.

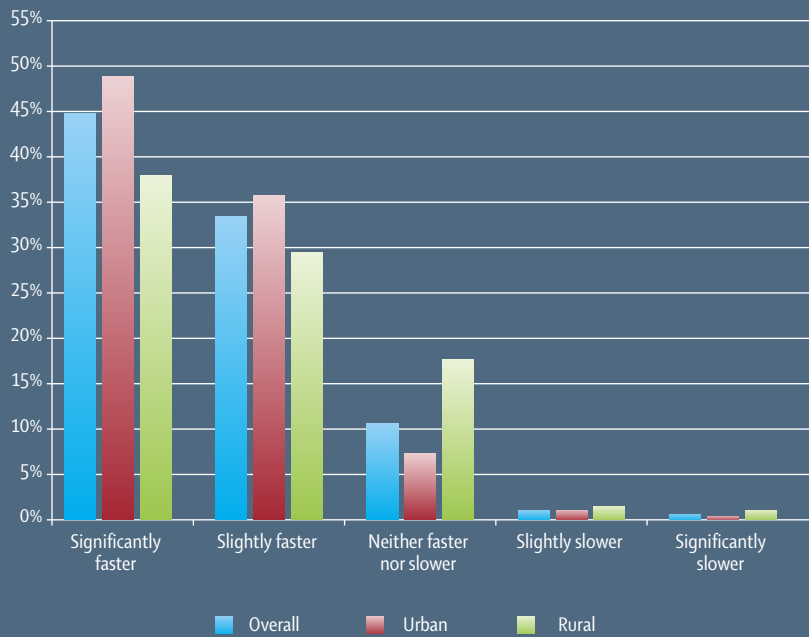
Next three years

Over the next three years, IoD members believe that mobile download speeds will rise:

- Overall, 45% think that mobile downloads will get significantly faster, 33% slightly faster and just 2% slower.
- In rural areas, 38% think they will get significantly faster, 29% slightly faster, and just 3% slower.
- In urban areas, the proportions are 49% significantly faster, 36% slightly faster and just 1% slower.

CHART 8

IoD member views on how mobile download speeds will change over the next three years



IoD members are similarly enthusiastic about the prospects for mobile upload speeds over the next three years:

- Overall, 44% say that mobile upload speeds will rise significantly, 33% say they will speed up slightly and just 2% think they will slow down.
- In rural areas, the proportions are 38% significantly faster, 29% slightly faster and 3% slower.
- In urban areas the proportions are 47% significantly faster, 35% slightly faster and 1% slower.

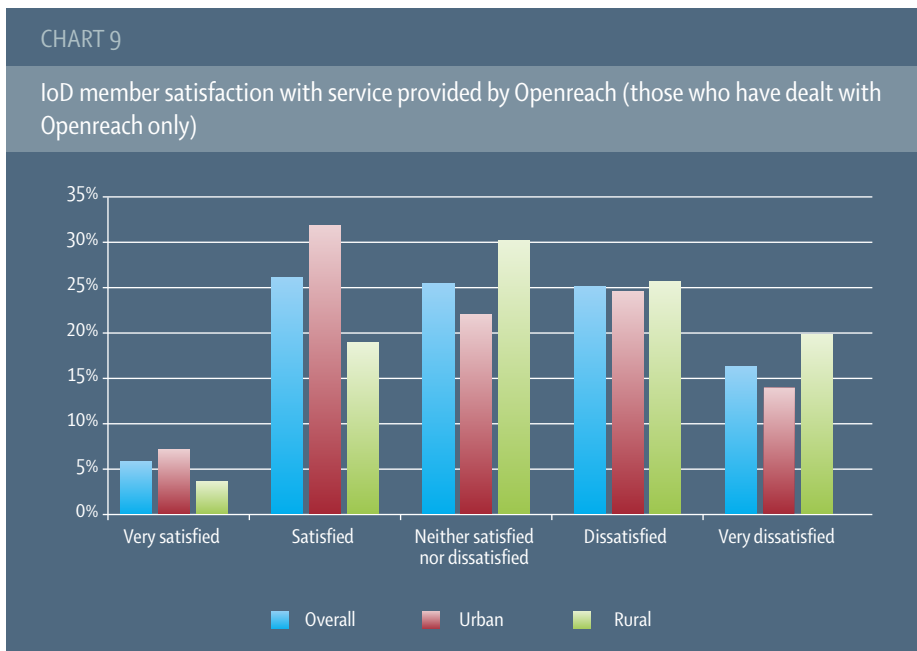


OPENREACH

Openreach, part of BT Group, was created in January 2006 to look after the wires that connect homes and businesses to the local telephone exchange. It was formed after an agreement was reached between BT and Ofcom to ensure that other operators would have access to BT's local network.

Connecting businesses to telephone and broadband services swiftly, and repairing faults rapidly, are vital services. Just over half of IoD members have dealt with Openreach, but unfortunately satisfaction, particularly in rural areas, is low:

- Overall, 52% of IoD members have had dealings with Openreach. For members with a primary workplace in a rural area, the proportion is 64%, and for those with a primary workplace in an urban area, the proportion is 46%.
- Overall, 32% of IoD members who have had dealings with Openreach were satisfied with the service, compared to 42% dissatisfied and 26% neither satisfied nor dissatisfied.
- Only 23% of rural members who have dealt with Openreach were satisfied with the service, compared to 46% dissatisfied.
- Opinion was more evenly balanced amongst urban members. Of those who have dealt with Openreach, 39% were satisfied and 39% dissatisfied.



Conclusions

Five key conclusions can be drawn from the survey of IoD members:

- First, fixed-line broadband for businesses in urban areas is generally good and is expected to improve over the next few years. The current roll-out of superfast broadband to the UK's towns and cities is very welcome. Ensuring fast upload, as well as download, speeds is essential.
- Second, fixed-line broadband for businesses in rural areas is generally unsatisfactory, and has only improved slightly in the last few years, although is expected to improve in the next few years. Faster broadband in rural areas is an urgent priority.
- Third, mobile internet services are far from satisfactory. Ensuring that the 4G roll-out covers as much of the country as possible, including rural areas, and that prices are affordable, is also crucial.
- Fourth, IoD members are generally dissatisfied with the service provided by Openreach, which installs and maintains vital phone and internet connections from premises to the local exchange. This is worrying given the importance of connectivity to business. Openreach must improve the service it offers.
- Fifth, significantly faster fixed-line and mobile internet speeds would bring significant benefits to IoD members' businesses and to the wider economy.

About the Infrastructure for Business series

The UK's infrastructure was once the best in the world. Great innovators like Brunel and Stephenson were pioneers of the railway, which revolutionised the way people and goods moved around the country.

Faster, better and cheaper infrastructure helped fuel the rapid growth of the industrial revolution, giving businesses the platform they needed to thrive at home and export to the world. In the last century, Britain continued to develop new forms of travel, leading the way in aviation and building an extensive motorway system.

The UK still benefits from its infrastructure inheritance, and parts of our network function relatively well. But we have lost our lead, as we try to squeeze too many onto too little. Our roads are congested, many of our trains are standing room only, and planes are forced to circle in stacks before getting a landing slot at our main airport. High taxes on driving and flying, and big rail fare increases, have made getting around more expensive.

And there are risks to the security of our energy supply, as replacements for our ageing coal and nuclear power stations are not built quickly enough and environmental regulations and taxes, which should be better focused on reducing emissions in the cheapest way, push up the cost of powering the country.

Infrastructure for Business is a new series of papers looking at the key energy, transport and technology infrastructure developments that would help the UK regain competitiveness and encourage a thriving private sector. We need to put Britain back in the lead again to help our firms compete in the world.

For more information, please email corin.taylor@iod.com

Infrastructure for Business

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