

Federation of Small Businesses Say Broadband for Businesses isn't up to Speed

Contributed by Federation of Small Businesses
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In a new report published yesterday (July 14), the Federation of Small businesses (FSB) is calling for the Government to adopt much more ambitious targets for rolling out high speed broadband for businesses across the UK. With an estimated 45,000 firms still on dial up, and many more struggling with speeds lower than 2 Megabits per second (Mbps), it is clear that while the residential market may be seeing the benefits of high speed broadband, this is often not the case for the business community. The UK's forthcoming digital infrastructure strategy therefore needs to recognise this issue and put small businesses at the front and centre of future rollout plans, so that they can enjoy the benefits too.

Almost every (94%) small firm views a reliable internet connection as critical to the success of their business. The current Government targets of 24Mbps for 95 per cent of the population and 2Mbps for the remaining five per cent will not meet the future demands of UK businesses. For example, even in areas where households have high speed broadband, some businesses still struggle to send digital invoices, upload large files or even communicate with clients via the internet. The current targets will not allow for the UK's 'digital by default' strategy or policies such as Real Time Information that rely on reliable broadband to be delivered successfully.

The FSB's new report, 'The 4th Utility: Delivering universal broadband connectivity for small businesses across the UK', highlights the scale of the problem and sets out what small businesses want to see change. FSB members want:

1. The Government, in cooperation with industry, to commit to delivering minimum speeds of 10 Mbps for all business premises in the UK by 2018, regardless of location. This compares with the current target of delivering 2Mbps for the hardest to reach five per cent by 2017. Alongside this, the Government should set a medium to long-term objective of providing minimum speeds of 100 Mbps to all premises by 2030. By way of comparison, Denmark is committed to offering universal access of 100 Mbps to its citizens by 2020, while South Korea has a target of 1000 Mbps (1 Gbps) for 90 per cent of its population by 2017.

2. Business should be at the heart of the roll out of high-speed broadband and the types of products and services on offer need to far better reflect business needs. This includes guaranteed minimum bandwidth levels, reliable connections and greater parity between upload and download speeds, at affordable prices. Crucially, the UK's digital infrastructure also needs to be future-proofed to ensure that tomorrow's business needs are met.

3. The Government should prioritise the delivery of fibre-optic broadband to business communities such as retail parks and ensure that firms located in enterprise zones, which are designed to spur local growth, are fully connected – many are still not.

4. In order to deliver on these objectives, structural reform of the broadband market is necessary. The FSB wants the Competition and Markets Authority (CMA) to conduct, at the request of Ofcom, an assessment into the current market structure. The FSB also wants the CMA to explore options to boost competition amongst operators and support new entrants into the infrastructure market.

Commenting on the state of the business broadband market, John Allan, National Chairman, Federation of Small Businesses, said:

"The fact that we have around 45,000 businesses still on dial up is unacceptable and many more throughout the country, even in London, are receiving poor service. Evidence from our members shows this clearly is a problem affecting all corners of the UK, rural areas and cities alike. While progress has been made with the residential market, businesses have not enjoyed the same benefits, which is holding back their growth. We therefore want to see the UK Government show ambition with its broadband targets and put business needs at their centre. Leaving five per cent of the population with a 2Mbps connection in 2017 is not good enough.

"As this report shows, too many of our small firms are held back by the current state of the broadband market in the UK. We want Government to oversee the creation of world-beating digital infrastructure that will enable businesses to grow, innovate and compete in international markets. This means not only raising download speeds but also upload speeds that are so important and where provision is especially inadequate. Otherwise firms' growth ambitions will be blunted, while Government efforts to get every firm to go 'digital by default' when filing its taxes online will be impossible to achieve."