Gartner Says Ultra-High-Speed Residential Broadband to Create a Bandwidth Divide in Next Three to Five Years

Egham, UK, 9 September, 2009 — Ultra-high-speed residential broadband will create a bandwidth divide that will emerge in the next three to five years in which urbanised areas will benefit from increased download speeds while rural and less-populated areas will not, according to Gartner, Inc.

Ultra-high-speed residential broadband — defined as a broadband service supporting download speeds of 50 Mbps and above — will have a wide-ranging impact on consumers, from the way they experience video, to how they communicate in the future. At the same time, it will open up significant opportunities for application developers and service providers to improve and increase application offerings.

"Ultra broadband will exacerbate the digital divide among different world regions, as well as within countries," said Fernando Elizalde, principal research analyst at Gartner. "Governments in countries that lag behind in the deployment of ultra broadband will come under increasing pressure to use public funds to upgrade broadband infrastructure to avoid falling behind."

Mr Elizalde said that during the next three to six years, a number of contributing factors will enable ultra-high broadband adoption. He explained that the need to acquire and retain customers is creating competitive pressure that is pushing service providers to use speed as a way of differentiating their services. Those markets where there are multiple carriers targeting the same customers or where there is strong telecom carrier versus cable television broadband competition, will move fastest.

Rapid downloading or live streaming of movies and television will be a key driver for consumers being prepared to pay more to move to ultra-high-speed broadband Internet services, while the distribution of user-generated content through e-mail, social network sites, and video-sharing websites will also increase demand for ultra-broadband.

In addition, government and e-government initiatives around state-sponsored broadband projects and around access to telemedicine, will require high levels of bandwidth use and are stimulating the need for ultra-high broadband. In the longer term, advanced forms of communications, such as consumer telepresence and high-definition voice will require high-definition television quality video and the resulting high level of bandwidth use.

However, Mr Elizalde warned that a number of factors are likely to challenge adoption, not the least is the fact that aside from the benefit of accessing video over the internet, many consumers will not see a need to pay for higher bandwidth when there are no applications that currently require it. He also said that uncertainty over if, or how, carriers deploying ultra-high-speed broadband technology will have to share the network, is delaying deployment of the technology.

Further challenges include the fact that in most instances, ultra broadband requires the rewiring of multi- and single dwelling buildings and the looming threat of alternative mobile broadband technologies, such as long term evolution (LTE).

"Despite these challenges, ultra broadband will happen and application developers should use the opportunity offered by the early adopter markets of Japan and South Korea to carry out live testing of new applications and innovations before it becomes mainstream

globally," said Mr Elizalde. "Operators must position faster broadband speeds as a premium service to avoid commoditisation of ultra broadband and strike a balance between their need to charge more for faster broadband and consumer willingness to pay for the extra speed."

Additional information is available in the Gartner report "Emerging Technology Analysis: Ultra-High-Speed Residential Broadband Internet, Global Consumer Services." The report is available on Gartner's website at
http://www.gartner.com/DisplayDocument?ref=g_search&id=1051612&subref=simplesearch.

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