

BROADBAND AGGREGATION PROGRAMME POSITION STATEMENT – December 1, 2004

CURRENT STATUS

The Broadband Aggregation Programme has set up 10 commercial operational vehicles (trading as Adits) to deliver the BAP's two objectives:

- 1) Increase broadband availability.
- 2) Maximise value for money in public sector purchasing of broadband connectivity by aggregating public sector broadband requirements.

The BAP is a joint DTI and Regional Development Agency initiative. The programme is now in its transition from the centrally guided start-up phase to regionally guided operations. Changes in regional operations are to be expected where prevailing market conditions do not support sufficient business.

Therefore, six Adits are continuing while three will be closing – the South West, South East and North West. Regrettably, there will be a small number of Adit staff redundancies.

The closing Adits will work with their customers and Framework suppliers to ensure the orderly handover of existing contracts with minimal disruption.

It was always intended, after having established the Adit network that the central DTI BAP team will scale down at the end of the year although the DTI will continue to support the regional Adits as necessary.

BAP ACHIEVEMENTS

Availability

The BAP has contributed to the changed market environment whereby 99.6% of the country will have access to broadband by summer 2005. BT has acknowledged the BAP's catalytic effect on the UK's broadband marketplace.

BT speaks out in support of the BAP:

"BT is working hard to support the Government's efforts to secure best value for the public purse and to extend the reach of broadband. The DTI's Broadband Aggregation Programme has undoubtedly contributed to the UK's momentum in the broadband market.

"In co-operation with the DTI, RDAs and Adits, BT will continue its work across the country, developing broadband solutions and technologies and addressing availability for the final 0.4% of the population."

November 30, 2004

Value For Money

In the first nine months of Adit trading, they have delivered their public sector customers £8.6m in savings on the cost of buying their broadband networks. These savings are made up of the contracts signed and savings achieved through other forms of Adit intervention on behalf of customers.

Contract value stands at £9m with Adits currently in discussions to win business potentially worth over £200m.

As the Adits continue to trade they will deliver even more savings to the public sector.

Additional benefits

Adits have shaved *months* off public procurement timescales for their customers by using their dedicated, Government approved Framework Agreement with 17 telecoms companies: Best practice procurement in half the time with half the hassle.

GOVERNMENT BROADBAND AGENDA

Over the last three years the Government has focused its efforts on creating the necessary environment for achieving its target for the UK to have the most extensive and competitive broadband market in G7 by 2005.

The DTI was tasked in the 2004 Spending Review with a National Standard of retaining the UK's position as one of the best places in the world for online business, reflecting the Government's ongoing commitment to broadband Britain.

- Prices are continuing to fall.
- Broadband take-up is over 5.3 million rising at 50 000 per week – the UK has now overtaken Germany which was way ahead of us only a couple of years ago.
- Economist Intelligence Unit Survey of world's 60 top economies (2004) rated the UK second in terms of e-readiness behind Denmark.
- The UK is currently third for extensiveness of its broadband market and has overtaken the USA.
- The UK is currently third for competitiveness of its broadband market closing the gap on Canada in second place.
- The UK is today more competitive than its European G7 neighbours and the USA