



## TELECOMMUNICATIONS

### The impact of broadband in the ASEAN economic community

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We speak to Dominic Arena, equity partner at Value Partners.

#### **What social or economic benefits will your broadband service bring to your country?**

There have been several studies over the past decade on the economic benefits of broadband to both developing and developed economies, and a credible body of evidence is now widely regarded as having established this linkage. Broadband is considered a key enabler in the context of it being used as a tool to leverage other aspects of Information & Communication Technology (ICT).

By enabling ICT and its related services to be affordably and widely adopted in industry, broadband has been credited varyingly with enhancing productivity, employment, wages growth and stimulating commerce and competitiveness. It has also contributed to social and cultural changes which, whilst being less tangible, I believe do play a key role in evolving our societies and in turn stimulating economic development through innovation.

One example of this is the role broadband has had in enabling ICT which has in turn helped some developed economies make the necessary evolution from being traditional 'heavy industry' economies – which had lost their competitiveness – to innovation economies – in which they can compete on a global and more level playing field. Without the impact of broadband on enabling and fostering the ICT ecosystem, it is questionable whether some of these economies could have made the step change in the time they have, or at all.

To provide another more specific example we can look at how domestic & global broadband connectivity has enabled e-commerce ventures such as Amazon and Alibaba to revolutionise commerce from the perspective of global sourcing and sales/distribution – consider for a moment how thousands of small entrepreneurs have been able to grow successful, profitable and sometimes global business from their home office, often having done so in times when the alternative may have been unemployment.

#### **Where will the next NBNs be built in the Asia Pacific region and is the need greatest in developed or developing nations?**

The topic of National Broadband Networks (NBNs) is definitely a hot one. In Asia, countries such as Australia, Singapore and Malaysia have made great strides in NBN planning and deployment having realised the economic and social benefits of doing so. Often NBNs have been government subsidised along with some private sector investment, and this is the model which probably makes sense in developing Asia.

I also believe that we will see NBNs in developing Asia incorporating more of a mix of fixed and wireless technologies given the lower level of development of existing fixed infrastructure to leverage on. This presents opportunities to move to a NBN faster and cheaper. I believe that the next markets where we will begin to see progress on NBNs are Thailand, Indonesia and Philippines (the latter having already made a stalled attempt some years back).

I believe that not only will these developing nations benefit socially and economically, but the rise and integration of ASEAN as an economic market will be greatly enhanced with NBN developments. My view is that both developed and developing nations have no choice but to consider an integrated and coordinated ICT infrastructure, be it via a NBN initiative or otherwise.



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**To what extent is a converged broadband offering compulsory for an operator to remain competitive in a developed market?**

Having a converged broadband offering, which in my interpretation means an integrated service mix of fixed and wireless broadband, is critical. Today devices, associated applications and affordable data pricing are enabling better user experiences, encouraging more online consumption and together driving up broadband network usage at an exponential rate. The 'network effect' is compounding this. Consumers are demanding seamless connectivity and an equivalent user experience at home, school, work and at their places of leisure, 24 hours a day.

Having a wireless offering alone will mean that network investments will become unsustainable to service the growing traffic demand at a competitive price, and having a fixed only offering will mean that you will miss out on the value to be captured from out of home/work/school usage. Either way you will miss out on capturing your share of value creation, so having both is key so that traffic can be balanced (i.e. via off-loading) and demand satisfied across both channels. But at the same time it does have to be integrated and some operators are already doing this well with 3G/WiFi/Fixed broadband packages.