



**RESPONSE FROM THE  
FEDERATION OF SMALL BUSINESSES (FSB)  
TO THE  
*OFCOM*  
CONSULTATIVE DOCUMENT ENTITLED  
*THE STRATEGIC REVIEW OF  
TELECOMMUNICATIONS, PHASE II***

## **FEDERATION OF SMALL BUSINESSES**

The Federation of Small Businesses (FSB) is the UK's leading non-party political lobby organisation existing to promote and protect the interests of all who own and/or manage their own businesses in the UK. With 185,000 members, the FSB is also the largest group representing the interests of UK small businesses and the self-employed.

The FSB welcomes the opportunity to respond to the consultation on The Ofcom Strategic Review of Telecommunications Phase II.

**General:** The FSB considers speed and reliability in telecommunications to be the most important factor for our members.

The FSB believes that maintenance standards on the hardware side of the industry must be improved. It is not beneficial for small businesses to have access to cheap ICT if it is unreliable. Downtime damages small businesses but adequate maintenance standards can ensure that this is confined to essential down-time only. If the system is not reliable, small businesses will not embed ICT in their operation and will not get the maximum benefit available to allow their business to grow and benefit from increased turnover, greater security and a larger consumer base.

The FSB notes that most industry hardware is provided by one organisation; regulation therefore cannot be left to competition. The FSB would welcome industry-wide standards to protect the consumer and ensure that they receive reliable and well-priced hardware.

**Telecoms:** The cost of phoning non-geographic numbers has remained static for years. The FSB believes that this is an area for pricing work to ensure better value for money and reasoning behind price.

The FSB would also welcome greater transparency in the pricing structure for telephoning personal numbers (eg: 0700 numbers).

**Rural Areas:** Rural businesses need better connectivity to succeed than urban businesses, because of the infrastructure difficulties that rural areas experience. Fast and reliable internet connections enable small rural businesses to increase productivity, reduce costs and potentially increase revenue. The FSB acknowledges that it is cheaper and more profitable to roll out better links to urban areas but would like to see active prevention to stop the “technological gap” between rural and urban areas increasing. Our rural members rely on Ofcom to ensure the technological links are kept up to date in the countryside. The FSB should like to suggest two ways of doing this:

- Permit BT to continue as the main service provider and put the profits into rural investment.
- Include broadband in the USO (Universal Service Obligation) to enable rural areas to have a service that is no less than half the speed of the service available in urban areas.

Ofcom has stated that it wishes to improve the market through competition. But the FSB’s rural members believe that this again means that places with the biggest spenders/number of users will get the best and most up-to-date connections.

Our rural members do not wish the providers to duplicate long distance links. Investment should concentrate on maintaining an up-to-date system to reach remote and rural areas in the form of the rollout of 1 Meg and 2 Meg connections and improved hardware.

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