

Response to Ofcom Consultation – Communication Services and SMEs

Argyll and Bute Council (including Argyll and Bute Business Gateway Service)

SME needs

Question 1: What are the communications needs of SMEs and how may these differ by: business size, sector and business model, location, other relevant factors?

Given the rural nature of Argyll and Bute and the high proportion of SMEs, good communication services are essential. Next generation broadband will offer the opportunity for SMEs to maintain links with customers, suppliers and other businesses electronically without incurring the sometimes significant travel costs associated with travelling to meetings elsewhere in the UK or beyond. Access to web based services and software also becomes possible in a time efficient manner. The ability of internet connections to handle large quantities of data quickly means that businesses can operate effectively wherever they are based which opens up opportunities for more business to be located within Argyll.

Access to reliable internet connections is particularly important for our farmers who are required to complete paperwork electronically in order to access payments.

Good mobile communications will enable mobile working and are particularly important to the tourism sector where customers are increasingly seeking information when already in the area. Good quality, reliable voice and data coverage is therefore essential although not currently available to large areas of Argyll and Bute. Poor mobile service also has health and safety implications in terms of those who often work alone, such as those from the agriculture or aquaculture sector, and who rely on mobile communication to call for assistance should it be required.

Because Argyll is remote from some of the traditional business services, communications technology can help to bridge the gap and it is essential that all business have access to good quality broadband and mobile communication services.

Question 2: How do the needs of SMEs for communications services differ from (a) residential consumers and (b) large enterprises?

The needs of many SMEs are fundamentally the same as residential and large enterprises in that they all require timely and reliable communication systems. However SMEs might use information differently, they tend to require greater data allowances than residential customers and upload speeds can be just as important as download speeds. Small businesses need simple and easy to use solutions as they are less likely to have IT expertise within the organisation.

Satellite technology as a way of accessing the internet is generally not suitable for SMEs as it is extremely limited in its applications and can be very expensive. With satellite broadband anything requiring responsiveness, high bandwidth or high speed is not well supported. It is not suitable for internet telephone, Skype type applications, video conferencing, internet backup, remote access and cloud computing.

Infrastructure availability

Question 3: What are the types and degree of network availability issues that affect SMEs, for example issues with specific locations or services and what is the effect of these issues on SMEs' businesses?

Significant areas of Argyll and Bute currently have very poor levels of broadband and mobile coverage.

In some areas there is no broadband availability at all and they are reliant on satellite services which limit the services available to a user (e.g. unable to use internet based telecommunication such as Skype or access virtual private networks) and attract download limits which can be extremely costly if exceeded. In other areas there is a very limited broadband service (e.g. maximum of 0.5mbps) which is insufficient to enable companies to operate efficiently. As a result of these constraints business owners are having to travel to Council facilities to use public Wi-Fi or even outside of the local authority area to access better broadband services and complete business transactions. This is costly and inefficient for businesses and ultimately may restrict where they can operate.

As more and more Government services become electronic the need for good quality and reliable broadband becomes more important, for example the farming community, which often lives in the more remote locations which are least likely to receive good quality broadband or mobile coverage, requires access to the internet to make payment claims. This clearly demonstrates the need for all of our communities to benefit from access to good quality broadband and mobile services.

Question 4: What opportunities do communications providers see in serving the SME market and how are these evolving as a result of developments in technology and infrastructure?

We have concerns that operators do not see opportunities in serving the SME market in the rural areas, hence the market failure to upgrade the infrastructure without public sector assistance and issues with lack of choice of service operator. We would like to see an equality of provision between the urban and rural areas.

Product availability, technical characteristics and pricing

Question 5: How far does the choice, quality and price of products in the retail market meet the needs of SMEs?

In a number of areas across Argyll and Bute, there is little choice of communications providers. For those areas where broadband is provided through exchange activate technology, BT is the only provider and elsewhere there is often little additional choice.

With regards to mobile communications there is often only one operator who provides the 'best' service within the area and therefore little real choice.

SMEs in rural areas typically pay a standard price to access mobile and broadband but receive a much lower level of service provision than in the more urban areas.

The reliability of services is also an issue with broadband connections cutting out and mobile masts being out of service for days or weeks before repairs are undertaken.

Getting advice in relation to communication services can also be an issue for SMEs in the rural area as there is a limited range of retail outlets selling products for SMEs to use and limited advice available to them except via the internet.

Question 6: Are there challenges for communications providers in targeting the SME sector, and do these vary by geography, SME size and SME sector?

Within Argyll we have a lot of micro businesses, many of whom are sole traders operating below the VAT threshold, it can therefore be hard to identify them as businesses and to target them.

Question 7: Are there issues facing retail providers in engaging with wholesale providers in order to offer retail products which meet the needs of SMEs?

Quality of service

Question 8: How far does the quality of service delivered by communications providers meet the needs of SMEs?

SMEs within Argyll have limited choice in terms of service provider and as a result there is often no competition for business. This can have implications in terms of the services available to SMEs but can also result in slow fault resolution as there is no incentive for service providers to resolve issues quickly.

Question 9: What issues face SMEs in ensuring that they have appropriate SLAs and are able to gain redress when quality of services falls below the standards expected?

Question 10: What products and service enhancements are available, at what indicative price points, to deliver on SMEs' quality of service needs (e.g. in terms of technical product characteristics or fault resolution)?

Transparency of information

Question 11: What information is available to SMEs to enable them to select communications services appropriate for their business needs? Please identify any additional information or measures which you consider would enhance transparency for SMEs and your reasons for this view?

Switching

Question 12: What factors do SMEs take into account when they are considering changing their communications service or provider? Please identify any that you consider may deter SMEs from switching and your reasons for this view.

Within Argyll there is often a lack of choice of service provider and therefore where SMEs would like to switch they are unable to, even where there are a number of service providers there will often be just one which provides a level of service which, whilst not necessarily good, will represent the best .

There is also a perceived complexity and a lack of awareness of options by SMEs.

Protection of SMEs

Question 13: What evidence is there of issues where bad practices by communications providers causes harm to SMEs?

Conclusion

Question 14: Are there any other issues in relation to the provision of communications services to SMEs, or SMEs' experience of these services, which you consider should be included within our assessment?

Question 15: For any issues identified in response to any of the questions above do you have any views on how they may be resolved?

The provision of good quality, reliable communication services across all of the UK can help to address these issues and would benefit SMEs, other business and the wider community. Many SMEs operate from rural or home premises and the provision of communication services cannot therefore stop at the edge of our main towns and settlements it needs to include rural premises many of which operate farm businesses and tourism facilities.

We note that the recent Ofcom Citizens and Communications Services Report identified that in many cases a minimum broadband speed of 10mbps is needed "to achieve an effective quality of service" however Ofcom figures indicate that average feeds within Argyll and Bute are just over 6mbps. To further compound this, nearly 13% do not have speeds which reach 2mbps (many have speeds which are much lower). The rollout of next generation broadband has a significant part to play in improving broadband services but more should be done to extend the rollout plans and to ensure an effective service for those that do not benefit from the next generation broadband infrastructure.

Good mobile signal is also important and should be available across all of the main mobile operators. We welcome the requirement that as 4G coverage is rolled out it is required to cover 95% of premises within Scotland, we would be keen to see this implemented at the earliest opportunity and with an equity of service across Local Authority areas.