

## EEF

### **Response to the Designing the broadband universal service obligation - Call for inputs**

EEF, the manufacturers' organisation, is the representative voice of UK manufacturing, with offices in London, Brussels, every English region and Wales. Collectively we represent 20,000 companies of all sizes, from start-ups to multinationals, across engineering, manufacturing, technology and the wider industrial sector. We directly represent over 5,000 businesses who are members of EEF.

How should the minimum technical performance of the USO be specified?

Manufacturers need more affordable broadband, faster installation and better communication from providers along with more reliable and resilient connections. A USO goes some way in addressing elements of these requirements by establishing a legal basis for engaging with internet providers.

Industry wants reliable and resilient broadband - speed is just one aspect (which can get worse the further away from an exchange you are as the signal degrades). Other issues include a delay in receiving information (latency) and poor reliability as signals fail due to issues such as heavy rain.

Businesses also increasingly need a balanced upload and download speed (symmetrical connections) which existing infrastructure was not built to accommodate, as historically, internet users were consumers rather than producers of data.

All of these issues are tied up in the copper network that underpins the current BT Openreach network. In designing a USO it is important that the focus is not simply on speed, and in our view to deliver a USO which meets the reliability, quality and resilience aspects there will need to be a decision taken on technologies that should be ruled out (or in).

EEF believes the government should go further in setting out a USO that covers both download and upload speeds. For businesses, the ability to send data at the same speed as receiving is crucial, particularly as more and more services move to cloud based solutions - 53% of manufacturers already need to access cloud services every day - a figure that will only increase as supply chains integrate digitally.

Given the rapid changes required in digital infrastructure requirements over the next five years, EEF believes that there is a case for a separate USO for businesses which could incorporate the need for different upload and download speed requirements when compared to domestic broadband packages.

While in the short term internet service providers may reap the financial benefits of prioritising households over businesses, in the long-term the UK economy will suffer as businesses unable to afford such expensive packages are left out in the cold - missing out on the productivity benefits and supply chain integration that better communication can offer.

Additionally, an approach that prioritises households over businesses also undermines the UK as a place to invest in 4th industrial revolution technology. The current situation already sees manufacturers' efforts to keep up with the pace of change, through greater levels of investment in coming years, being undermined by digital infrastructure:

Given that 62% of firms plan to invest more in internet connected capital equipment in the next five years as part of the 4th industrial revolution, the government should do all it can to make sure that this investment takes place in the UK by delivering competitive digital infrastructure for businesses.

When, and on what basis, should the USO be reviewed?

Manufacturing in Britain is undergoing a transformation to the 4th industrial revolution which will see greater integration of physical production with digital technologies that will fundamentally change the sector in the future. This change will be happening more rapidly than previous developments with 80% of manufacturers saying the 4th industrial revolution will be a business reality by 2025.

Digital infrastructure therefore underpins modern manufacturing both now and in the future and the UK needs to stay one step ahead to capture the benefits of this transformation. 91% of manufacturers agree that a high-speed internet connection is as important to business as electricity or water and it is the infrastructure network rated by manufacturers as the 2nd highest priority for investment.

Given the transformation to the 4th industrial revolution, EEF believes the government's USO needs to be constantly monitored to ensure the minimum speed meets the requirements of industry and businesses.

We believe that the USO should be reviewed, at a minimum, every 2 years for a business USO. This would fit with the fast moving requirements around speeds in this space and ensure the UK stays one step ahead.