



# Broadband for small businesses

It's about time small independent firms got on an equal footing with their larger competitors and turned on to broadband. And, as Guy Dixon shows, the packages currently on offer now make it a viable option

When it comes to the residential uptake of broadband there appears to be little doubt that the UK is marching towards mass-market status. But while broadband is landing in the home, business uptake has been left behind. Of the 75 percent of small businesses that could get the common forms of broadband – cable and ADSL (asymmetric digital subscriber line) – a mere five percent have taken the plunge.

In many respects it's not surprising that Britain's smaller firms have kept high-speed internet connections at arm's length. The always-on, one-to-one contended leased lines prevalent in larger companies have never been an option for small firms, as the fixed annual fees for such services could easily blow their entire annual IT budget in one go.

Many firms have an understandable degree of cynicism for all things virtual. During the dotcom boom many small businesses established a tentative online presence, but failed to reap the virtual rewards they were promised by companies which have long since gone belly up. There's also a substantial 'if it ain't broke, don't fix it' brigade who see broadband as a threat to their reliable and apparently adequate dialup connection.

## Seeds of change

But there are stirrings in the broadband undergrowth. First, a recent Ofcom (Office of Telecommunications) report shows that, while it is true that small businesses have so far been reluctant to grasp broadband by the horns, it is clear that the majority now appreciate the benefit of having fixed quarterly costs in return for unlimited usage. Ofcom's figures indicate that some 55 percent of all small- and medium-sized companies have opted for unmetered internet access – up from 38 percent in the space of three months. In other words, the majority of small businesses now buy into the unmetered way of doing things.

Second, a raft of ADSL resellers, along with specialist business divisions at the UK's two cable companies Telewest and NTL, are circling over the UK's small businesses, determined to break into their notoriously tight wallets. Still smarting from wounds sustained from their respective beatings meted out by Sky in the battle for nonterrestrial TV customers, the cable companies have worked out that carefully targeted broadband business packages could result in a nice earner.

For many of the UK's ADSL resellers, success in the small business market could ultimately provide the salvation they

are looking for in the face of notoriously thin profits from the sale of ADSL to residential customers. Such vendors are knocking on the doors of the small businesses still using ISDN (about 25 percent), peddling the message that you can avoid having to strip down those hefty PowerPoint presentations and PDFs and wrestle with 128Kbps connection speeds.

## Talking your language

Refreshingly, both ADSL and cable vendors appear to be taking a leaf out of *PC Advisor's* book with a focus on 'expert advice in plain English', rather than the elitist jargon that has so far accompanied the sale of broadband to the small business community.

Instead of bandying about terms more usually associated with enterprise-level computing, such as 'business-to-business productivity enhancements', 'customer relationship management', 'collaborative working environment' (why would anyone want non-collaborative working environment?) and 'outsourcing', the more astute vendors are now turning to the real-world advantages of moving up to broadband. They also go beyond the mantra of 'faster, always-on and instant email'.

Toby Treacher, senior product manager at Telewest Business, says that jargon-ridden sales pitches are inevitable in an immature market. "Early adopters know what they want, so need to know exactly how many IP addresses they're getting, along with in-depth information about firewalls. You have to talk techie to win their business," he says.

According to Treacher this is now changing. "We sell so-called collaborative software solutions but that's not the way we describe it to small businesses. It's more a question of explaining that their staff can have access to a 'virtual office' 24 hours a day, seven days a week from anywhere in the world."

Telewest's Blueyonder workwise packages offer hosted access to Microsoft Exchange with Outlook. Small businesses can use a broadband connection to run tasks, schedules, email and fax in addition to offering automated online backup to protect data. "It's all about conveying the simplicity, such as removing the need for data backup at the end of each day," says Treacher.

With broadband, small firms can carry out the sort of marketing activities normally reserved for larger companies, such as sending out blanket emails to receive customer feedback. They can also tailor emails to different customers and effectively organise inbound emails without coughing up for a full standalone version of Microsoft Exchange.

### Increased office space

There is also a renewed interest in residential-based business users and teleworkers, who long to be at least partially liberated from the costly hassle of travel to the office and offsite meetings. A combination of a shared broadband connection and tools which allow you to share information with colleagues from remote locations (collaborative computing), in much the same way as you would on an office LAN, is making teleworking a realistic and attractive option.

"A job is what you do rather than where you go," says John Higgins, chief executive of IT and telecommunications trade union Intellect. Intellect is encouraging its own members, 90 percent of which are medium-sized and small

## Case study: sole survivor

**Business:** Loake Brothers Limited

**Reader:** Richard Sutton

**Job title:** financial director

**ISP:** Demon (Thus)

**Product:** Demon Express Plus

**Started:** October 01

**Cost:** £250 installation,  
£75 per month



**R**ichard Sutton, a *PC Advisor* reader, is the financial director at shoe manufacturer Loake Brothers Limited ([www.loake.co.uk](http://www.loake.co.uk)). As often happens with businesses not large enough to employ their own IT department, he has to do his job as well as take charge of all things IT-related. The Northamptonshire-based firm has an annual turnover of just over £10m and churns out 250,000 pairs of men's shoes every year. It employs 200 staff, around 10 percent of which are PC users.

### A devilish deal

Since installing Demon Express Plus, a standard ADSL (asymmetric digital subscriber line) business package, back in October 01, Loake Brothers now has five or more simultaneous users on the connection at once. The company enjoys the standard DSL access speeds of up to 500Kbps (kilobits per second) downstream and 250Kbps upstream, with unlimited email addresses, a static IP address, electronic fax and a contention ratio of 20:1.

The main benefit, Richard says, is access to information 24/7. "Government websites are an increasingly important source of up-to-date information, particularly the Inland Revenue and Customs and Excise." Though it took a while to set up, there have been no real problems since installation, apart from one broken router which was replaced by BT within four hours.

Currently the company's website is hosted by a third party. Loake Brothers has elected not to sell directly to the public from the website for fear of upsetting its wholesale customers. A link is supplied to the site of the third-party host, which takes orders from members of the public and checks for credit card validity. Stock availability and order information is then sent to the factory by email and the goods are despatched directly to the customer from the factory. The website hosts hold no stock whatsoever.

With his current package Richard gets a static IP address, which Loake Brothers will need for its next 'business-to-business' step: the provision of a web-based ordering system for Loake's wholesale customers, particularly those overseas. He is currently investigating whether the present system will have enough capacity to carry the increased traffic.

businesses, to offer to pay 50 percent of their employees' monthly broadband bill in addition to installation costs in a bid to encourage flexiworking.

The union recently canvassed 400 small- to medium-sized businesses from its membership and concluded that broadband is bringing widespread benefits to the UK's smaller companies. Some 82 percent of businesses indicated that broadband had brought improvements in their internal processes, 64 percent

believed broadband had benefitted the way they work with external partners, while half said it had improved customer relations.

### On the level

The arrival of SLAs (service level agreements) is an important part of the business broadband scenery. Sometimes called quality of service agreements, SLAs have long been a thorny issue for ISPs, who have been reluctant to guarantee a level of service. In the past

year, however, SLAs have found themselves creeping to the top of small businesses' shopping lists. As a result, service providers are tripping over themselves to offer mission critical service guarantees for companies for whom downtime isn't an option.

Some of the SLA claims currently being made should be treated with a degree of caution, however. When applied to hardware, such as modems and routers, there is little to quibble about. A broadband provider can agree, for example, to have an engineer in your office in a minimum of four hours and replace the faulty equipment. But SLAs offering cast-iron promises when it comes to actual connectivity are much more difficult to guarantee, as it is often out of the hands of the actual ISP. If something is wrong at the local phone exchange it's up to BT Wholesale, the company that sells ADSL in all its flavours to ISPs, to fix the problem.

Furthermore the economics of providing such connectivity assurances simply don't stack up. In the event of sustained connectivity problems, BT Wholesale itself offers a mere 10 percent refund to its ADSL resellers – that's £1.48 ex VAT per customer. Certainly not enough to justify employing a support team capable of implementing an industrial-strength SLA. If you read the small print you'll probably find that customer compensation often amounts to little more than a few extra days free of charge – not much good if the service is consistently causing problems.

## Getting contentious

Contention (computer jargon for network-sharing) may not seem to be an issue now, but it will be. Residential users can probably get away with a 50:1 contention ratio, which means their ISP shares the broadband network with a maximum of 49 other users. For business users we would recommend nothing less than a 20:1 ratio.

Contention is important because you may ultimately find yourself using the network with 19 other business users. For so-called 'bursty' applications, where you are simply browsing the internet for research purposes, this is unlikely to be a problem. But if a CAD (computer-aided design) business down the road starts

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streaming video content 12 hours a day and the employees at that new media agency round the corner happen to have peer-to-peer applications (such as Kazaa) running in the background, network congestion becomes a strong possibility.

Prospective broadband customers are understandably blasé about contention issues. In these days of early adoption even 50:1 services aren't currently showing any signs of strain. Six months down the line, however, this may well not be the case so if you're about to tie yourself into a 12-month contract a maximum of 20:1 is a must.

## Is the price right?

There's no doubt that as long as the current price war between broadband vendors continues, price will be a considerable sticking point. If it's possible for residential customers to get an ADSL connection for less than £20 per month, small businesses are likely to prove reluctant to shell out much more.

That, at least, was the conclusion drawn by *PC Advisor* readers in a recent poll on our website. More than half the respondents (54.9 percent) indicated that cost, rather than poor knowledge or fears about security, was the number one obstacle. Just 5.9 percent believe security worries are to blame, while under eight percent blame ignorance.

But this is characteristic of an early market. In South Korea, which has the highest broadband penetration in the world, the focus has shifted from price to service. Ultimately the same will be true in the UK as the bargain-basement



broadband vendors lose out to the ones that keep their customers happy.

We could be on the verge of a quiet revolution. Much faster, always-on access speeds combined with the arrival of cheap networking packages that allow small businesses to share their broadband connection, in addition to the availability of affordable collaborative tools and a positive shift in attitudes towards teleworking, could finally usher in the era of e-business for the UK's smaller firms. ■

## Supplier examples

### Cable

Blueyonder Workwise 500 Pro  
**Includes:** Microsoft Exchange  
**Speed:** 512Kbps  
 (downstream/upstream 256Kbps)  
**Installation:** £295  
**Cost per month:** £109

### ADSL

Demon Express Plus  
**Includes:** static IP address and 20MB of web space  
**Speed:** 512Kbps  
 (downstream/upstream 256Kbps)  
**Installation:** £250  
**Cost per month:** £270