

BT's no-frills juggernaut gathers pace

No-frills BT Broadband just couldn't keep itself out of the news last month, announcing a bold array of initiatives that industry experts predict should help it achieve its half-a-million subscriber base by next summer.

The telco is teaming up with Microsoft to produce a range of broadband applications to complement BT Broadband, BT Retail's £27-per-month ADSL package. Details of the partnership were somewhat vague, but it is expected that Microsoft will push its Xbox gaming community and .Net technology.

The announcement will have sent shivers down the spines of rival ISPs, who are understandably suspicious at the prospect of two such large players going into business together. "A partnership between two already dominant companies is always worrying from a consumer point of view," said a spokesman at AOL. "More competition pushes prices down, market dominance does not."

In a second strategic alliance, BT has made a deal with Dell to push BT Broadband to both existing and new customers, with the latter offered an 'add BT Broadband' option as they configure their PCs. The telco has also followed through on plans to sell broadband-enabled PC and notebook bundles to residential customers, and predicts its BT Home Computing packages – comprising a PC, home setup, round-the-clock support and a broadband connection – will generate £150m by 2005.

Working with HP and Toshiba, BT hopes to take the mystery out of buying the right PC. "Choosing and using a home computer shouldn't be a stressful experience. To help customers get the most out of technology and communications we've made it easy



for them to choose the right PC with minimum hassle," explained Angus Porter, MD of BT Retail's consumer division.

BT Home Computing provides eight different packages – five for desktop PCs and three for notebooks – from standard to advanced, designed to reflect likely types of use.

Pricing starts from £35.99 per month for an HP desktop with a 1.8GHz Celeron processor, 128MB of RAM, 40GB hard drive, 16-speed DVD-ROM drive and a 17in or conventional 15in flat-panel monitor. Windows XP Home and Works Suite 2002 software are bundled with the package and ethernet and ADSL are built in so the machine is broadband-ready. At the end of the 36-month contract the customer gets to keep the PC.

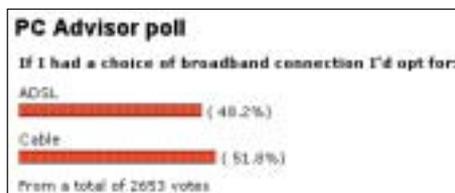
For more information on BT Home Computing call 0800 800 832 or visit www.bt.com/homecomputing.

Cable telcos hang on to first and second place

Both of Britain's cable companies appear to be holding their own when it comes to attracting broadband subscriber numbers in face of the marketing onslaught from ADSL vendors, particularly BT Broadband and AOL.

NTL, which cheekily includes its 128Kbps (kilobits per second) service in its broadband portfolio, is officially the largest broadband provider – if you let it get away with this definition of broadband. It acquired 105,000 new users for its third quarter (to the end of September), bringing its total customer base to 380,600.

Unlike NTL, Telewest, which classes broadband as being anything in excess of



512Kbps, managed to graft on an extra 39,000 new broadband customers over the same period. This gave it a 'true' broadband base of 216,000 – a figure which purists would claim gives it the number one spot.

Back in third place was BTopenworld, the ISP division of BT (offering a range of frills in addition to pure access, unlike BT

Broadband), which had 213,000 ADSL subscribers at the end of September.

Both NTL and Telewest are expected to push their broadband services heavily in the coming year, hoping to make up for losing further ground to BSkyB in the battle to win non-terrestrial TV customers. Over the same quarter, for example, NTL lost 113,000 TV customers and gained just 84,000 new subscribers.

In a recent poll, *PC Advisor* readers were evenly split when it came to choosing between a cable or ADSL broadband connection. Cable just pipped ADSL to the post by attracting 51.8 percent of the 2,649 respondents.

BTopenworld woos small businesses

Hoping to inject dynamism into the flagging small business broadband market, BTopenworld is reducing setup fees and equipment costs for its non-residential ADSL packages, as it tries to attract hitherto hesitant customers.

According to Rebecca Webster, head of broadband marketing for BT Wholesale, just one in four ADSL connections are business-related.

The ISP is waiving the set-up fees and equipment costs for its self-install service, Business 500 Plug & Go, offering customers a total saving of £150. To take advantage of this discount, orders must be placed by the end of the year.

Meanwhile small businesses signing up to BTopenworld's engineer-installed Broadband Plus services could be looking at £130 cashback. Again, orders need to be placed before the end of the year.

Last but not least, businesses opting for BTopenworld's 'Activation Only' product will have the ADSL filters and the activation fee refunded – a saving of £85.

For an in-depth look at the issue of broadband for small businesses, check out Broadband Advisor in next month's issue of *PC Advisor*.



Low-cost providers on slippery slope

Low-cost ADSL reseller ET Global Solutions last month became the first sub-£20 broadband vendor to bite the dust. Lacking the deep pockets of more established players, the no-name ISP found it impossible to stay alive on the notoriously thin margins generated by the budget resale of DSL broadband.

Just as the wave of post-Freeserve 'free' narrowband providers saw dozens of ISPs going to the wall and left thousands of frustrated customers out of pocket, many believe 2003 will claim further ADSL vendors.

"As in South Korea [where broadband has the world's largest penetration], as the roll out of broadband approaches mass market, the importance of pricing will give way to quality of service," says Antony Walker, CEO of The Broadband Stakeholder Group.

On page 156 we take an in-depth look at pricing trends for 2003 and question the sustainability of selling budget ADSL services.

Rural locations offered one-way satellite broadband

Everywhere Broadband has launched its satellite broadband service in a bid to bring high-speed internet access to those homes left out in the cold by other providers.

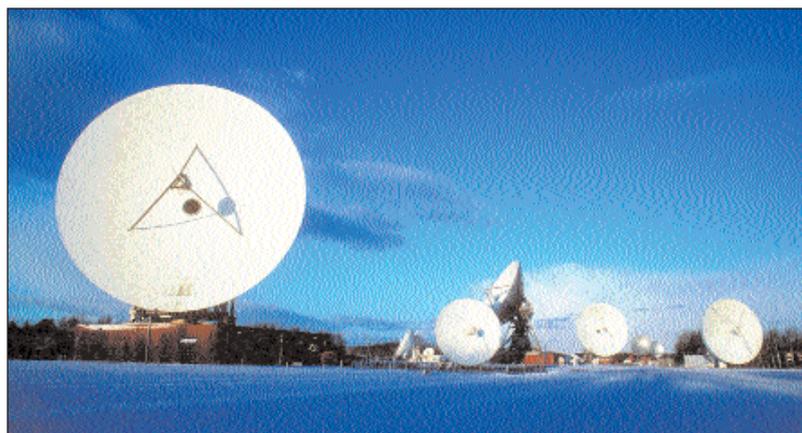
Satellite broadband services are available to the whole of the country, as unlike ADSL or cable they are not limited by the speed of BT's rollout or the location of the customer's house.

Using Eutelstat's Open Sky technology, which transmits data around the world, any user who wishes to sign up to the service will be set up with a satellite receiver, similar to those used for Sky television services.

The one-way service allows users to enjoy download speeds of around 500Kbps (kilobits per second), with a maximum speed around 1Mbps (megabit per second). But customers will need to use a dialup connection for uploading data, and that will be limited to the usual 56Kbps.

And we're unlikely to see faster satellite broadband upload speeds anytime soon. "Two-way satellite services cost thousands of pounds to set up, require hefty equipment and each user needs a transmission licence. Such services really aren't designed for home users," said Graham Roberts, managing director of Everywhere Broadband.

The service will cost £19.99 per month (plus telephone costs for uploading information) or for £32.85 a month you can include these additional charges. Both options carry a one-off installation fee of £99, but this is still cheaper than many of its competitors.



"One-way services should be affordable to home users. The problem seems to be companies haven't set up their services effectively to create a mass-market proposition," said Roberts. The first customers will be connected by the end of the year.

Meanwhile, rival satellite broadband provider Isotrenic Broadband has also launched a one-way service on Monday. Under the deal, users will be charged a monthly subscription fee of £30 (and must sign up for a minimum of one year) plus a one-off payment of £45 for installation and a rather off-putting £245 for all equipment.