

The impact of high-speed broadband for businesses

Findings from a report by Regeneris Consulting for Openreach
January 2018





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Faster broadband speeds have made even the simplest things more efficient. Ordering stock online for the gallery and gift shop takes a fraction of the time and we've been able to create a fantastic website and use social media to promote the business and attract new customers. And we can both be doing different things online at the same time rather than having to take it in turns. ”

**Jane, Co-Owner, Gallery 45,
Northumberland**

Executive summary

High speed broadband can make a massive difference to a business. A report by Regeneris Consulting found that over 15 years, the total impact could be worth as much as £158m to businesses in isolated communities.

Focusing on the impact of our Community Fibre Partnerships (CFP) scheme, the study found that access to high-speed broadband had an effect in four key business areas:



Business efficiency improvements

generated by firms and employees who exploit new fibre-enabled business applications



Enabling new business creation

created when entrepreneurs capitalise on fibre broadband to establish and operate new business models at lower cost and more flexibly than established businesses



Flexible working practices

enabled through gigabit capable cloud, file transfer and communications/conferencing applications, delivering additional productivity improvements



Innovation and opening markets

created by businesses able to develop and promote new and richer products and services online and across wider geographical markets

Business impacts over 15 years

Business efficiency improvements	£56m
Enabling new business creation	£52m
Flexible working practices	£36m
Innovation and opening new markets	£14m
Total business impacts	£158m

Assessing the impact

To compete in national and global markets, businesses need to be able to deliver efficiently and effectively.

“Video conferencing is now seamless which allows us to keep in touch with our staff and customers around the world much more easily. It’s reduced our travel costs and therefore enabled us to offer a more cost-effective service to our customers.”

Andy Hibbs
Director, Craft ICT, Norfolk

Business efficiency improvements

Fibre will drive productivity in community level economies, among employees and by enabling a new generation of business production and process applications.

The Regeneris assessment suggests that over a 15 year period, £56 million in Gross Value Added (GVA) could be generated within communities benefitting from CFP investment due to business efficiency improvements alone.

Innovation and opening new markets

Through enhanced upload and download speeds, businesses will be able to develop and promote new and richer products and services online and across wider geographical markets. They will be stimulated by greater exposure to innovation, information and an international online community and marketplace.

Regeneris estimates businesses will, on average, replicate the business efficiency gains described above, by innovating, extending market share and entering into new markets. This would see £52 million in GVA created for CFP community economies over 15 years.

“There are four people in the office here and each of them loses about half an hour a day due to slow broadband speeds. I’ve calculated the cost savings to my business will be £6,000 per year with superfast, as we’ll be able to work more efficiently.”

Anthony Pilkington
MD BookCheck Ltd, Chalford, Gloucestershire



You can't just 'pop down the road' to see global customers, but you can meet, see, share documents and talk with them online whenever you need. Export is now the fastest-expanding part of our business, and there's no doubt that our superfast communications are making this growth both possible and manageable. ”

Laurence Harris

Owner, Daioni organic dairy farm, Pembrokeshire

Enabling new business creation

Fibre broadband acts as a stimulus for new business creation and entrepreneurship. Through access to fibre infrastructure, communities and individuals benefit from increased opportunities to trade online, access global markets remotely and operate businesses from home, including rural locations.

Regeneris estimates the number of business start-ups that could arise if barriers to entry, including costs, were reduced in certain sectors. It is estimated that CFP investment will create £36 million in GVA for the UK

economy over 15 years, as a result of business creation. Research shows that flexible working practices, including working from home and at remote locations, are 21% higher among firms who are utilising fibre broadband versus basic broadband, and that employee productivity rises significantly as a result*.

* Rockbridge Associates Inc. (2005/6) "The National Technology Readiness Survey" estimates that employees working flexibly are 25% more productive than other employees. 20% has been applied in estimating impacts allowing for some levelling off in the increase in worker flexibility and productivity gains over time

Flexible working practices

Businesses in fibre connected communities will be able to begin using a wide range of digital human resource (HR), communications and other business process applications. These will enable more employers and employees to communicate and work efficiently and flexibly, leading to the following benefits:

- reduced overheads associated with business premises
- lower business and commuter travel costs and carbon emissions
- healthier work-life balance, which in turn has been proven to improve employee motivation and retention
- reduced barriers to work for carers, single parents and disabled people
- increased employer access to a wider labour pool when recruiting

Regeneris assumes that productivity will be 20% higher for employees working flexibly versus purely office-based employees. This is deliberately conservative and is five percentage points lower than suggested by the research, allowing for levelling off in the increase in worker flexibility and productivity gains over time.

“I have the opportunity to work with Royal British Legion Industries, helping veterans and their families. The work involves a great deal of travelling but when I get fibre I will be able to do that work online, without leaving my home!”

Margaret Saunders

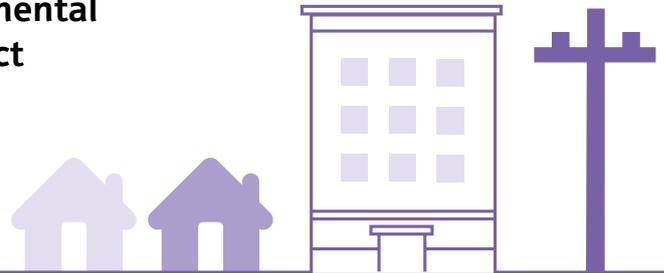
Occupational Psychologist, Moy, Scotland

Through an increase in the adoption of flexible working practices, CFP could create an estimated £14 million in GVA, over a 15-year period.

Community Fibre Partnerships

Business, residential, social and environmental financial assessment impacts – The Impact Estimates of High-Speed Broadband for Communities

January 2018



Communities can bring fibre broadband to homes and businesses through a customised superfast, or ultrafast, solution.

Average increase in house value of
£1,700



CFP's gap funding approach

The CFP scheme augments Openreach's commercial and BDUK rollouts by offering a **gap funding approach to communities**, leveraging investment from resident and business cash contributions along with external funding sources, such as developers vouchers and grants.

£52m
Innovating & opening new markets



£56m
Efficiency improvements



£14m
Flexible working benefits

£36m
New business creation



£158m
Total business impacts over 15 years

About the report

Regeneris Consulting is an independent economics consultancy that provides research-based advice to major corporates, developers, national government bodies and local government.

Regeneris specialises in preparing robust assessments of economic impact, focusing on the impact of new technology, physical developments, policy changes, investment programmes and corporate economic footprint. Regeneris work across the UK from their offices in London and Manchester.

For further information, see: www.regeneris.co.uk



Further reading

The findings in this document are extracted from the main Regeneris report which investigated the overall economic, social and business value of high-speed broadband for communities.

You can download the full report from:

https://communityfibre.openreach.co.uk/assets/uploads/resources/1520803822_CFP%20Regeneris%20Report%20Jan%202018.pdf

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