

New Zealand Broadband Markets

Phil Shepherd

General Manager – MediaLab Ltd.

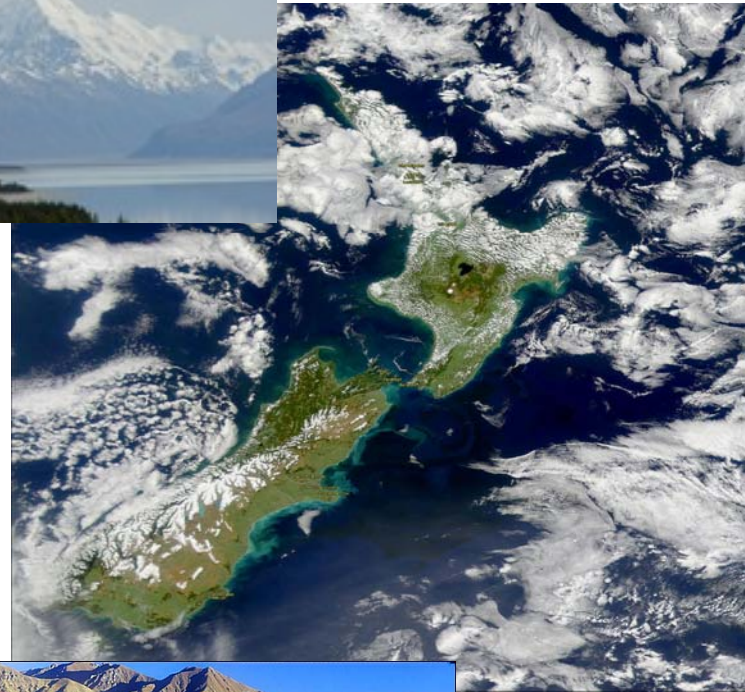
Delegation Manager – Ministry of Research Science and Technology

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New Zealand Country Context

- New Zealand Aotearoa
- Population 4 million
- Largely situated in North Island
- Wealthy rural community, relative to world standards
- Diverse, mountainous terrain



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NZ Country Context

- Isolated geographically
- Traditionally exporter of primary product
- Now a service based economy
- Emerging technology capability
- Furthering international science and technology collaboration



NZ Telecommunications

- Environment dominated by Telecom New Zealand
- Sector considered relatively deregulated
- ISPs Telecom Xtra, TelstraClear and iHug
- Two mobile operators, Vodafone and Telecom Mobile
- Aggressive competition



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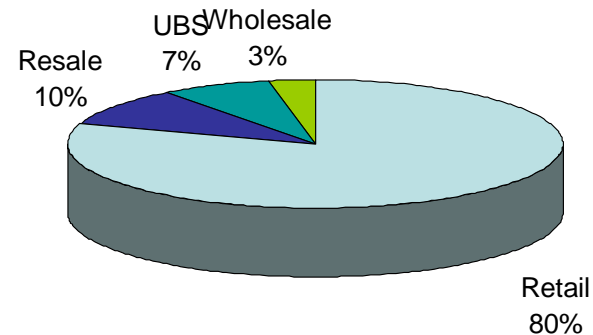
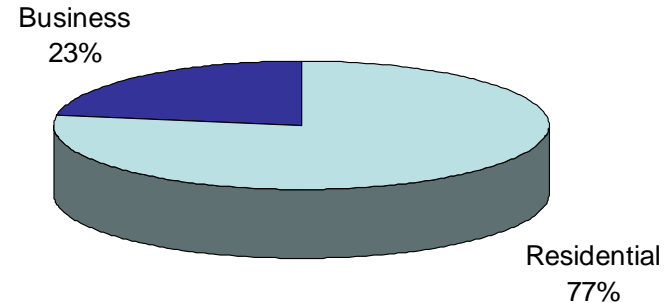
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“Year of the Broadband”

- 2004 4.7 per 100 broadband users
 - 22nd in the OECD
- 81% growth from 2003, twice OECD average
- 2005 will be a major year for broadband growth
 - Roll out into remote areas
 - New Government initiatives
 - New wholesale arrangements
 - Pricing
 - Content
- Growth in Q1 2005 – 38%

Residential / Business Split

- Broadband Residential / Business market split
 - 170,000 residential
 - 50,000 business
- Telecom retail, resale, UBS and wholesale split
 - 175,000 retail
 - 20,000 resale
 - 15,000 UBS
 - 7,000 wholesale



NZ Residential Markets

- Entertainment
 - 50% digital TV adoption, primarily satellite
 - Great interest in sports
- Gaming
 - Young, but growing exponentially
 - Creating new network challenges
- Internet
 - 2.45 million Internet users
- Foreign Markets
 - Students, tourists aggressive niche ISP players

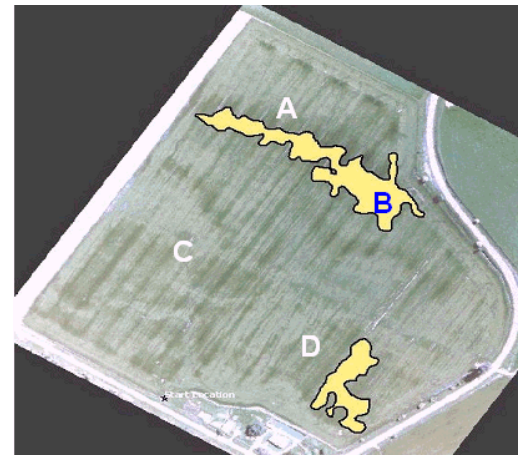
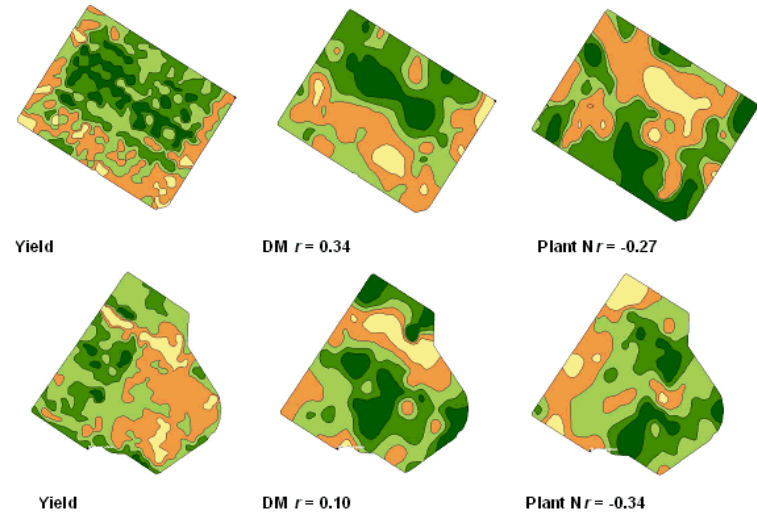


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Rural Users

- Business operations with a long tradition of innovation
- Inherent challenge of broadband provision
- Agricultural & horticultural sectors realising profound benefits through broadband
- Improve management, productivity, compliance, security, community interests and biosecurity



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Creative Sector

- Success of Weta
 - Substantial investment in post production infrastructure
 - Opportunities for the NZ creative sector
- Distribution of media is leading to interesting broadband challenges
- NZ Super Computing Centre
 - Telecom / Weta initiative
 - Using available processors for other applications



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Education Sector

- Education sector broadband has been widely promoted through a series of initiatives
 - Probe
 - Telecom Schoolzone
 - “Laptops for teachers”
 - Maori Wananga and iwi connections
- All school ages use Internet
- Successful Access Grid trials

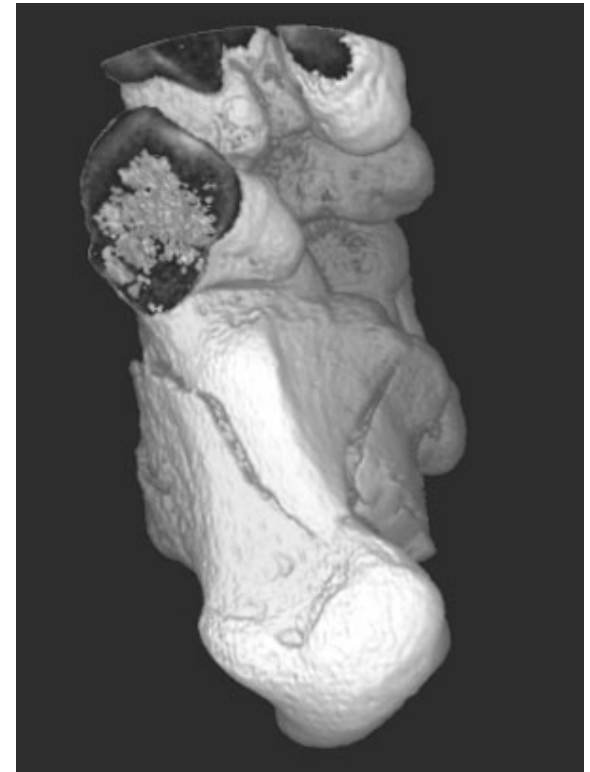


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Health Sector

- NZ Government is actively driving broadband uptake
- Aim to have ICT electronic patient record system
- Centralised application will manage a distributed electronic patient record
 - Transmission of x-rays via the PACs system
- Video conferencing, connecting specialists in NZ and Australia



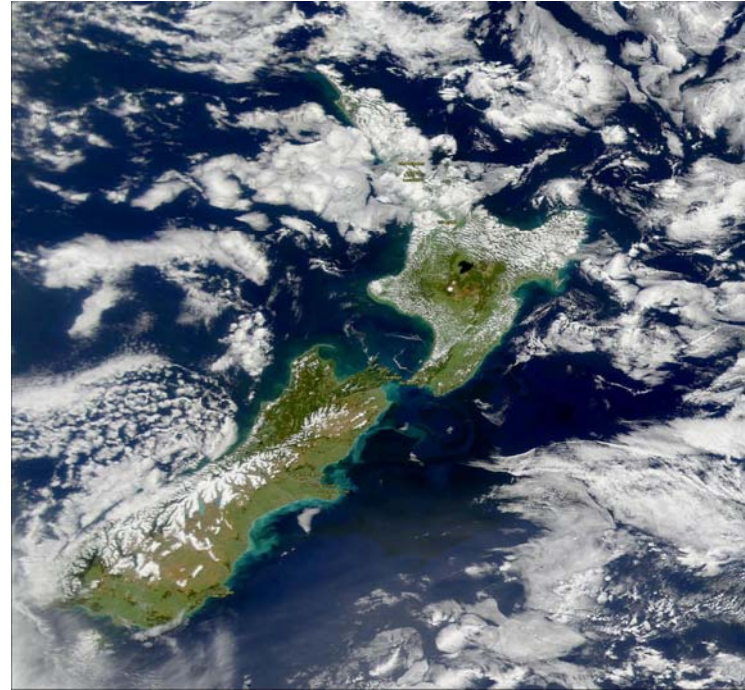
*Digitally captured
x-ray – ankle bone*

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NZ Broadband Market Summary

- Experiencing rapid growth in the broadband adoption
- Realising new opportunities for broadband applications
- Significant impacts in a variety of sectors
- Realising the full potential of international collaboration



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Thank you

Phil Shepherd

General Manager, MediaLab Ltd.

Delegation Manager - Ministry of Research, Science and Technology

phil@medialab.co.nz

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