

Two-tiered net could be coming

Net providers (ISPs) may start charging some websites for faster access to customers, a report has predicted

It could create a "two-tiered internet" which, while making money for providers would risk alienating consumers, Jupiter Research said.

Charging both customers and websites for access could prove too tempting for ISPs to resist, said analyst Ian Fogg.

He warned it would add another layer of complexity to already confusing broadband services.

Traffic management

ISPs currently operate on incredibly tight margins in order to offer cheap broadband deals to the public.

One way of creating a new revenue stream would be to supply faster, prioritised access to a select group of websites willing to pay.

"ISPs are not getting much revenue from broadband but they can generate revenue from other services or by charging websites for better access. Charging at both ends could be very appealing to them," said Mr Fogg.

Such a system would be easy to set up with the traffic management tools that many ISPs already use to help control bandwidth, he added.

"ISPs say they are using these tools to deprioritise access to bandwidth-hungry peer-to-peer applications but they could equally be used to identify and either prioritise or deprioritise other services such as voice-over IP. The question is, will they be tempted?" asked Mr Fogg.

For ISPs that already offer their own value-added products such as IPTV or voice-over IP, there will also be an incentive to prioritise access to their own services.

"Whether they are doing deals with websites or hindering potentially competitive services, they have to be absolutely clear. Consumers need to know that they have access to everything or not so they can make a fair decision about which service to use," said Mr Fogg.

Pleasing early-adopters

He also called on UK broadband providers to be more transparent about existing services.

There has been controversy about ISPs marketing speeds for services that consumers are unlikely to actually achieve.

A survey conducted by broadband pressure group thinkbroadband earlier this year showed that a number of providers are marketing products as an 'up to 8Mbps' service, but have "a fair proportion of customers" still on fixed 512kbps, 1Mbps or 2Mbps services.

According to JupiterResearch, 16% of net users want a guarantee from their ISP not to restrict access to third party websites while 29% want flat-rate pricing with no usage limits.

It is important that ISPs continue to offer broadband packages that are free of usage caps in order to

appeal to the small but influential group of early-adopters, who tend to be heavy users of net video, games or digital music, said Mr Fogg.

Story from BBC NEWS:

<http://news.bbc.co.uk/go/pr/fr/-/2/hi/technology/6241386.stm>

Published: 2007/06/26 13:44:41 GMT

© BBC MMVII