Case Study: Openreach

Modelling Future Market Dynamics

The emergence of high speed broadband over both fixed line and mobile connections had the potential to disrupt the GB Residential Communications Market. Milner Strategic Marketing modelled how the 26 million GB households would respond to these emergent technologies over a five year forecast period.

To support the forecast model, a detailed scenario planning exercise was initiated. It explored the full range of possible market scenarios and after careful evaluation the most probable future was selected. This scenario was modelled to document current and future consumer and competitor behaviour across 15 GB regions. These market insights are used by senior leaders within Openreach to support its overall strategic direction.

About Openreach

Openreach is responsible for the first mile of the UK access network - the copper wires and fibre connecting homes and businesses to their local telephone exchanges.

Openreach leads the deployment of BT Group's £2.5bn commercial roll-out of fibre, delivering fibre broadband services to communities across the UK as well as installing and maintaining the communications infrastructure that links homes, businesses, public and voluntary sector organisations to their Communications Providers' networks.

Openreach's Requirement

Openreach needed a five year monthly market forecast model to track the changes in behaviour of the GB Residential Communications Market. In particular, Openreach wanted a segmented view of its end-customer base, by household for each of its 15 General Manager regions to deepen its understanding about how the copper and fibre broadband market might develop.

A profile of communications media by segment was required to understand how different groups within the population would adoption technological solutions and how this would alter over time across the country.

Some communications media are more suited to areas of high urban density. Therefore the model also needed to document the volume of households by population density across the country over time.

Scenario Planning was needed to explore all possible future market directions. The most probable future needed to be identified and explained in a scenario narrative. This narrative needed to form the underlying basis of the market model.

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Milner's Solution

In order to scale the total GB Residential Communications Market and build a forecast which helped explain the consumer and competitive dynamics over the next five years a three stage process was put in place.

Scenario planning

A programme was developed to identify the core drivers that would impact the market over the next five years. Each driver was scored to help gauge the relative impact it would have on the market and the likelihood of it occurring. The output from this exercise was used in a workshop environment to help generate what Openreach thought would be the most probable scenario that described the future of the Residential Communications Market.

Modelling the market

An Excel based model was constructed to quantify Openreach's scenario and articulate monthly consumer behaviour across GB at a household level. This was broken down into a regional structure to describe how communication mediums and competitive solutions were utilised over time by different customer segments in three urban population densities. To support this, both primary and secondary research was undertaken and all assumptions were triangulated against other industry data.

Writing a report

The competitive landscape was documented in a PowerPoint report. This included an analysis into the effect of new technology introduction in the form of superfast broadband accessed via a fixed line (FTTC) and via mobile (LTE) from a consumer adoption perspective. From this the substitutary effect of mobile technology on fixed line communications was forecast. The output of the work was used by Openreach Strategy to support its understanding about how the copper and fibre broadband market might develop over the five year forecast period.

Openreach's Benefits

1. Useful and useable

The structure of the model that Milner built exactly mirrored the 15 Openreach regional reporting areas. Each region was then further subdivided by population density and customer segment to help fully understand adoption by communication media across the country. Forecasts with this structure and including this level of granularity were not available to buy elsewhere.

2. A belief in the model findings

Milner developed a rigorous approach to explore how the market might develop over time using scenario planning. The fact that Openreach was involved in creating the scenario that was modelled helped ensure that the macro-level future could be bought into by the company.

3. Confidential strategic support

Milner does not work for any of Openreach's competitors and this allows an open relationship, where data could be openly shared and strategic questions asked and answered without fear of losing competitive advantage in the marketplace.

4. Access to experts

Having access to experts who had built a wide variety of market forecast models for other companies in the telecoms space coupled with Milner's deep understanding of many complex techniques such as scenario planning and Diffusion of Innovation theory, allowed Openreach to deepen its understanding about how consumers would adopt new technologies.

5. An efficient approach

The in-house skills that Milner brought to this project meant that that the model and associated report was created in an efficient manner, making good use of time and budgetary resources.

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"I employed Milner Ltd to build an independent forecast of the GB consumer market for voice and broadband.

They combined Scenario Planning, customer segmentation, and regional variations with additional market intelligence to provide us with an insightful market model.

Their approach has been very professional and their feedback was clear and supported by market data."

Mark Chamberlain

Head of Market Insight and Analysis

BT Openreach