

Interview

WITH BEN ALLWRIGHT, OGI

BY MELISSA COGAVIN, BROADBAND JOURNAL

BEN ALLWRIGHT IS WIDELY REGARDED AS A VISIONARY LEADER IN THE BROADBAND INDUSTRY, KNOWN FOR HIS INNOVATIVE APPROACH TO EXPANDING INTERNET ACCESS IN WALES WITH HIS AWARD WINNING ALTNET OGI. WITH A TRACK RECORD OF DRIVING GROWTH AND CHAMPIONING DIGITAL INCLUSION, HE HAS EARNED A REPUTATION FOR TRANSFORMING UNDERSERVED MARKETS.

WITH A FOCUS ON PROVIDING HIGH-SPEED, RELIABLE INTERNET TO UNDERSERVED AREAS, BEN SHARES HIS VISION FOR THE FUTURE OF CONNECTIVITY IN THE REGION.

TELL ME ABOUT OGI AND YOUR LIGHTBULB MOMENT.

I worked for Teleste previously running their international network services business as VP; the largest component of that was a subsidiary of theirs called Flomatik Network Services, which I took on when it employed about 20 people and grew to over 200.

We provided telecommunications companies with many services covering consulting, architectural advice, network planning & design and field engineering. We also advised investors in that space and undertook due diligence projects. We were launching the altnet community in its infancy – and I loved it. It was exciting, purposeful and progressive. However, as time went by it occurred to me that I was helping everybody else start telecoms companies when I could actually just start one myself! A seed was sown.

IT MUST HAVE REMINDED YOU OF THE EARLY DAYS OF CABLE.

It did. I worked in several cable startups back in the early 90s and had a great time; I was lucky to be a part of that revolution. After Carlton Cabletime, a cable technology provider, I joined IVS, an operator, which became Comtel, which grew into NTL and finally, Virgin. That history is what led me to the SCTE and its brilliant network of industry experts.

After some research, the opportunity that most piqued my interest was in Wales, where a small company called Spectrum Internet had completed some discrete fibre projects and had in place some of the things needed to build out a larger network, but needed a management team.

WHY WALES?

When I examined the numbers, it was clear that Wales was poorly served; many operators were piling in on the larger towns, especially on the Home Counties and Thames Valley, but I didn't see much interest in Wales. They were being left behind, and I felt this could be a great place to build something with real purpose.

WHAT'S THE SECRET OF YOUR SUCCESS?

We have quite a different chemistry. Unlike a lot of operators, we are a full-service



company; vertically integrated. We build the network, but we also work hard to acquire and connect the customers. This business model meant that right from the get-go we put developing a brand and being customer-centric at the heart of our thinking. We wanted to speak to our audience and be relevant to their needs – not just another fat pipe offering.

There are undoubtedly other altnets out there who built more, quicker, while we developed a sophisticated organisation that was more holistic. When we look around the market, Ogi's brand is quite edgy, I think, unmistakably Welsh, fun and engaging. The investors hated it at first. As I said, the key to success is to build an outstanding executive team, and for them to set about building the teams beyond that, so early on I went out to the industry and hired top executives.

Wales is a country, not a region, it's not a Hampshire or an Oxfordshire. The country has a fierce sense of national identity, so having a purpose and strategy to deliver for Wales – embedding our values early on – has been very powerful. When I look back, I think we executed quite well. We had plenty of bumps along the road, of course. We found it hard to get our build machinery going and scaled quickly across such a large area, but when we did, it was good. In fast growing companies you make mistakes, but as long as you course-correct quickly, you can largely stick to your business plan. The acid test

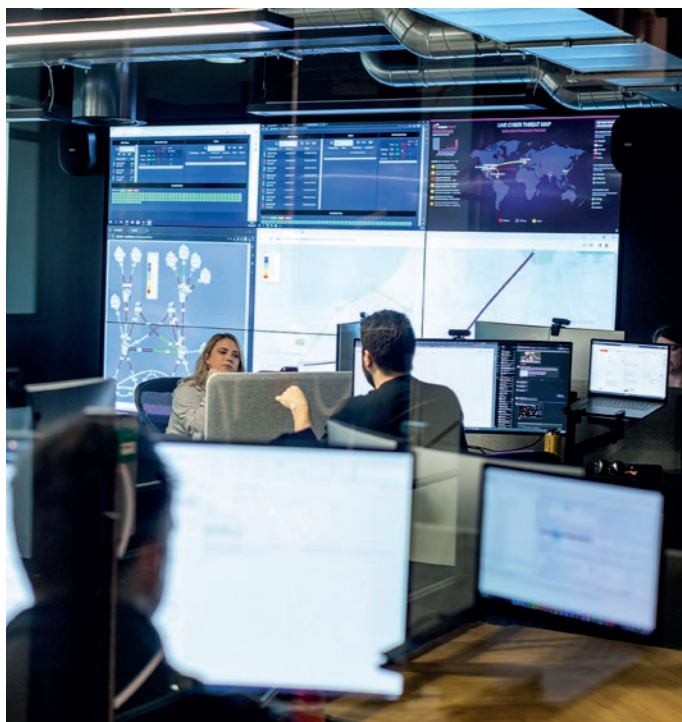
now for the whole industry is take-up. This is where we're really performing well, with average penetration at 22% already – and with many service areas and towns already at 30%.

WAS RURAL A PART OF THAT BUSINESS PLAN?

There wasn't a commercial argument to head into Cardiff, Swansea, Newport for residential; if Openreach weren't there yet, they soon would be. And Virgin Media's Cable network, with its underlying DOCSIS infrastructure, already provided a solid alternative, albeit an expensive one at the time, for those needing higher speeds.

Like most places, Wales doesn't need a third or fourth operator in larger towns. Wales needed a first mover bringing full fibre to Abergavenny and Porthcawl. This 'outside in' approach certainly made our lives harder in terms of rollout and backhaul provision, because these are smaller towns with all the smaller town problems. Spreading our activities across south Wales from day one, to 'own the patch' brought many logistical challenges; Monmouthshire is a long way from Pembrokeshire and it was easy to disrupt those small communities and risk alienating your target customers. However, people ultimately got to see Ogi as their south Wales provider, doing what we said we were going to do, and serving the places most neglected.

FROM THE INDUSTRY



OBTAINING WAYLEAVES AND NAVIGATING THE RURAL WELSH LANDSCAPE CAN'T HAVE BEEN EASY.

It wasn't. Ogi can't yet claim to be a hyper-rural provider. We didn't start by aiming our efforts at the 50-100 home hamlet - and relying on Gigabit vouchers for the top-up - because of the economic and practical considerations of that approach. But if we build out Abergavenny, then it's easier for us to get up the road to Gilwein then Crickhowell. And before you know it, we can start to stitch in those smaller places, funds permitting.

As ever, obtaining wayleaves is critical and we estimate around 20% of our target coverage will be impacted by wayleave (more in holiday areas): holiday parks, housing associations and private roads, etc. If you don't tackle this in good time, you don't get to release or connect the premises, despite all those overheads in getting there. It quickly becomes a major obstacle to progress.

IT MUST BE HEARTBREAKING IN INSTANCES WHERE YOU JUST CAN'T PROGRESS DOWN THAT ROUTE.

It really is, because you committed a lot of planning, time and money to get to that point; the cabinet's erected in the road, the cables are in the ducts and on the poles,

the backhaul and power are finally in but now 100 homes can't get your service, many of whom are now expecting it.

WHAT IS YOUR PLAN FOR EXPANSION; ARE YOU GOING TO STICK WITH SOUTH WALES?

Along with the rest of the fibre industry, our initial investments came in from equity investors, with expectations that we would gear up with cheaper debt soon after. Sadly, with fibre market developments, much of that debt just isn't available now. The industry has a job of work to do to show that it has made good decisions and that returns can be made. It hasn't helped that several of the larger, wholesale operators have failed to meet their targets, with their primary focus on rollout. To that end, they have routinely overbuilt each other to 'land grab', haven't brought the customers on fast enough and aren't generating the revenues to get to break even. This has spooked the debt market, creating an industry wide problem, even if you're performing well.

That said, Ogi had a big win last year, working with the Cardiff Capital Region, which represents 10 local authorities in the Southeast of Wales. They are an investment arm with money to invest in worthwhile Welsh projects and they chose to back Ogi. Timely support when the debt market was so challenging and allowing Ogi to carry on building, albeit slower.

WHAT DOES THAT MEAN TO YOUR COMPANY?

It means we've a path through to gradual growth, we're able to keep maximising customer numbers (which also requires capital) and provides us with a clear path to trade to profitability. More recently we've dialled up our B2B efforts too, with new networks deployed into the denser, commercial areas. South Wales is a real hot spot for tech industry (fintech, DCs, microprocessor design, multimedia, etc) and with many interesting smaller businesses in incubation too. Wales really does need a local provider, not just to help those businesses with connectivity, but with a suite of cloud and managed services as well.

HOW DO YOU SEE THE INDUSTRY LOOKING IN THE NEXT TWO YEARS? OPINIONS VARY.

We will see consolidation, sure, there are far too many operators today and many will struggle - it's not going to be uniform. No sudden appearance of just 3 providers UK-wide. For altnets with a wholesale orientation who've achieved scale between 50,000-250,000, I think we'll see more rapid consolidation as they seek scale to attract household ISPs to monetise their assets. If you haven't got the customers, you haven't got the revenues. So far, we've seen more consolidation between operators with the

same investor. It's simpler and more likely a paper transaction.

So, there will be an early wave so far but not the great 'crunch' that many predict. With companies seeking paths to profitability and to avoid crystallising losses, I think things will remain gradual unless an altnet is in real distress.

IT DOES DEPEND ON WHOM YOU SPEAK TO. THERE ARE A LOT OF MOVING PARTS TO THIS.

It does. My underlying concern is the amount of overbuild in an industry that's been uncoordinated - a free-for-all - which simply destroys capital! A small market town like Henley-on-Thames, 6-9 months in the planning, mobilisation and build may ultimately be supporting 3-4 operators. There just won't be enough customers to go around. Mostly, it happened by accident - once an operator commits to an area the momentum is high and then they're falling over each other.

Once other consolidation challenge is that this overbuild means that adjacent operators, logistically easier to combine, may have part-overbuilt one another. Not very useful. Plus you have to consider network and service offering standardisation, and of course, the complex integration of disparate home-grown IT stacks. Some smaller altnets just might not justify this overhead and would be valued accordingly.

WOULD YOU SAY THE ALTNET MODEL IS INTRINSICALLY FLAWED?

I think it was probably a flawed process. But people do/will need what fibre brings, I maintain that infrastructure competition is key, and both innovation and momentum were lacking from the incumbents. But in this case, the free market has proved very messy and now we'll see companies that go bust, companies that merge and companies that win. The standard industry lifecycle. My main concern though is that large pockets of the UK will remain with no provider, or just Openreach funded by government vouchers. I see this as a bigger failure, although I'm hopeful about new technologies to fill the voids if capital remains elusive.

WHAT'S YOUR APPROACH TO DIGITAL INCLUSION?

Bringing the infrastructure to those people who wouldn't otherwise get it is the first step. There's still one in five homes that can't get access to decent broadband in the UK. Secondly, you need to make it affordable. I don't think there is a long term 'fibre premium' to be had so existing copper pricing is the guide. In Wales we deal with some deprived areas, so affordability is key. But so is digital literacy and digital confidence, which we support via community hubs, education programmes, charities and institutions.

DO YOU FIND THERE IS A RESISTANCE TO IT FROM PEOPLE WHO ARE AFRAID OF THE TECHNOLOGY?

There's a significant part of our potential customer base that just doesn't want it.

They will tell you, "I've not got a computer, I've not got a smartphone at all. I've just got a home phone. What do I want you for?" But imagine the impact of that on their lives now: obtaining a passport, a driving licence, parking their car, booking a holiday. These are all activities that have moved to apps and online and many of us take for granted, yet a large slice of the UK population aren't accessing them. Government really does have a role to play if we're to lessen digital poverty. But it's important we understand our role in this to drive up adoption and utility - and to take the time to help Welsh people get comfy with the new technologies.

WERE YOU ALWAYS INTERESTED IN TECH?

I actually wanted to be a pilot when I was young. I grew up reading books about flying 'derring do' and World War II. I applied to the RAF but wasn't selected for pilot officer training, sadly, but so few were that I wasn't too disheartened. Later in life, I obtained my helicopter PPL, so I scratched the itch. I've always been interested in science and engineering. When I was in primary school I was at jumble sales buying cameras, radios and televisions and taking them apart. I remember spending a lot of time in the shed with my dad fixing pushbikes and motorbikes or renovating cars.

As I say, my first job was in electronics with a company called Cabletime, one of the first cable tech suppliers. Frankly, I hadn't got much of a clue what I was doing, but I was initially sat on a bench fixing set top boxes. Honestly, I knew so little that I pretty much unsoldered and replaced every component until it worked.

And then I thought, what about if I worked in the design department? I reckon I could understand that more easily. And then what about if I have ago in the R&D department? And so it went on... And that's turned out to be the pattern of my career, always hungry to learn new things and try the next challenge.



FROM THE INDUSTRY

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THIS INDUSTRY HAS NEVER FAILED TO PRESENT THE NEXT CHALLENGE, THE NEXT OPPORTUNITY.

If you're happy with a degree of uncertainty, highly motivated and tech savvy, our industry has always been brilliant. If you choose to move away from the technical forefront, I've found that people can quite easily progress into project management roles, and/or then line management and more senior leadership roles, with experience. By my late 20s I was a director within a cable company, because I found that even with a scientific, critical-thinking brain, I enjoyed the influence and impact of leading teams more. I could take my understanding and those problem-solving skill and put them to even greater use. Although I did miss the practical elements.

WHAT ABOUT CONSOLIDATION?

Bringing companies together is going to bring risk and complexity. Maintaining the confidence of the investor community in these early consolidations is key. Can more value be created, once you consider the access technology standardisation, branding and sales, IT stacks, departmental integration, operations etc?

Companies with clear service geographies and modest overbuild with an established retail brand, like Ogi are probably in a better position and could remain independent for a long time. Ultimately, everyone should count on being overbuilt by Openreach at least, so penetration forecasts over 40% I think are just wishful thinking.

WHAT DO YOU THINK WE NEED TO DO AS AN INDUSTRY TO ATTRACT A YOUNGER, MORE DIVERSE CROWD?

Our investor's 'green fund' is very strong on ESG, like many of the pension fund investors in fibre, DEI was top of our agenda from day one and we got embedded in all of the major DEI activities in South Wales. We make sure that we write job descriptions that are accessible and un-technical and we try and attract in a wide range of candidates and to retain them. We run lots of courses in house, plus management courses for anybody who's interested in heading in that direction. This investment has worked really well and appealed widely to our younger or less experienced employees, many of whom then go on to management roles at Ogi. There is a (somewhat justified) belief that this industry that it's just a bunch of white middle-aged men. But personally, I think that's changing quickly now. Although I perceive that build and engineering areas are still overwhelmingly male.

WHAT ARE YOU LOOKING FORWARD TO THIS YEAR?

I'm not under any illusions, it's going to be a hard year, with many challenges and lots of industry change. Consolidations will bring more uncertainty and job losses, and the scarcity of capital is dramatically impacting the build supply chain. It's our collective job as leaders to run good businesses and to reassure the investors and debt market, so we can move forward again.

I'm looking forward to seeing the fruits of our labour in terms of continued growth and hitting our milestones, reaching the point where we can stand on our own two feet financially and lose dependencies on external funding. We've got 22,000 customers now and I'm confident that we will get to 30,000 by the end of the year, which will be shade under 30% penetration across all communities.

I'm proud of that, thousands of Welsh people and businesses are benefiting, and I think it highlights that we've created something rather special.

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HOW TO BE A BUSINESS LEADER

BY BEN ALLWRIGHT

MAKE SURE YOU ARE:

- **PASSIONATE**
- **100% COMMITTED**
- **COMMITTED TO EXCELLENCE**
- **DEMONSTRATING STRONG, CONSISTENT PRINCIPLES**
- **SURROUNDING YOURSELF WITH THE RIGHT PEOPLE**
- **AN INFLUENCER**
- **A GOOD COMMUNICATOR**
- **A GOOD NETWORKER**
- **A GOOD PROBLEM SOLVER**
- **ACCOUNTABLE**
- **AGILE**
- **AUTHENTIC**
- **SELF-AWARE**
- **HUMBLE**