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Study Gives High Marks to U.S. Internet

By **[JOHN MARKOFF](#)**

SAN FRANCISCO — Contradicting earlier studies, conventional wisdom and politicians' rhetoric, European researchers say that the Internet infrastructure of the United States is one of the world's best and getting better.

The Global Information Technology Report issued on Wednesday found that the United States now ranked fourth in the world behind just three European nations: Denmark, Sweden and Switzerland. Last year the United States was ranked seventh.

The study, which has been issued annually for the last seven years, is an effort to draw a more complete picture of national network readiness.

The study was done by Insead, the business school near Paris, on behalf of the [World Economic Forum](#), a policy and conference group based in Switzerland. It used an index generated from 68 variables including market factors, political and regulatory environment and technology infrastructure rather than just bandwidth capacity and data transmission speeds.

Some Internet industry veterans were skeptical of the positive claims about the United States compared with the rest of the world. "My gut feeling is that we don't have the type of deployment you have abroad," said David J. Farber, an Internet pioneer and a professor of computer science at [Carnegie Mellon University](#). "If you are looking at broadband, we have a

lot of problems. We are slow as molasses in deploying the next generation.”

The Insead assessment offers a stark contrast to other appraisals based on single measures that have portrayed the United States, the nation that invented the global data network, as both lagging and declining in the broadband boom. Last year a range of statistics on global bandwidth use indicated that the United States was trailing other industrial nations in both broadband network consumption and penetration as a percentage of population.

For example, statistics maintained by the Organization for Economic Co-operation and Development gave a conflicting message. The average advertised broadband download speed of 23 American providers was 8.8 megabits a second, while the average for 23 providers in Denmark was a considerably slower 5.9 megabits. At the same time the number of broadband subscribers in Denmark was 34.3 for every 100 inhabitants, compared with 22.1 in the United States, according to a study in October 2007.

However, one of the authors of the Insead report said the narrow measures had failed to capture the true impact of the Internet when it was considered in a cultural, economic and political context.

“What the U.S. has is a number of strengths along a number of dimensions,” said Soumitra Dutta, a professor of information systems at Insead and the director of the study. “It is not just a question of technology. Political and economic factors become extremely important.”

He pointed to France as a country that was a technology leader in terms of network services that had trailed in the study, ranked at 21. “It’s not because France is lacking in technology,” Professor Dutta said. “If you look at other kinds of regulatory issues and labor conditions, you find a rigid situation that prohibits companies from making the most effective use of

technology.”

An O.E.C.D. economist acknowledged the nuances in taking into account government regulatory and related factors, and said it was hard to draw a single conclusion from the data.

“I think we can say that a lot of the situation in the United States is a result of the lack of competition,” said Taylor Reynolds, an economist in the Internet and Telecommunications Policy section of the O.E.C.D. “In Europe we have adopted an unbundling strategy wholeheartedly.”

That has led to more competition in markets outside the United States, he said, which in turn has driven Internet service providers elsewhere to offer speedier service and lower prices.

One aspect of global competition that is being watched closely, he added, is the way fiber optic networks are being introduced in different regions. Even though the United States has begun to accelerate the availability of fiber optic services, it is lagging Europe and Asia in network speeds.

While [Verizon](#) is offering 50 megabit FIOS in the United States, 100 megabit services are common in Europe, and the Japanese are offering 1 gigabit services.

Still, there are puzzling aspects to the American market, which has higher broadband availability than many countries but lower adoption rates. More customers have retained dial-up services than most countries, which might be explained by price or lack of attractive broadband services.

Industry executives in the United States said the Insead report was a significant counterweight to the one-dimensional O.E.C.D. statistics. “Being an optimist, I’m seeing some significant and

promising things happening in the United States,” said Robert Pepper, senior managing director, Global Advanced Technology Policy at [Cisco Systems](#), the world’s largest networking equipment company.

The study portrayed a number of global trends. Five Nordic countries were reported among the world’s top 10. South Korea posted one of the most significant improvements in the last year, moving up 10 places in the ranking to ninth, and China moved up five positions to 57th.

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