

Pioneering triple-play services over fibre in Italy

Fibre to the Home has been part of Fastweb's strategy from day one. The operator is now leading plans to upgrade the access network across the whole of Italy.

Back in 1999, internet access was less widespread in Italy than in other parts of Europe, possibly because local phone calls for dial-up access were chargeable. But a small group of entrepreneurs had a bold plan to leapfrog existing technologies by offering a package of high-speed internet and television services to consumers and businesses over a fibre-optic network.



"Fastweb started with the idea to completely replace the incumbent relationship with the customer, so we started thinking about a connectivity that was independent from the incumbent network," explained Enrico Pietralunga, service and design planning manager at Fastweb.



The plan was to create an end-to-end fibre network that would use the Internet Protocol (IP) to transport all services – voice, internet access, television and video on demand. This single, integrated network would allow

the company to operate the network at lower cost than the incumbents, who were constrained by legacy technologies and business processes.

The entrepreneurs went into partnership with the local electricity company in Milan, called AEM. Both parties invested in Metroweb, which was the communications arm of AEM, and e.Biscom, which became the parent company of service provider Fastweb. In early 2000, Fastweb started offering service to homes and businesses in Milan over the fibre network of Metroweb.

A public offering in March 2000 raised €1.67 billion, which funded the expansion in Milan and the north of Italy. Over the next few years, Fastweb passed 750,000 homes and

connected approximately 145,000 subscribers to its fibre network; roughly 50% were residential customers and 50% were business customers.

Deployment

Size of network:

Fastweb's fibre network passes 2 million homes and small businesses in seven Italian cities: Milan, Rome, Genoa, Turin, Bologna, Naples, and Bari.

Technology/architecture:

The original network in Milan used Active Ethernet rings with equipment typically located in the basement of apartment buildings. More recent deployments, like the pilot network in Colina Fleming in Rome, use a point-to-point fibre topology.

Deployment method:

Classical digging, reusing ducts where possible.

Fastweb was also in the unusual position in Europe of having no competition from cable or satellite television providers. The operator brought out competitively priced packages for triple-play, and quickly expanded the range of content available to subscribers.

Fastweb's internet services were also proving attractive to subscribers. "You have to think that in Italy when we started, big universities or executive customers usually had 2Mbps E1 connectivity. We brought 10Mbps to residential customers also, so it was quite disruptive," said Pietralunga.



When local loop unbundling became possible in 2003, the strategy changed. Fastweb continued to deploy fibre, but started adding new customers over ADSL connections, which allowed its customer base to grow much faster than it could have done otherwise.

Outside Milan, Fastweb expanded into other cities by leasing dark fibre where possible, for instance, on SasterNet in Genoa. It also entered a long-term agreement to rent space in the ducts of the Socrates network – a cable TV network owned by Telecom Italia.

Business Case

Investment:
Not available.

Number of years to ROI:
Fastweb was able to raise money by holding a public offering in March 2000, when the stock market was buoyant.

Business model:
Fastweb is a vertically integrated service provider, apart from Milan, where the network is leased from Metroweb.

As Fastweb started to grow outside Milan, AEM decided to sell its stake in the service provider. As a result, in 2003 e.Biscom exchanged shares with AEM, gaining full control of FastWeb and divesting from Metroweb.

In 2004 e.Biscom merged with FastWeb, changing the name of the group to FastWeb, which has become a widely recognised brand as the leading alternative service provider in Italy. Over the next few years, the company consolidated its position in the market. In May 2007 Swisscom paid €3 billion to acquire 82.4% of Fastweb, which became a full subsidiary in 2010.



In 2010, Fastweb decided to upgrade its network, taking advantage of the high-speeds possible over optical fibre by launching 100Mbps services to residential customers – this is a first for Italy.

Fastweb is also a key player in the “Italia Digitale” project (“Digital Italy”). Fastweb believes that the provision of a fibre access network is of strategic importance to Italy, but that the massive investment and impact of installation in urban areas does not permit the installation of competing networks.



An important step in the development of a next-generation fibre network for Italy took place on 28 October 2010 when all main Italian fixed operators, including Telecom Italia, signed a memorandum of understanding that define fundamental aspects for the project “Italia Digitale”.

Operators and Government have agreed that there will be one single passive network infrastructure enabling both point-to-point and point-to-multipoint architectures that bring FTTH to 50% of the Italian population within 10 years.

End-user Services

Services:
Fastweb offers a variety of product bundles including voice, internet access and TV. In September 2010, it launched FIBRA100, which is a bundle add-on that allows FTTH customers to upgrade their internet connection to 100Mbps/10Mbps.

See also: <http://www.fastweb.it/offerte/fibra-100/>

The partners are testing out the viability of the project by building a pilot network in the Collina Fleming area of Rome. The first connections in the pilot network, which will reach 7,000 residential and small business customers, were made in July 2010.

Written in December 2010
Photos provided by Fastweb
Contact us on info@ftthcouncil.eu