

## Record breaking roll-out speeds in Latvia

Incumbent Lattelecom transformed the country's broadband Internet market.

The global economic crisis of 2008 spelled the end for many European broadband infrastructure projects as investor confidence waned and cash dried up.

In Latvia, the Baltic state to the Northwest of the continent, tough times were the spur for a move in the opposite direction. Early in 2009, with the country's economy in difficulties, Latvian incumbent network operator Lattelecom announced a huge project - its Network of the Future - aimed at bringing about the next generation of broadband internet access services for the benefit of the country's citizens and businesses.

### General Information

**Infrastructure owner:**

Lattelecom, Latvia's incumbent telco.

**Location:**

Various mainly urban locations around Latvia.

**Network status:**

Operational.

With other telcos across the continent looking to save money and trim investment, Lattelecom pushed forward with the development of a huge FTTH network project for maximum long-term value, based on a GPON model.



"The economic crisis in Latvia was followed by a reduction in network development costs, whereby much of the work that was carried out cost less than it would have done in the years of Latvia's economic advancement," points out Juris Gulbis, Chief Executive Officer of Lattelecom

"In addition to this, our network expansion work

was greatly strengthened by workplace innovation. The company used outsourcing extensively, engaging various subcontractors, which allowed it to build its fibre optic network within a very short time, breaking records with 420 installed apartment buildings a

month."

The result, remarked on many times since by admiring outside observers and independent experts, was over 400,000 installed apartments within the space of two years: "An unbelievable quantity, and an achievement we can look on as a real success story," adds Gulbis.



Such a major strategic project had necessitated numerous changes in Lattelecom's company's structure: "A special structural unit was set up to advance the project and be responsible for its progress," explains Gulbis. "As with any other major strategic project, this was monitored closely by the company's management board, allowing us to make timely decisions and ensure a high quality exchange of information."

### Deployment

**Network availability and penetration:**

By June 2011, a total of 357,485 homes were connected to the network (40.2% of the 888,400 households in Latvia). The network had passed 528,261 homes by that date, making the connection rate 67.7% of all passed homes.

**Technology/architecture:**

FTTH in a GPON configuration.

In order to develop its GPON network so fast and in such depth, Lattelecom also innovated with a two supplier strategy.

"Both suppliers offered us the best price for their terminal equipment and network nodes, which benefited Lattelecom and eventually also benefits the end user to whom the service is made more available," says Gulbis.

The result of Lattelecom's ambitious and innovative approach was groundbreaking. The FTTH infrastructure, when launched, allowed for initial transmission speeds of up to 100 Mbps, making it possible to watch streaming television channels at a high level of quality. Stunningly fast though this was for the time, it was not the full extent of Lattelecom's plans. Built into the network's design was the idea of increasing speeds to 500 Mbps, and eventually to 10 Gbps in the future.

## Business Case

### Investment:

The investment from 2008 to the end of 2011 will total 40.7 million Latvian Lats (approximately 57.5 million Euro). Lattelecom is the only investor, with zero public subsidy.

### Number of years to ROI:

Business case calculated over a 10-year period.

### Business model:

Lattelecom is a fully integrated operator that builds and operates the network, and provides services.

The idea of a network running at 100 Mbps is no longer new, but it certainly was when Lattelecom launched its FTTH network with the aim of revolutionising the habits of customers in Latvia.

"We introduced a new industry standard with our 100 Mbps speeds," comments Gulbis. "This was later introduced by other companies. Lattelecom was also the first operator to launch a 500 Mbps service designed for use by residential customers. The network has also enabled us to build a value-added brand and strengthen the company's image, positioning Lattelecom as a modern and innovative operation."



Lattelecom's reputation for an Internet service that was steady but only moderately fast was transformed: "Now we have expanded our fibre optic network to such level that the message is clear - our Internet is both fast and steady. We're not just boasting when we say that today in Latvia we have one of the most modern FTTH networks in Europe, enabling the people of the country to use one of the world's highest speed Internet services."

## End-user Services

Based on GPON, services for end-customers as follows:

### Residential services:

Internet up to 20 Mbps from 9.98 to 11.98 Lats (approx 14 to 17 Euro)

Internet up to 100 Mbps from 14.98 to 16.98 Lats, (from 21 to 24 Euro)

Internet up to 200 Mbps from 19.98 to 21.98 Lats, (from 28 to 31 Euro)

Also available: Internet + ITV packages from 15.98 to 25.99 Lats (22 to 37 Euro) depending on speed

### Business services:

Metro 10 (up to 10 Mbps, static IP) for 24.28 Lats (approx. 34 Euro)

Metro 20 for 45.49 Lats (64.5 Euro)

Metro 50 for 71.98 Lats (102 Euro)

The resulting network is the basis for a range of bundled services incorporating high speed internet access, phone calls and Lattelecom TV, and also enables new types of service that demand higher bandwidth, like HDTV.

Written in July 2011

Photos provided by Lattelecom

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