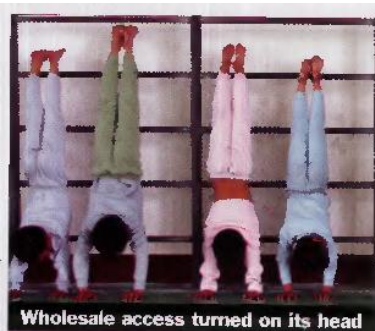




FIBRE-TO-THE-HOME SERVICES

Share issues

BT and French operators have outlined plans for fibre-to-the-home build, but questions over regulation are still surfacing



REPORTAGE

THE DIFFERENT approaches by France and the UK to fibre-to-the-home build show regulators are still getting to grips with how to foster competitive services.

BT has announced that its Openreach division will build a fibre network to connect up to 9,500 homes at a new development near London from March 2008. As well as providing voice, broadband, digital terrestrial TV and DAB radio, BSkyB is being lined up to provide satellite and broadcast media services over the fibre.

"One company building a uniform infrastructure must be the way to go," says Simon Fisher, fibre strategy manager for Openreach. "If we get this right in the UK, it could be a huge advantage, creating an efficient high-bandwidth access network

that any communication provider can plug into."

Of course, we might expect BT to say that given that it is the only company with residential FTTH plans in the UK to date. What's more, the regulatory situation is quite singular in the UK, where BT is mandated to provide open access to its networks—including the new FTTH development—through its Openreach access networks company.

But doesn't competition help to stimulate growth?

"For us Openreach is really interesting," says Hartwig Tauber, president of the FTTH Council Europe. "What is happening in the UK is unique, with a single entity in charge of putting in infrastructure."

It is an entirely different situation in France, where three main operators will compete to provide fibre services.

Last month the operators put more flesh on their FTTH spending, and at the same time raised regulatory questions about the future of wholesale local access and competition.

"The wholesale access model could be turned on its head [by FTTH]," says Eric Sèle, director of the Southern European region and France at Ciena.



Now French regulator, Arcep, is working to establish discussions between operators on sharing fibre networks within the building, as well as developing a guide to laying spare capacity.

"We don't want to go towards a market in which, if you want to change your operator, you have to move out of your apartment," says Paul Champausur, head of Arcep. The questions Arcep is asking include whether a new fibre local loop would be best managed by a regulated private monopoly at a national level—similar to the model the UK is adopting with BT—or by a local monopoly that unites private and public interests.

Neuf Cegetel calculates it will cost €1,200 to connect each FTTH customer, on the basis of a 25% take-up rate for homes passed. And it estimates it will receive a basic monthly ARPU of €30 per head for services. Given those figures, French operators will surely need to share construction costs.

Operators have said they are willing to collaborate, but in reality are chasing exclusive rights to construct networks in Paris apartment blocks. Then they hope to market FTTH to entire buildings, and also offer wholesale FTTH to competitors.

"Each operator is doing his own thing," admits Jacques Veyrat, CEO of Neuf Telecom.

Neuf Cegetel justifies FTTH investment as a means to gain broadband market share. Although its overall share stands at about 18%, it can be as low as 13% in large urban areas, where FTTH will be deployed, Veyrat says.

To increase its spending power, Neuf Cegetel is looking to team with SFR, France's second-largest mobile operator, on FTTH investment. SFR is 56% owned by Vivendi and 44% by Vodafone and has a 40.5% stake in Neuf Cegetel.

"We'll invest €300 million [between now and the end of 2009] and SFR will certainly invest more," says Veyrat.

Iliad's Free is going it alone and plans to invest €1 billion in FTTH by the end of 2012. It hopes to attract 30,000 customers out of 500,000 homes passed by the end of 2007.

France Telecom introduced initial FTTH services at the end of February, and plans mass deployment of FTTH networks and services in 2008. The incumbent says it has already learned lessons from its recently completed FTTH trial. "What we learned is that it takes a long time to roll out optical fibre," says Gilles Coullon, vice president for FTTH at France Telecom's network carrier and IT division. "You have to convince the landlord, and the marketing takes time. FTTH is not like putting in a [DSL] DSLAM."

In the UK, BT does not have the same time-critical commercial imperatives. Tauber at the FTTH Council sees merit in the UK model, as long as it results in FTTH deployments. "If you want to set up a large network, it is good to investigate technology," says Tauber. "But it is also good to have the pressure [through competition] so that it doesn't take forever." ■

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