



Europe plays FTTH catch-up

IDATE, a France-based research and consultancy firm, shared its latest FTTH and FTTB statistics at the FTTH Council Europe's annual conference held in Paris last month.

At first glance, the numbers are encouraging. At the end of 2007 IDATE calculates there were just over 1 million FTTH/B subscribers in EU31 (EU27 plus Norway, Iceland, Switzerland and Andorra), which represents 23 percent growth compared with 12 months previously.

The number of homes and buildings passed by fiber grew much faster over the same period, however, reaching 4.9 million (a 79 percent increase).

But compared to Asia and the United States, Europe still lags well behind in FTTH deployment. According to a new global FTTH ranking, also released at the FTTH Council Europe's Paris conference (and based on statistics gathered at the end of 2007), Asian economies continue to outpace the rest of the world with South Korea moving into the top slot with 31.4 percent of households connected by FTTH, followed by Hong Kong at 23.4 percent and Japan at 21.3 percent (see table).

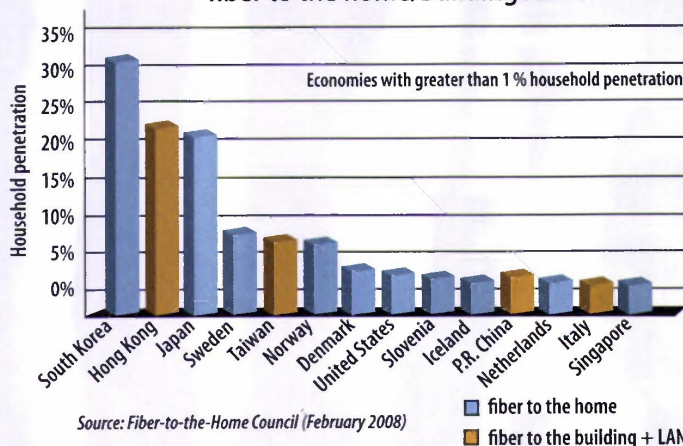
A large gap separates third place Japan from fourth place Sweden, where 7.1 percent of homes are wired with FTTH, followed closely by Taiwan at 6.8 percent and Norway at 6 percent. Denmark, at 2.5 percent, occupies seventh position on the chart.

The U.S., by more than doubling its penetration rate to 2.3 percent, moved up three places to eighth position, followed by two of the three countries making their first appearance on the chart: Slovenia at 1.8 percent and Iceland at 1.5 percent. The People's Republic of China moved from tenth to eleventh place as direct fiber connections in that country moved up slightly to 1.5 percent.

Europe's lop-sided FTTH picture

Scratching below the surface of the European figures released by IDATE, worrying patterns persist for those wishing for extensive and pan-European deployment. The majority of FTTH/B subscribers (86 percent), for example, are still concentrated in five countries (Sweden, Italy, Norway, Netherlands and Denmark).

Economies with the highest penetration of fiber to the home/Building+LAN



Altnets are becoming much more prominent of late and now account for around half of FTTH/B subscribers in Europe

What's more, it is still municipalities and utilities that account for most of the new FTTH/B activity. Since mid-2005 there have been 88 new FTTH/B initiatives, and municipalities and utilities accounted for 61 percent of those.

However, IDATE reports altnets are becoming much more prominent of late and now account for around half of FTTH/B subscribers in Europe. Moreover, 60 percent of homes and buildings in EU31 are passed with fiber courtesy of the altnets. Municipalities and utilities account for 25 percent of homes and buildings passed.

Since the major operators in Europe, apart from France Telecom, Iliad, Telekom Slovenia and Orange (in Slovakia), have yet to make any significant push on FTTH/B, growth has been patchy and generally subdued.

Besides their regulatory concerns about hefty FTTH/B investment, some Tier 1 operators at last month's FTTH Council Europe conference also cited problems with marketing as a factor holding back FTTH growth.

France Telecom and NeufCegetel each report that because there is no nationwide FTTH availability they need to have sales teams talk to customers individually and persuade them of the service's value, which is time consuming. France Telecom says it has only 5 percent to 10 percent take-up in areas where it has fiber coverage.

Some operators also have marketing problems firmly of their own making. Thomas Langer, an equity research analyst covering the German market for WestLB, points out that Deutsche Telekom will tell its customers if they are eligible for its FTTH+VDSL service, but only after they have placed an order.

Given that marketing gaffe and the ream of off-putting footnotes that usually accompanies Deutsche Telekom's different VDSL tariff packages (telling customers about numerous additional payments and clauses), Langer says he is not surprised Deutsche Telekom had only around 150,000 subscribers to its VDSL service by the end of 2007.

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