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Fibre-to-the-home: Why settle for less?

By Karel Helsen, president of the FTTH Council Europe

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The snow and recent freezing weather in northern Europe brought a substantial increase in teleworking – but not everyone enjoyed the same broadband speeds.

In the Netherlands, for example, users accessed speeds typically double those available in the UK, which has gone from being a leader in first-generation broadband, to finding itself in danger of being left behind.

However, the UK's proposed "Next Generation Fund" – a controversial plan to raise more than £1bn (\$1.57bn) over eight years from a levy on fixed telephone lines – is its opportunity to catch up.

Through this investment, the UK government proposes to expand the roll-out of superfast broadband to 90 per cent of UK households.

We believe it is important for the UK to invest in a digital future. In the FTTH Council's view, building a next-generation access network has a specific meaning: replacing the copper network between homes and telephone exchanges with a fibre infrastructure capable of supporting the highest possible broadband speeds into the foreseeable future.

The government also needs to set minimum standards for the performance of broadband connections, and decide how this should be measured and enforced. We hope it will keep these issues in mind when it decides how best to distribute the funds.

Portugal gives an idea of what is possible with an intelligent investment of this size. In January 2009, the Portuguese government signed an agreement with four of the nation's operators – incumbent [Portugal Telecom](#), alternative operators Oni Communications and [Sonaecom](#), and cable TV company ZON Multimédia – for the roll-out of fibre networks to 1.5m homes and businesses.

The operators agreed to co-operate and share ducts (the channels into which fibre-optic cables are laid), while the government contributed an €800m (£700m, \$1.1bn) line of credit.

The results are already tangible. In the year since the agreement was signed, the number of fibre-to-the-home subscribers has increased from 14,500 in December 2008 to 41,500 in December 2009, according to preliminary data from the Council's annual rankings.

The number of homes now within the reach of the fibre network has expanded even faster, from 200,000 to more than 1.1m in the same time frame. Portugal is well on its way to becoming a fibre nation – and an appropriate venue for the Council's FTTH Conference 2010 in Lisbon this month.

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Similarly, a few weeks ago, France announced it would invest €2bn to bring fibre to rural and less densely populated areas as part of a new economic recovery package. The strategic importance of fibre networks is also evident in Greece, where the government is planning to support large-scale fibre roll-out.

In the Council's opinion, governments have an important role to play to facilitate the acceleration of deployment of fibre networks. They need to develop clear policies and regulation to encourage the market to invest in new infrastructure, and be prepared to step in when there is a clear market failure.

The FTTH Council firmly believes that normal market and competitive forces should deliver fibre to the home, but certain areas will not commercially support fibre to the home without some form of state intervention and funding – particularly rural and less dispersed areas, where the impact of fibre access is likely to be the greatest.

Telecoms operators recognise that a fibre network is more reliable, easier to manage and cheaper to run than the existing copper-based telephone infrastructure.

US operator [Verizon](#), for example, claims a 60 per cent reduction in operational expenditure thanks to its roll out of FiOS, its bundled communications service which is expected to be profitable this year and now supplies more than 12m homes.

And the consumer?

Residential users are becoming increasingly dissatisfied with broadband that fails to deliver adequate performance for today's applications, such as movie downloads, or video sharing via social media websites.

In the Netherlands, there has recently been a strong consumer backlash against advertising of "up to" service packages (promising speeds "up to" a certain level), just as there has been in the UK.

And as applications that require two-way video and upstream bandwidth become increasingly common, the dissatisfaction with copper-based technologies will increase.

In the Council's view, money should not be spent on short-term fixes that will be obsolete in a few years. Fibre-to-the-home is often described as future proof – optical fibre has virtually unlimited capacity both to and from the user, so bandwidth upgrades only require changes to the equipment on the ends of the link.

Build the network once; enjoy it for the next 50 years and beyond – why settle for anything less?