

# A brighter future

**FTTH Council Europe President Edgar Aker spoke to *Fibre Systems* about its new action plan to increase FTTH adoption in Europe**

At its general assembly last year, the FTTH Council Europe issued a new call for action, asking Europe's decision makers to create a more business-friendly environment for fibre to the home (FTTH) deployment. The man responsible for overseeing the plan is Edgar Aker, who was appointed president of the board at the same meeting.

The FTTH Council Europe strongly believes that Europe needs FTTH now, so that Europe can maintain its competitiveness in the global digital economy. 'We want to create an environment where fibre is accepted as a future-proof technology. That's still our vision,' stated Aker.

You might think that the FTTH Council Europe's job has become a lot easier than it was when the organisation was founded back in 2004. Then it brought together a handful of vendors looking to benefit from common messaging that would help stimulate the market for their products. The market was just emerging, with only a handful of FTTH projects scattered around Europe.

In contrast, today there is widespread acceptance that traditional copper-based telephone networks will migrate to a fibre infrastructure. The importance of access to broadband is universally

recognised, and the world is becoming increasingly and irreversibly digital. The ranks of the FTTH Council Europe have swelled to 150 member companies and, at the end of 2014, there were nearly 15 million FTTH subscribers in continental Europe (not including Russia, which numbers around nine million more).

However, although significant progress has been made on fibre deployment in Europe, there is still a long way to go. While leaders like Japan have achieved close to 100 per cent coverage with fibre access networks, and China is adding tens of millions of FTTH subscribers annually, Europe is moving at a much slower pace. There is wide variation between different countries but, overall FTTH penetration in the European Union countries currently lies at about six per cent, according to analyst firm Idate, which collects this data on behalf of the FTTH Council Europe.

Recent market changes present further challenges. There is intense debate about how and when to make the transition from copper to fibre and, perhaps more significantly, who should pay for it. At the same time improved copper-based technologies like VDSL, vectoring and G.fast have sprung up, complicating the picture – depending on the perspective,



FTTH Council Europe

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they can be seen both to compete and complement fibre technologies.

The simple statement – that fibre is the best choice for modern communications networks – is in reality a complex issue with financial, business and regulatory considerations. When all of these are taken into consideration, fibre remains the best choice, the FTTH Council Europe asserts. Never one

to shy away from a challenge, the FTTH Council Europe has agreed a new action plan to try and convince policy makers that Europe needs to invest in fibre now, and must not wait.

## Five-point plan

Edgar Aker recently spoke to *Fibre Systems* about the FTTH Council Europe's progress. 'There are five main points in our call to action,' he explained. 'These are not loose bullet points; they are all interlinked. My personal goal, as FTTH Council Europe president, is to create better connections between all of the good stuff that we've been doing. And we've been doing some great stuff. For instance, our FTTH market panorama is now acknowledged throughout Europe, probably the world, as the guideline ►

► of how we are doing in terms of fibre penetration.'

The first point in the action plan is the need to create a business-friendly environment for fibre, in order to encourage investment. In a study published back in 2013, the FTTH Council Europe estimated that it would require around €202 billion of investment to provide every household in Europe with a direct fibre connection. This is a massive figure, although somewhat less than other reports had estimated. While Europe's telecoms operators have invested billions to date, there is still a sizeable investment gap. Further work showed that there are sufficient investment funds available in Europe, provided that investors can be matched to projects that suit their investment criteria.

Commenting on this goal, Aker said: 'In our finance committee we have done some very detailed work on financing models and the business case, which helps us understand the reasons why a fibre network is deployed in one country, but not in another. There are reasons behind all of this – not technology reasons – it's mainly business reasons and competition, or lack of competition in some cases. All the work we're doing on finance can be connected back to the market panorama, which tells us how these finance models are coming along in the real world. Finally, the overarching theme is regulation. How does regulation need to be moulded to create this competitive environment, so everything is interlinked.'

Second, the FTTH Council Europe wants to put new business models firmly on the agenda. For instance, structural separation – where the network infrastructure is owned separately from the companies supplying the services – is one of the options. 'That's an interesting one,' said Aker. 'Sometimes investments are hindered when an operator is virtually integrated. They need to make a choice: do we make a second



From left, FTTH Council Europe President Edgar Aker meets with Luxembourg Prime Minister Xavier Bettel

Netflix, or do we invest in our fibre infrastructure. This is a difficult choice because, probably, they need both. If you're a vertically integrated operator, then you want to utilise all your assets to keep your market position. It's a fact of life, something we need to acknowledge.'

He added: 'Studies demonstrate that, if you separate structurally and only focus on being a dark fibre

**Luxembourg is a concrete example of public support for FTTH as a long-term solution to reach the European Digital Agenda targets and beyond**

operator, you can become a profitable business. Some operators do not believe this but they really should.' A recent study by Diffraction Analysis also showed there is every chance a well-executed structural separation via spin-off – as opposed to a sale – will result in increased value for

shareholders, while opening up better prospects for attracting long-term investment partners. The fact that the resulting entity would have no financial ties to any service providers, and therefore would put every market player on a level playing field is, in many ways, the 'cherry on the cake', the study found.

The third aim is to encourage the public sector, which is a huge consumer of IT services, to buy services on new fibre networks – thus acting as an 'anchor tenant' that will provide a guaranteed income stream for the infrastructure owner, which in turn will help them to attract the necessary investment to expand.

Fourth, the FTTH Council Europe wants to overcome the current constraints of what it calls 'fake' technology neutrality, where policy makers set unambitious broadband targets because they have built those targets around the constraints of current technologies. For example, currently there is no target for upload speed in the Digital Agenda targets, something that the FTTH Council Europe is keen to change. As Aker mentioned, the European Commission has been consulting on broadband connectivity requirements beyond 2020, although it has yet to publish its conclusions. 'We really would

like to have a [broadband] target that also includes upload speeds and latency. For us, these are really important to build on and improve the user experience,' he commented.

On a related note, point number five on the call to action requires transparency in broadband advertising; consumers need to have confidence that when they choose fibre, they will really receive a fibre connection. Aker commented: 'We are the Fibre to the Home Council so we are technology non-neutral. But we know there is a correlation between the technology used to build the network and the user experience you get out of it – the quality. If you believe fibre is the right choice, then you should be able to ask for it.'

He added: 'And by the way we believe that a high-speed, one gigabit network, with really low latency – which is only possible over fibre – is going to be really key to bringing about innovation in services, added value and, at the end of the day, jobs, which will go to the community that has the one-gig connections.'

### Ground work

The FTTH Council intends to raise broad support for its new call to action, and ensure that these topics are firmly on the agenda of Europe's



policy makers – both at European and country level. In doing so, it will build on its experience gained to date in lobbying regulators and politicians at European level. ‘We have high-level discussions with the Commission and Parliament, which is important. For example, we are talking to Günther H. Oettinger, Commissioner for the Digital Economy and Society, and Andrus Ansip, vice president responsible for the Digital Single Market. Our connections are very good, and we influence and discuss with them quite openly.’

At the same time, the way the FTTH Council Europe approaches its mission is evolving, as Aker explained: ‘In previous years we have been focused very much on Brussels – because we knew this is where it all starts. In Brussels they need to be convinced of the need for fibre, but in the end we know that the work is done on the ground and particularly in the member states. This is why we decided it was time to change the approach a bit. Instead of focusing 100 per cent on Brussels, we also need to go deep into countries and really start kicking up the debate.’

Awareness is everything, said Aker. ‘So it mainly starts with the mind set of acknowledging that fibre, the telecommunications infrastructure, is something that the country, the regulator, the politicians should be aware of. This may surprise you, but there are still countries who don’t really view it that way.’ Happily, that’s something they see less and less. ‘Not so long ago, many of the Baltic States did not have very good communications infrastructure, but now you see their initiatives really start to kick in. Lithuania, for example, has leapfrogged all the other European economies – even Sweden – and is now the FTTH leader in terms of fibre penetration in Europe.’

With this in mind, the FTTH Council Europe has stepped up its country-specific campaigns. Europe is a collection of diverse

countries, each with a unique combination of market conditions, financial situations and regulatory environments. This requires a tailored approach for each country programme. ‘This is a lot of work, so we need to make choices. Each year we make a decision on what are strategic countries for us.’

‘Firstly we organise local events, in cooperation with sister companies and sister associations, with local knowledge to help us out. In Germany, for instance, we teamed up with ANGA COM [formerly the Cable Show] and with BREKO; associations that are already involved in broadband in general. We had a very, very successful German Day in August,’ he recalled. This is an extension of the Investors Day programme that the council has been running in various locations over the past few years, which bring together broadband projects with infrastructure investors.

Germany has been one of the focus countries over the past year, the others being France and, of course, the country where the conference will be held – Luxembourg. Although, as Aker points out, there is not much work to do there: ‘Luxembourg already has domestic fibre infrastructure in place, and a good telecoms knowledge. The prime minister is also the telecoms minister there. That’s really positive.’

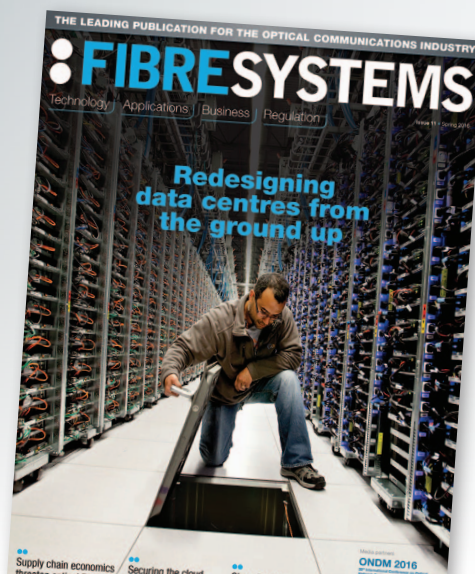
Prime Minister Xavier Bettel will open the FTTH Conference 2016, where he will share Luxembourg’s experience. ‘Luxembourg is a concrete example of public support for FTTH, as a long-term solution to reach the European Digital Agenda targets and beyond. We hope that holding our FTTH Conference in this country will have significant repercussions throughout Europe,’ Aker concluded. ●

**The FTTH Conference, organised by the FTTH Council Europe, takes place in Luxembourg on 16 – 18 February 2016.**  
[www.ftthconference.eu](http://www.ftthconference.eu)

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