

## FTTH COUNCIL EUROPE - CEO INTERVIEW

**Interview with Can Gur, CEO at Canovate**  
**24 January 2013**

***In the first half of 2012 Turkey saw 82% FTTH subscriber growth. Is this mainly a result of the country's economic boom, or do other factors come into play?***

The number of high-speed Internet users in Turkey has grown rapidly over the last decade, for several reasons. For one thing, our population has a high percentage of young people with a great interest in technology. In addition, more and more Turnkey Residential Project customers are asking Turkey's rapidly developing construction industry to supply broadband.

Increasing penetration and faster connections have given rise to an extensive web economy in Turkey. Markets that couldn't have existed before the arrival of high-speed Internet are now blossoming. Social apps in particular are now a major part of everyday life. Turkey is home to the world's sixth-largest Facebook user population; 31.25 million people, representing about 40% of the Turkish population, have an account. Social platforms such as Twitter and Foursquare are also widely used.

***Turkey is a 'rising star' for FTTH investments, along with the Middle East and Asia-Pacific regions. How do the investment climate and decision-making processes in these areas differ from, for example, Europe?***

Turkey is one of the fastest growing economies among OECD countries, boasting some 8-9% annual growth in recent years, so there is money to invest. Our incumbent switched from existing ADSL networks directly to FTTH instead of investing in new-generation copper-based technologies such as VDSL. Also, one of our major GSM Operators invested heavily in FTTH, in order to decrease their dependency on a fixed-line operator. The increased competition between these parties has significantly boosted FTTH deployment. Another major growth driver is the fact that many large-scale residential and office projects are offering broadband as a differentiating sales and marketing tool. In Turkey, fibre deployment is regarded as a revolution in telecommunications and knowledge, boosting our country's economy and prosperity. The current government is strongly supporting this transition through legislation. Compared to some countries in Europe, Turkey has a liberal FTTH roll-out policy. The government doesn't impose strict rules for operators, but allows them the freedom to build their own networks. At the same time, municipalities are very cooperative when it comes to granting installation permissions and laying fibre.

***Looking at fibre and component-level technologies and network topologies, which factors do clients and prospects in Turkey and the Middle East find most important?***

Of course, each network topology has its pros and cons. A linear bus network may be cheaper, as it requires less cable and you don't need to purchase concentrators to accommodate copper lines or cable television networks. With a star topology, for example, networks can be easily expanded. However, fibre networks are increasingly popular, as they offer better connectivity between specific network components and faster convergence for improved network resilience, fault recovery and topology changes. In addition, fibre is more suitable for outdoor and last mile applications. Clients in the aforementioned regions primarily consider the cost of investing in various technologies, as well as the digging costs required for network deployment. Therefore, solutions are evaluated based on civil works requirements, economic feasibility and possibilities for future network growth.

***How do key drivers for fibre uptake across Turkey compare to key drivers in Europe?***

The ratio of young people in Turkey is high, and they have great enthusiasm for IT & Telecommunications technology. The resulting increased public demand for higher speeds is a strong driver for fibre uptake. In Europe, this driver may not be as strong as in Turkey.

Geographical distribution of our population also plays an important role. In our country, capital expenditure (CAPEX) for FTTH varies significantly with particular demographics. CAPEX per subscriber in a densely populated city centre, where many subscribers live in multi-dwelling units, is significantly lower than in rural areas, making FTTH investments in densely populated areas attractive

for telecom operators. This driver is less strong in Europe, as many countries do not have such densely populated cities, without the same large number of multi-dwelling units.

Market dynamics in Turkey are also very different to those in Europe. For many years, Turkish Telecom had a monopoly. Alternative operators such as Superonline and Vodafone faced barriers in obtaining services from Turkish Telecom, who charged high prices for access to legacy fibre and copper networks. This became a strong driver for fibre uptake projects from alternative operators, and in turn, the resulting increased competition placed pressure on Turkish Telecom to step up fibre investments.

***What do you think the role of European legislators should be in stimulating roll-out?***

European legislators should create a favourable investment environment and provide incentives to stimulate fibre roll-out. They should make sure incentives are distributed fairly and effectively, so as not to disappoint businesses - and therefore consumers - in the short and long term. Competition and fair trade in the market place should be promoted, benefiting consumers, businesses and the community and ensuring individuals and businesses comply with laws regarding national competition, fair trade and consumer protection.

The competitive environment I've described should encourage firms to keep innovating and producing the goods and services that are most valued by consumers, at a minimum cost. In our view, fibre optic deployment should be seen as a part of an overall strategy to boost the economy. That means governments need to revise legislation and set clear guidelines to help protect investments and accelerate the deployment of fibre to the home and to the workplace.

***Turkish FTTH is booming, whilst Europe lags, despite ambitious EU goals. What can Europe learn from Turkey?***

Turkey joined the FTTH Ranking in the second half of 2010 and is one of the most dynamic markets and fastest growing countries in the FTTH Area. Europe has been closely watching Turkey in recent years, following the investments and success stories. For that reason Istanbul hosted the FTTH forum in November 2012.

In Turkey, fibre is widely regarded as a transformational technology, with an impact equivalent to that of fixed-line telephony in the 1880s and mobile telephony in the 1990s. In recent years, the debate has moved from 'if' or 'why' fibre should be deployed in the access network, to 'how' and 'when'. Fibre infrastructure investment is a long-term business and ROI is too long for most investors, which is why European governments should encourage them and provide incentives. We are fully aware that FTTH is clearly the only future-proof investment. After all, broadband is a real need, especially for the young people and future economy of any country.