

## FTTH COUNCIL EUROPE – CEO INTERVIEW

**Interview with Paul Schwartz, CEO of ICOTERA**  
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***The Nordics have a great FTTH track record. Any idea why Sweden and Denmark, for example, are doing so well?***

There are several reasons, but the origins of this success are partly historic. Sweden began developing its fibre infrastructure in the late 1990s and the Swedish government was instrumental in building the countrywide backbone. Although it is the third largest country in the EU, Sweden also has a low population density of 21 inhabitants per square kilometre. In order to keep the less densely populated areas attractive and competitive, Sweden decided that a very strong and future-proof IT infrastructure was necessary. Furthermore, service providers were adventurous, offering FTTH as far back as 1998, even before there was a real need. People could already get accustomed to fibre and see the capabilities of high bandwidth a long time ago. As a result, it was easier for ISPs to market broadband more widely, without first needing to 'educate' consumers and businesses on the benefits.

Also, Sweden rapidly adopted a policy of open access. Multiple service providers could deliver various services to the end user very early on, so this ecosystem of service providers has had a long time to mature. In Norway and Denmark, similar developments didn't take place until maybe five years later, but because they had paid close attention to Sweden and seen the benefits of broadband, they could successfully adopt some of that country's strategies. There was also healthy competition between incumbents and alternative providers. In Sweden, almost all of the FTTH networks were utility and municipality-operated for a time. Today, however, we see both the incumbent telecoms operator and the largest cable operators embracing FTTH.

***Countries such as the UK didn't make that kind of investment a decade or more ago. How could they speed up real broadband roll-out?***

I think this will require a combination of private and public investment. There will have to be some push from the authorities to build a common platform, a backbone network to connect cities and rural areas. There has to be a real conviction that rural areas mustn't be left behind. They need an infrastructure that enables roll-out of social and e-government services and allows professionals to work from home permanently, or a few days each week. After all, with more services moving to the Cloud, there's really less and less reason to work from a centralised office.

Manufacturing and production companies are moving to lower-cost countries, so if we don't create opportunities, make it attractive to live in the countryside and draw newcomers, these areas will become depopulated. That's one of the reasons why Sweden, Denmark and Norway are so focused on building fibre.

***ICOTERA has gained quite some experience in Scandinavia. Even though this region is ahead of much of Europe, what could be further improved?***

Building a network is expensive. Whenever a local provider, such as a utility company or telco, wants to build a FTTH network, they typically carry out surveys to find out if there's enough potential uptake. However, in many cases, the consumer isn't sufficiently informed

to make a good decision. They tend to hesitate, especially when there's a nominal fee attached, and turn down the opportunity. That means the ratio between homes passed and homes connected (subscribers) is less than optimal, to put it mildly.

I think the lack of information and knowledge is really inhibiting roll-out. We need to increase awareness of interesting services and content that can be offered to different kinds of users, and why this isn't possible with copper. This is also the responsibility of providers, who acknowledge fibre is the future. Furthermore, if you have a coverage area of a few thousand households in a city or village, but only a few of them are adopting fibre, you can't offer universal services. For example, if a utility wants to use the fibre network to enable the roll-out of smart metering and a smart grid, they can only do it if fibre runs entirely in parallel with the electricity network and effectively reaches all households in the coverage area.

***Where do you see the key bandwidth drivers in the near future?***

In today's households, services such as HD / 3D TV and time-shifted video recording are becoming increasingly common. People are watching and uploading YouTube content and viewing it on their Smart TVs. These sophisticated technologies require vast bandwidth, which isn't an issue with a FTTH connection. With traditional copper-based networks, we will reach the limits of what's possible in due time. The ever-growing demand for bandwidth tells us so.

More and more consumers are subscribing to and using 'over the top' (OTT) online services. Often, these services are free, or the business model circumvents network owners. OTT providers can deliver content straight to the end user via the broadband connection, and the network operator does not benefit from this. Operators can see OTT providers as a potential threat as their resources are heavily taxed, but they can't charge extra fees. I believe we need to accept the fact that OTT providers are here to stay and that they contribute to new and interesting product offerings. Instead of fighting them, FTTH operators should begin to see how they can drive product development in partnership with OTT providers.

***Besides further development of services, do you see any new game changers?***

Another important driver is real-time interaction between user and provider or broadcaster. Many service providers are expanding new service areas such as gaming and direct video with exclusive content, which is having a huge impact. Brands want to build more in-depth relationships with consumers and offer more compelling services and richer content. More and more people are now getting internet-connected Smart TVs. I recently read that YouTube is building high-quality channels, offering the entertainment industry a means to deliver exclusive programming. YouTube will continue to have a significant impact on how viewers consume video content. YouTube offers more insight into what the user is interested in than 'traditional' channels. This allows advertising to become more targeted. For the end user, there's much more choice of high-quality programming, advertisers and service providers can build a better relationship with the end user and offer them more targeted information.