

FTTH COUNCIL EUROPE - CEO INTERVIEW

Interview with Graeme Millar, CEO at JT
December 19, 2012

Why is it possible to realise such a large, technologically advanced fibre project across a small Channel Island, whilst the UK is lagging in fibre uptake?

For one thing, we started from a completely different position. In 1923, JT was bought by the government of Jersey, so today we don't have to focus exclusively on creating shareholder value in the short-term. We have a solid investor to back us up, allowing us to take decisions that span a long period to the benefit of the Island and in support of the Island's economic strategy. We have a strong balance sheet and have never taken major risks to boost our market share. Our board's charter is to run our business as an internationally competitive telco whilst doing all we can for the good of the people of Jersey.

Of course, it helped that we already had ducts to almost every home on the Island. In the 1960s, a hurricane knocked over the overhead power cable and telephone lines. The subsequent decision to bury the copper telephone lines in duct turned out to be very beneficial to the FTTH roll-out.

BT have quoted a cost of 2,000 pounds to connect each home, whereas we have spent only half that amount as we are able to limit the amount of civil work required for the roll-out by reusing the already buried duct.

In your view, how can FTTH roll-out be accelerated in the UK and Europe? What do you think the role of legislators should be?

I think the biggest issue in the UK is the relatively long payback time. To attract investors, you must offer a very stable regulatory regime. The UK government have been providing stimulus for investors in renewable and nuclear energy, which both also take a relatively long time to become profitable, and something similar may work well for fibre. The government could also split the UK into regions and offer certain parties a temporary monopoly. This would allow them to recoup their investment and make a profit before opening up the market to more parties.

If the UK government spent, say, some fifty billion on rolling out fibre to every single property in the UK, the return on investment in ten or twenty years would make it worth their while. Not doing so, on the other hand, means losing out to areas in Asia and the Middle East that are investing today.

What impact does FTTH have on Jersey's attractiveness for businesses and families?

Within about two years, everyone on Jersey will have fibre and there will be no 'digital divide'. Schools and education departments can create learning solutions that everyone can access at high speed, regardless of background or income. I imagine we'll be seeing

some highly advanced e-medicine solutions and services soon. Also, older people can keep living in their own homes for much longer.

I believe we'll see a significant increase in the number of people working from home. Everyone will have access to high-definition video and access to corporate IT systems at the same speed as they have in the office. This saves time and money, helps people maintain a better life/work balance and avoids traffic congestion and pollution.

Jersey is known for its financial services industry, and the addition of a ubiquitous fibre network will help create a new, hi-tech pillar of our economy. In addition, we're already a popular product test-bed for many fast-moving consumer goods manufacturers, and now companies can test high-speed digital services through our JT lab.

How do you see the future of fibre in the UK and Europe? Can you identify key drivers for fibre uptake?

Most bandwidth is currently used for things we didn't have a few years ago. The iTunes store, for example, YouTube, or catch-up T.V. services. The future will bring applications that we can't imagine now, and there will also be significantly faster versions of services we have already. Since the introduction of broadband, speeds have gone up by a factor 500 every decade; today, people complain about 2 Mbps - which is 500 times faster than what we had ten years ago.

Consumers are already using HDTV, which will be replaced by 4kTVs in the foreseeable future. At the Olympic Games in London earlier this year, trials were already taking place of 16kTVs, which should be available by 2020. Of course, consumer equipment resolution will be much higher, so uploading video will make bandwidth symmetry an issue. You can already play a Wii game against an avatar, so the next stage might be playing 'live' against a 3D avatar that represents somebody physically located in another country.

People wonder what will drive take-up, but if we extrapolate developments that have taken place in recent years, 1 Gbps connections will be considered 'average' by 2021. So the question with fibre is not 'if' but 'when' and 'how'.