

## FTTH COUNCIL EUROPE – CEO INTERVIEW

### Interview with Björn Claaßen, CEO of KEYMILE, 20 May 2014

***KEYMILE is highly active in the European broadband market. What is your view on this market, particularly when comparing it to other regions, such as Asia or North America?***

The number of European households isn't growing as quickly as in Asian or North American municipalities, so we are seeing fewer greenfield networks in Europe. Furthermore, most European communities don't allow cabling to be fixed to walls or poles when new fibre deployments take place. This type of rollout is, however, quite widespread in Asia. Optimising older infrastructure is a far more common approach in Europe. Furthermore, European telcos are taking a more heterogeneous approach to offering broadband, mainly using FTTC, FTTB and FTTH technologies.

When it comes to FTTH deployments, many Asian countries are ahead of Europe and we expect this trend will continue. There are various reasons for the Asian leadership, including fibre rollouts subsidised by governments, poor or absent legacy copper infrastructure and a far simpler approach to (overhead) fibre deployments in many regions.

South America's broadband market is developing in 'time lapse' mode. Several years ago, things kicked off with ADSL2plus deployments, gradually extending to VDSL, and then VDSL2 vectoring. However, FTTH deployments have also begun, in parallel with these developments.

Some European regions - such as Scandinavia - are at a very advanced stage indeed with regard to FTTH deployment. However, several incumbent-dominated markets deploying VDSL2-based FTTC are starting to use vectoring (such as Austria). Yet another category are competitive markets, such as Germany, where many different players are still using FTTC but increasingly adopting FTTH/B.

By now, many European operators have realised there are high additional costs involved in rolling out 'true' FTTH, as a result of the cost of installation inside private houses. As a result, we see a trend towards FTTB, which is cheaper and easier to calculate.

***KEYMILE's broadband products support a wide range of access topologies including FTTC, FTTB and FTTH. How do you see FTTH progress in Europe over the next five years?***

As mentioned, brownfield scenarios are more common in Europe, and, what's more, telcos are beginning to get a faster Return on Investment in certain attractive areas. Therefore, KEYMILE sees a strong trend towards optimising copper infrastructures or FTTB technologies via GPON or - depending on the number of households - via PtP Ethernet.

KEYMILE definitely sees fewer opportunities for FTTH in these brownfield deployments. Why? Because persuading landlords to open their houses for reconstruction, or getting them to perform the rollout themselves, would probably be a lot more difficult. On the other hand, increasingly widespread fibre coverage will make entering multi-storey dwellings by way of FTTH/B more attractive in future.

We do see one additional trend which is supportive of fibre rollout: the vast bandwidth needs of mobile users is currently driving the necessity of a fibre rollout to base stations. These connections can also be used later, to easily connect multi-storey dwellings. Regulatory approaches and growing competition based on CATV networks are also driving more and more players to deploy fibre.

Within households, the availability of G.fast makes FTTH less vital for very high bandwidth transport. Therefore, operators may increasingly decide on less costly FTTB deployment.

***The new 'hot topic' on copper in Europe is G.fast. The FTTH Council Europe has already identified this technology as a possible short-term solution for network operators to compete with DOCSIS 3.0 offerings – as long as the operators understand that the fibre has to terminate at least inside the building in the basement. What is your view on G.fast?***

Just like the FTTH Council Europe, KEYMILE sees G.fast as one possible option in FTTB scenarios. Whether the fibre will be terminated in the building or in manholes close by (FTTDp) is a question of building size, number of customers in that building or, in some cases, regulatory aspects and access to copper lines.

The FTTDp scenario is not a feasible alternative for competitive local exchange carriers (CLECs), however, as no access is granted - and probably will not be granted - for G.fast usage. As a result, FTTB will be the only possible topology for them. In these cases, G.fast will speed up FTTB deployments and increase competitiveness, avoiding major additional investments.

For incumbents, FTTDp is a questionable topology, as it would require massive investments (stepping from FTTC to FTTDp), which finally would miss the last few meters to FTTB. The business case for this needs to be investigated thoroughly.

***Besides broadband solutions, KEYMILE has a special focus on mission critical systems. How do you see this market developing in the coming years? Can FTTH be an additional driver for these systems?***

There are two key trends in the area of mission critical networks. First of all, new applications and a growing number of access points have resulted in a huge leap in bandwidth requirements. Secondly, we're seeing the demand for support of infrastructures and standards that are more than 50 years old.

From KEYMILE's point of view, the first trend shows the need for IP transport mechanisms and technologies. Fibre can resolve this, with its low latency and high bandwidth. However, infrastructure owners will not want to use public networks for their mission critical applications. In our opinion, FTTH and mission critical networks will not affect each other.

A trend that we've seen in the past, where mission critical networks and public telecommunications operator (PTO) networks were merged, is now more or less history, as PTO networks did not fulfil the reliability requirements of mission critical networks. FTTH will not directly impact mission critical networks, but nevertheless, fibre is the infrastructure of choice for mission critical networks.

***After the European elections in May, a new Commissioner for the Digital Agenda will start her or his work in November. What would be the top three priorities/topics you would expect to be handled by the new Commissioner?***

It is vital that the introduction of measures that support a competitive environment and stimulate innovation continues to move forward quickly. The Digital Agenda definitely shouldn't be slowed down further. Simply waiting for the Tier 1 players to invest seems to be the worst possible idea, because this will slow down innovation and take-up speed. Genuine competition in the markets (between incumbents, CLECs and cable TV operators) needs to be stimulated and should definitely not be hindered. Also, subsidising fibre deployments should be stimulated!