

FTTH COUNCIL EUROPE - CEO INTERVIEW

Interview with Torbjörn Sandberg, CEO of Netadmin Systems

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The Nordics have a great FTTH track record. Any idea what factors have led to investments and uptake early on?

In Scandinavia, we have a very strong telecommunications legacy, with companies such as Ericsson and Nokia. We have a number of large cities as well as remote regions which all have a strong desire to remain interconnected. The various governments have also been helpful in many respects. Personally, I also believe that Scandinavians are very open to trying out new things in a creative way.

Scandinavia has a vast installed base of FTTH connections compared to the rest of Europe. Besides further development of existing services, do you see any new game changers that will drive further expansion?

Anything that requires reliable connections with low latency, which only fibre technology can deliver, can be a driver. Video conferencing for remote work, for example, or cloud services such as storage for backup and remote access. I think entertainment will be a particularly large driver. If you're watching a short news clip on your mobile, you might not be too concerned about less-than-perfect image or sound quality. But if you're watching a film in your own home, you just won't accept jitter, or buffering pauses, or poor image resolution.

Today, countless families have one or more high-definition TVs, set top boxes, computers, tablets and smartphones in their homes and all of these devices are used simultaneously. In such an environment, all that legacy systems can really do is complement a fibre backbone, at least for the time being.

How can people be made aware of what fibre can bring them? And what could prevent this message from getting across?

If more people have fibre in their homes, and their friends, families and neighbours have even the slightest opportunity to experience the benefits first hand, uptake will spread very rapidly. People will see that they are not only able to do everything they already do online more quickly and efficiently, but they will also see which new options they have. It's only human nature that they won't want to go back, just like they wouldn't consider going back to dial-up modems. In my own experience, once you have broadband access, you very quickly take it for granted and don't look back!

Companies and consumers, in my opinion, are more than prepared to pay a premium just to have that bandwidth they need at their disposal. People are becoming more aware that traditional telecoms operators aren't going to move us forward, as they will try to harvest their investments in existing infrastructure for as long as possible.

What do you think the role of Europe's legislators should be in stimulating rollout?

There is only one solution to the demands of today and tomorrow and that is to ensure every single European has access to fibre. Governments not only need to understand this, but they also need to actively explain to their legislators why this is the case. By stabilising the market environment for investments and setting clear guidelines, governments could really support and stimulate broadband uptake. Of course, the playing field has to be kept level and fair as private investors won't want to invest in areas where public money is subsidising other operators' investments.

Can offering end-users a more flexible choice of service type (broadband, IPTV, VOIP....) and offering operators more freedom in choosing technology options boost uptake?

Offering more choice to companies and consumers will certainly drive uptake, but the entire ecosystem has to support this. Consumers and enterprises have started to display completely disparate behaviours, needs and payment patterns that are no longer matched by traditional fixed and mobile access. The required investments required in fibre are considerable, but the rewards are substantial. More and more companies are trying to get in on the action. To share costs, operators might want to work together; service providers might aggregate; new types of cooperations could be introduced, such as the communications operators we have in Sweden. These developments are placing new demand on operative support systems. Every new player wants to be certain they can offer their full package of technologies and services through a true broadband network that doesn't place any restrictions.

Of course, service providers won't only share infrastructure to meet the future demands of consumers and enterprises at reasonable investment levels, but also to meet local competition conditions and regulations. By making the ecosystem more flexible, you make customers happy because they have more choice of service level and pricing, and investors can remove some of their risk.

What exactly is a communications operator and how can a separated value-chain market framework support investments?

A communications operator is quite typical for Scandinavian countries. This type of operator runs the active equipment in a network, and by doing so supports owners of passive infrastructure. These could be municipalities or utilities with a number of business and operational activities. Typically, communications operators are totally committed to running the active network equipment, contracting and connecting of service providers as well as operation, monitoring and maintenance of the network.

In a three-layer model we would find a passive infrastructure owner, a communications operator that is responsible for the active equipment and one or many service providers that deliver services to the end customers over the network.

With a separated value chain, utilities, real estate owners and pension funds can more easily invest in the passive infrastructure. Communications operators can invest in active equipment and an OSS makes it possible to open up the network for several retail service providers. As a result, uptake and the rewards for investors are higher. Collecting investments from different players to finance different layers is vital. In some cases, the government can provide support. In the Netherlands, the Communication Infrastructure Fund, or CIF, started by Rabobank and investor Bouwfonds to attract pension and institutional funds, is proving a success.