

## FTTH COUNCIL EUROPE - CEO INTERVIEW

### Interview with Murat Erkan, CEO of Superonline 21 February 2013

***Can you identify key drivers for FTTH uptake across Turkey? How do these compare to key drivers in Europe?***

Turkey's population is very young and as a result, Internet usage is increasing rapidly. According to the International Center for Technology Assessment (ICTA), this increased by 45% in 2012 compared to the previous year. Furthermore, a large part of the population is demanding faster mobile connection speeds. Turkey is also Europe's biggest Facebook user, and holds seventh place worldwide. Video consumption grew 32% in 2012, with 22 million people watching 210 million videos each month. All these factors are boosting demand for high-speed Internet access.

***Superonline has pioneered fibre-optic networks in Turkey and clearly targeted 1Gbps network rollout from the outset. Why is this?***

Five years ago we needed to determine our business model: would we continue to depend on incumbent infrastructure? Or should we invest in our own infrastructure, thereby creating a competitive advantage and changing Turkey's fixed telecom market dynamics? In accordance with our government's '2023 vision' development plan, we decided to invest and build an infrastructure to meet today's requirements, as well as the next generation's. Broadband access is a vital part of our government's '2023 vision', which states 80% of households in Turkey should have 1Gbps access by 2023.

Turkcell Superonline is our country's first and only operator to offer 1Gbps fibre Internet services, and is making progress in accordance with the 2023 goals. To meet these targets, Turkey needs to become a regional ICT base, capable of meeting domestic as well as foreign requirements for technological products and services. We are rapidly progressing in our goal of making Istanbul the new Internet capital. We've invested 1.6 billion TL (678 million Euro) and now have a 31 thousand kilometre fibre-optic infrastructure. This passes through 75 counties and can provide more than 1.2 million households with 1Gbps fibre Internet services.

***FTTH growth in Turkey is booming, whereas Europe still lags, despite the European Commission's Digital Agenda Targets. What could Europe learn from Turkey?***

Europe does have a clear vision, but you can't keep accelerating and then putting your foot on the brakes. Recently, the European Union significantly reduced its broadband budget from 9 billion Euro all the way down to 1 billion Euro, despite the fact that consistency is vital to fibre investors. Also, the fibre Internet market in Europe became a commodity very quickly, reducing the value of goods and leading to concerns about the return on investment. In Turkey, however, this didn't happen.

***What should the role of European legislators be in stimulating rollout?***

European regulators should provide an environment which stimulates investments. Not only with state funding and public-private-partnership models, but also by creating public awareness in order to boost adoption. Realising smart cities, digital zones and e-government applications may also stimulate public fibre engagement.

Of course, it is hard to completely cover a vast country like Turkey in a short time. But progress is being made every day, thanks to support from government policy makers and recent changes to right-of-way legislation, introduced by our Ministry of Transportation. Urban renewal projects are also important. In Istanbul's Başakşehir and Ataşehir districts, for example, renewal projects have taken place in accordance with the government's vision, and fibre-optic infrastructure is playing an important part in transforming the area.

***In the first half of 2012 Turkey presented 82% growth in terms of subscribers. Is this mainly a result of the country's general economic growth, or do other factors come into play? How does the economic background affect fibre uptake and vice-versa?***

The economic stability of the country is, of course, a factor in this growth. However, competition has also played an important role in increasing the number of subscribers. Our success in the fibre sector and the fact that Turkey has become a strong international player has mobilised local operators. Four years after our initial investment, local operators also decided to invest in fibre. As a result, we have recorded an increase in the number of subscribers. According to ICTA's third quarter report for 2012, there has been a 148% increase in the number of fibre Internet subscribers from the previous year, bringing the number to 548,493.

***Superonline is a subsidiary of Turkcell, who have their roots in mobile telecommunications - which steps and synergies are required to become an FTTH network provider?***

Turkcell has become a global player in the world of technology by providing the latest technology and highest quality service to its customers. As a group company, we have added value not just to Turkcell, but to our entire country with our expertise in fibre Internet. As Turkcell Group, we have created a structure which allows our customers to satisfy their mobile and IT needs at the same place.

***How does fibre rollout support mobile networks? Did prior knowledge of mobile technology and business models help develop your FTTH strategy?***

When monitoring our fibre business progress, we don't just count the number of homes passed or kilometres of fibre laid. We also closely track what the customer says about our service and monitor net promoter score. As a result of this approach, 70% of Turkey's total fibre subscribers are our customers. Our long-term, ROI-focused investment plan combines mobile and fixed-line investments. Geomarketing activities allow us to prioritise certain cities, according to their demographic structure and our customer insights. Local marketing activities and a door-to-door strategy help boost new technology penetration within the target areas.

In 2007, Turkcell announced a change in vision, becoming a communications and technology company instead of solely a GSM company. 85% of Turkcell's network is now carried over Turkcell Superonline's 31,000 km fibre optic infrastructure. For us, data usage infrastructure is very important. With the arrival of new technologies, the importance of fibre increases even further, so we are strengthening our fixed and mobile Internet infrastructure every day. Investments in 3G and fibre Internet infrastructure will continue to offer our country a high quality and rich communication experience.