

FTTH - Bridging the rural digital divide

By Nadia Babaali, Communications Director, FTTH Council Europe

BRUSSELS, 11 October 2011 – If you're reading this on your way to work in a crowded commuter train, then count yourself lucky. Either you have a seat, or you have found enough space in which to unfold a newspaper or look at a Smartphone. Of course, your luck may be relative. If you're in London there is a one-in-two chance the journey will take at least 45 minutes and you may be among the 20% of commuters who, according to the Office of National Statistics, spend over an hour getting to work each day.

The picture is similar across Europe. Workers in major cities face long, stressful commutes, high housing costs, pollution and difficult choices over schools.

Meanwhile authorities in many rural areas are struggling to keep communities alive, as younger people leave to pursue careers in capital cities. The result is a spiral of decline in services and infrastructure in rural zones, which in turn exacerbates the problem of supporting an ageing population.

The danger is that mega-cities will thrive at the expense of rural communities; an option that few governments or voters find politically acceptable. Yet, today's economic climate does not lend itself to heavy investment in widespread education, health and transport services. That is why, increasingly, governments around the world see very high-speed broadband infrastructure as the most cost-effective way to provide services that reinvigorate rural areas. Several thousand participants will discuss this issue during the "Open Days – the European Week of Regions and Cities" in Brussels from 10-13 October. When they talk about investing in Europe's future, the Digital Agenda for Europe will be an important topic.

Government stimulus

Included in those discussions will be – for sure – the new plans of the European Commission to make more than 9 Billion EUR available for broadband in the new European budget period 2014-2020.

With fibre networks to the premises, companies and teleworkers can work as effectively with clients and customers the world over as they would from an office in a big city.

In addition, very high-speed fibre-to-the-home (FTTH) networks enable the injection of an array of public and cultural services, be it films, sporting events, education, health-care or video-based social networking, into rural zones.

Indeed, policy makers recognize that very high-speed broadband access is as essential to the development of their economy as roads, electricity and water.

In Europe, the UK, Italy, France and Portugal are among the countries helping to facilitate and to fund very high-speed broadband build countrywide. Municipalities and energy companies in Sweden, Denmark, Norway, Germany and other countries already started their own initiatives to make fibre networks available to end consumers and businesses in rural areas.

New business models

Although very high-speed broadband serves all sectors of society, its benefits are greatest in rural zones. A study conducted by the FTTH Council Europe impressively proved this point¹. Still, operators are willing to compete to build parallel high-speed broadband networks in densely populated capital cities, where both broadband and a plethora of cultural activities already exist. In contrast, people in towns and villages in rural areas often face a choice between a poor quality copper or a mobile network. Thus, any provider of FTTH in rural areas is likely to enjoy a high per capita rate of adoption, in addition to a brisk take-up of services, be they TV, HD film download or health and community services – especially if they are prepared to adopt alternative business models. In Norway, a regional energy supplier, Lyse, set up in 2002 a subsidiary called Altibox to supply fibre to homes, including clusters of 300 or 400 houses in rural areas. Altibox, which keeps connection costs low by letting customers dig their own trenches, now has 13.4% of the total Norwegian broadband market and a penetration rate of around 70% of homes passed.

Another advantage is that very high-speed broadband in rural centres enables governments to re-think how they distribute public services. Existing applications in Sweden, for example, illustrate how patients can use fibre-to-the-home networks to consult remotely with nurses, thereby reducing the need for costly and time-consuming trips to distant hospitals.

Rural hi-tech job creation

The town of Hudiksvall in northern Sweden illustrates the tangible economic and social benefits of laying FTTH networks in rural communities. Faced with population decline, the community opted in 2004 to lay FTTH networks as a way to attract employers and provide services. The result has been an annual increase of between 6% and 14% in the number of new businesses in the region, as well as the establishment of a new research centre by the Swedish research institute ACREO.

In France, the town of Pau completed building an FTTH network in 2005, which has helped create more than 800 new jobs and attracted the Ecole Internationale des Sciences du Traitement de l'Information (EISTI) to build a campus in the town.

In both cases local government markets stepped in to foster the laying of FTTH networks. Policy makers realize they cannot leave rural FTTH build to the market forces that encourage very high-speed broadband investment in large cities.

But any government that invests public money on very high-speed broadband must avoid taking temporary measures.

¹ Socio-economic study, Ovum for FTTH Council Europe, 2009

Some governments are looking to use the wireless spectrum freed up by the transfer from analogue to digital TV to provide broadband in rural areas. However, the choice of wireless to bridge the digital divide risks putting rural populations at a disadvantage. The capacity of wireless networks is inherently constrained, which in the future spells a restriction on the delivery of education, medical care and other social services. In addition, knowledge-based workers are likely to think twice before relocating to areas offering only wireless broadband. Today, governments and private industry are weighing up how to extend essential high-speed broadband infrastructure countrywide. Yet their choice is simpler than it seems. The right choice of broadband investment can create new lifestyle choices for city dwellers and stimulate rural economies. Only FTTH, with its nearly unlimited capacity, fits the bill.

Do we want a Europe of prosperous regions or a Europe of mega-cities?

Many decisions about the further development of the regions in Europe are made now: the new EU budget for 2014-2020 is planned and negotiated during the Open Days event and in coming months. Clear statements for a strong budget support for rural areas and a clear focus on fibre access will be the trigger to keep the rural regions in Europe competitive and successful. The Open Days event taking place in Brussels brings together several thousand participants from European countries to discuss the impact of the Digital Agenda for rural areas.

The result should be a clear vote for the regions – and that 30 Mbps are not enough! Rural areas have the right to be equally connected to people in the cities with future-proof fibre to the home.

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About the FTTH Council Europe:

The FTTH Council Europe is an industry organisation with a mission to accelerate the availability of fibre-based, ultra-high-speed access networks to consumers and businesses. The Council promotes this technology because it will deliver a flow of new services that enhance the quality of life, contribute to a better environment and increase economic competitiveness. The FTTH Council Europe consists of more than 150 member companies.
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