



FTTH is possible in rural areas, but operators need to think differently

by Hartwig Tauber, Director General of FTTH Council Europe

There is common agreement that rural areas would benefit the most from fibre to the home (FTTH) broadband networks. The good news is that FTTH is indeed possible in these rural areas. There's a "simple" answer: decision makers, operators and stakeholders just need consider new models and approaches.

Many national broadband plans and even the Digital Agenda for Europe define an implicit digital divide by setting two different speed targets. The Digital Agenda, for example, wants to see 30 Mbps broadband connections available for all European households by 2020. In addition, it wants at least 50% of households to have 100 Mbps connections. As a result, policy makers push for the lower target in rural areas and simply expect that in cities market competition will bring on extensive 100 Mbps coverage.

By setting these double standards, rural areas further suffer from a shrinking population and decreasing number of businesses. Young people and families today do not accept limitations on access to online services and entertainment resulting from lack of available broadband connectivity. And mayors from many regions of Europe can tell stories about companies that move to the city or start-ups that decide to have their offices in an urban environment because broadband is a basic requirement for them.

Finding ways to prevent this digital divide is therefore vital for the future of rural areas in Europe. In looking for solutions, the first thing to keep in mind is that building FTTH infrastructure is much less expensive than other infrastructure. Europe cannot afford to build a highway to every municipality or a high-speed-train to every village. But it is perfectly affordable to build a fibre connection to every European household and business.

However, it is important to recognise that "the market" will not build these FTTH networks. There is still a common belief among politicians and decision makers in Europe that network operators will solve rural broadband problems – in particular, that incumbents are the easy solution. But they forget that Europe no longer has state-owned monopolies. All operators are private companies, many of them stock listed. Their only objective, therefore, is to make their shareholders happy. They can no longer focus on implementing governmental broadband plans or creating rural development.

Therefore, to assume that these incumbents will install the best possible technology for a municipality or village is simply wrong. They will install the solution that brings the highest immediate income with the least risk of competition. There is nothing wrong with this approach. It is business as usual in free markets. What is wrong is when politicians and decision makers let these market-driven operators dictate how Europe moves forward on broadband rollouts.

There are other models and solutions for full fibre rollout, however, that are based on the understanding that FTTH is also an infrastructure, which can require seven or more years to earn invested money back. While this appears an incredibly long time for telecom operators, it is a perfectly acceptable timeframe for utility companies, institutional investors and pension funds. But these groups are only interested in the infrastructure, which is a secure long-term investment. They do not want to be involved in the short- or midterm high-risk operation and service offering part. It might therefore be necessary to split tasks and even split business entities to make these rural developments happen. Successful examples in Sweden, Denmark, Austria, Germany and many other countries have proven that such an approach is possible. It might not be a coincidence that the strictest form of structural separation is suddenly being discussed in many European countries.

There's another advantage of this infrastructure-based approach: rather than wasting taxpayer money by giving lost subsidies, governments can offer long-term financing instruments that allow the money to be paid back over time to the companies that build the infrastructure. It's good to know in these times of public deficit that several of these models are budget-neutral.

Of course, there are challenges to tackle in order to implement these models. But European decision makers are used to taking on such challenges. The first step forward comes in acknowledging that rural areas don't have a broadband problem; they have an infrastructure problem. The second step is to take on this challenge and be open to new solutions. By taking these two steps, Europe can get back on the winning track for broadband and leave no rural area behind.

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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. www.ftthcouncil.eu

About the FTTH Conference 2015

Combining top-level presentations with an exhibition and unparalleled networking opportunities, the FTTH Conference is the largest FTTH-focused event in the world, attracting more than 3,000 participants. The 12th edition of the FTTH Conference is to be held in Warsaw's international exhibition centre EXPO XXI from 10 to 12 February 2015, under the special theme "Creating a Connected Continent". The event has secured

patronages from the Polish Ministry of Infrastructure and Development (MIR - Ministerstwo Infrastruktury i Rozwoju), Poland's Ministry of Administration and Digitization (MAC - Ministerstwo Administracji i Cyfryzacji) and the Office of Electronic Communications (UKE - Urząd Komunikacji Elektronicznej).

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General registration and event information are available on www.ftthconference.eu

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