

EUROPE DEMANDS BROADER BANDWIDTH

FTTH COUNCIL EUROPE COMPLETES AUTHORITATIVE STUDY INTO CURRENT BROADBAND TRENDS

According to a new report from the FTTH Council Europe, improvements in broadband connectivity speeds are having a direct impact on consumer bandwidth usage, with demand per broadband home growing at almost 20% per annum over the last 5 years. The research, undertaken with Ventura Team LLP, is believed to be the first of its kind to directly test the hypothesis of Nielsen's Law of Internet bandwidth against patterns of fibre and ADSL broadband usage in Europe.

Joeri Van Bogaert, president of the FTTH Council Europe, explains, "Everyone is familiar with Moore's Law for Computing, and Nielsen's Law takes a similar approach to measuring Internet bandwidth. Whilst Moore sees computing power grow 60% annually, Nielsen states that the bandwidth available to a high end user grows at 50% per year. For the first time, we wanted to find out if this increase in available speed is true and is related to an increase in consumer demand and usage."

In summary, the FTTH Council Europe report findings are as follows:

- European broadband speeds are rising at 50%+ per annum.
- High end broadband usage per home is growing at 20% per annum.
- FTTH broadband homes drive 3x more traffic than ADSL in Europe.

The first part of the research tested Nielsen's Law from a technology perspective. It was found that a decade after it was first conceived, Nielsen's Law is still working well as a guide to the trend in broadband speeds, as the growth rate of 50% per annum held true for all European countries evaluated.

Secondly, the study tested Nielsen's Law from a usage perspective, examining European broadband traffic patterns across a sample of 100,000 broadband homes using FTTH. The

results of this research show that high speed broadband usage is growing at an annual rate of 20%.

To further qualify this growth in user demand for increased bandwidth, the study compared fibre broadband usage with ADSL across four European countries and found that fibre homes currently drive three times more traffic than ADSL homes. Floyd Wagoner of the FTTH Council Europe's Market Intelligence Committee that headed up this research explains:

“This rise in usage when fibre networks are in use is significant at this stage of market evolution. Already there is a large difference between the traffic used by ADSL and fibre users, and this despite the fact that many of the mass market applications that will realise the potential of fibre are not even available yet. We expect this to increase significantly as fibre adoption continues to increase across Europe and further services are developed with fibre in mind.”

According to Van Bogaert, the message is simple, “When customers have faster connections they use them more. When discussing FTTH business cases and investments, two basic questions about bandwidth always arise: Who needs all that bandwidth and what will they use it for? I think the findings provide a compelling answer. For example, despite the advancement in the motor industry, the average speed of today's modern car is actually under 30km/h, but that doesn't mean that the driver never exceeds this speed. The same can be said for broadband usage; when the opportunity to utilise it to its full potential arises, consumers grasp it with both hands.”

This is the first step of the Council's research into significant trends in broadband consumer behaviour, and the Council's Market Intelligence Committee will be undertaking further examination of these trends throughout 2008. These additional findings will be announced at the FTTH Council Europe's next annual conference to be held in Copenhagen on 11th-12th February 2009. For more information go to www.conference.ftthcouncil.eu

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About the Fibre to the Home (FTTH) Council Europe

The FTTH Council Europe www.ftthcouncil.eu is a market development organisation with a mission to accelerate the availability of fibre-based, broadband access networks to consumers and businesses. With few exceptions, Europe lags well behind the US and Asian tiger

economies in the availability of high-speed broadband services (100 Mbps and upwards). The Council believes that the development of fibre-based access networks is fundamental to the deployment of such services, and hence to reaping their benefits for European citizens and businesses.

The Council's charter is to work with European governments, policy-makers and opinion leaders qualify and quantify the benefits to be gained from fibre-based broadband access networks, and to identify and help to erode the barriers to their development. Council members are drawn from the telecoms (vendors), broadband content and academic sectors.

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