

Press Release – by Ventura Team

Switchover to fibre networks in the EU could take 92 years

A new study from the fibre consultancy experts of Ventura Team and financial experts Portland Advisors has calculated that a full switchover from copper-based to completely fibre-based broadband (FTTH) could take 92 years unless EU governments decide to significantly change telecom regulations and embark on a comprehensive **Fibre Switchover** Plan. The current switchover is happening at a snail's pace and it could seriously obstruct economic growth across Europe for a long time to come, the report says.

“Every technical expert will agree that fibre is the only real technological option capable of meeting the demand for broadband in the long run. But in Europe we are still not investing enough money into fibre, and this is not for lack of capital. The industry could fund the switchover itself over a period of 25 years with the right regulations,” says Stefan Stanislawski, ‘father’ of local loop unbundling (i.e. the author of the 1993 report for the EU that started the entire unbundling process in Europe).

According to the study – which has been funded by the Fibre to the Home (FTTH) Council Europe - a full switchover resulting in fibre cables laid out to every home in the EU would cost an estimated EUR261 billion in CAPEX. The current rate of telecoms investment into fibre is a mere EUR3 billion a year and that is simply not fast enough, say the authors.

“In our view the telecoms industry must uphold what we call their ‘social contract for timely renewal of assets’. In fact, regular telecoms consumers all over Europe are already paying for the switchover to happen over the next 25 years through tariff regulations – except it won’t, unless new regulatory schemes are adopted and enforced,” says Mr. Stanislawski co-author of the study and partner of Ventura Team.

The study advocates changes in regulations in the form of a coordinated program to drive the fibre switchover. Right now there is little incentive for fixed telecom operators to affect a switch to fibre since the cash keeps flowing from the old copper networks anyway, the study says.

“The good news is that a much faster fibre switchover inside the EU27 is entirely possible provided that there is enough political will and that the right regulatory changes are made. In fact, a fibre switchover would generate jobs and growth to repay the investment. It’s an ideal form of stimulus because the spending and benefit is literally spread to every home and business, not just concentrated in a few lucky areas,” Mr. Stanislawski says.

To affect the complete switchover in a maximum of 25 years the study advocates a seven-point action plan in that includes changing the regulation, enforcing the existing social contract, changing strategic pricing, updating the concept of universal service, and more. The study maps out the estimated effects of the seven-point plan through the use of a comprehensive economic model.

“Financing the roll-out of fibre access networks is an important topic for the FTTH Council Europe. We are pleased to see that this study addresses some major subjects and brings fresh ideas and models to help solving the financing and investment issues. Such reports are important to get a wider picture and to trigger forward-looking and solution-oriented discussions to ensure that fibre to the home is rolled out as fast as possible in Europe”, comments Hartwig Tauber, Director General of the FTTH Council Europe.

“We are pleased to see that the study is already discussed intensively among the different stakeholders. When we decided in the FTTH Council Europe to fund this study, we wanted to make sure that the result will be a positive contribution to the wide range of scenarios to accelerate the FTTH deployments”, adds Florian Damas, member of the Policy & Regulation Committee of the FTTH Council Europe and project manager of the study.

The new study called “Financing Stimulus for FTTH - Funding Europe’s €260 billion access fibre upgrade: A rationale and specific recommendations for a new approach by industry, policy makers and governments,” is available for download at this link:

http://www.ftthcouncil.eu/documents/Reports/FTTH_Finance_Report.pdf.

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About Ventura Team:

Ventura Team is unique in that we advise companies, make investments in our own right and also take hands-on management responsibility for operations. Alongside our consulting activities, we have also created our own start-up operator in Sweden - now with 120,000 subscribers across FTTH/X and xDSL. The operation is profitable, exceptionally efficient and Point Topic has recognised the company (the Riksnet direct fibre service) with a top 5 ranking globally for broadband service value.

In consulting terms, we have planned and implemented millions of homes passed, worked on covering hundreds of millions of people with mobile, optimised investments of up to \$3 billion and worked on ground breaking, world leading projects for our clients.