FTTH situation in Europe

First FTTH deployments are concentrated in a few countries

Executive Summary

IDATE has been commissioned by the FTTH Council Europe to give an overview of the first FTTH deployments in Europe (EU 25 + Norway & Iceland) at mid 2004. During this survey IDATE has identified **167 locations** where FTTx initiatives have been launched by private or public players or Power utilities representing a total of **103 players** involved. Among them, nearly 70% are Municipalities or Power Utilities. Furthermore, approximately 60% of these deployments are at a commercial phase, 20% are Pilots and 20% are at a Project phase.

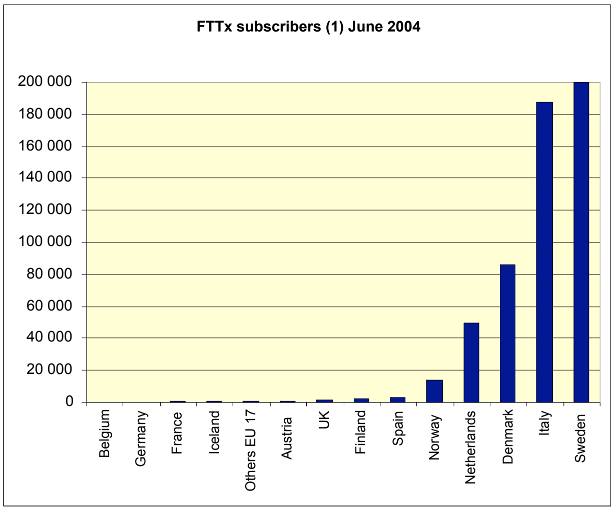
Players involved in FTTx initiatives in Europe (June 2004)

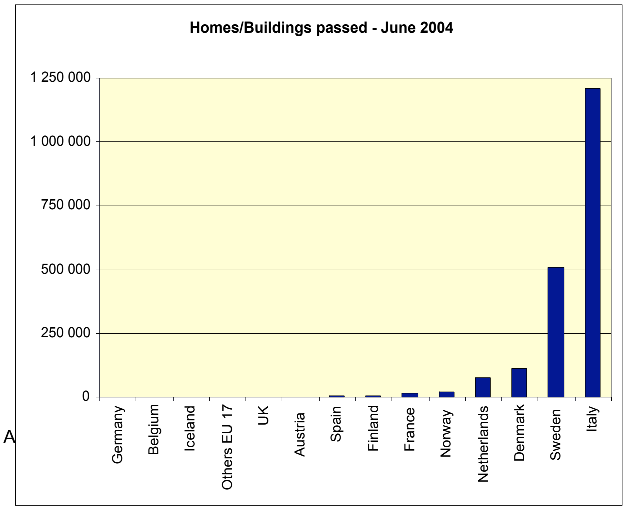
Incumbent operators	8	7,8%
Municipalities / Power Utilities	72	69,9%
Alternative operators / ISPs (1)	9	8,7%
Housing companies & Other	14	13,6%

(1) Here FastWeb Footprint (13 cities) and B2 Footprint (53 cities) count one for each

Source : ID ATE

HYPERLINKBy the end of June 2004, There were approximately **547 900 FTTx subscribers** in Europe (EU 15 + Norway & Iceland) and roughly **1.96 millions Homes/Building passed**[1], showing a penetration rate of **28%.** No significant deployments are taking place in the 10 new member states. We should also notice that more than **95% of these FTTx subscribers** are concentrated in **4 countries** (Sweden, Italy, Denmark and The Netherlands).





Source: IDATE

Countries leading the first FTTH deployments in Europe have differing reasons :

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[1] Here FTTx means Fiber-to-the-Home or Fiber-to-the-Building or Fiber-to-the-Office or Fiber-to-the-Dormitory. For MDU/MTU Buildings we count the number of apartments or offices passed.

- **Sweden**: Strong public support promoting the construction of city-wide optical networks, called “städnets”. Around 200 “städnets” are deployed among the total 290 Swedish municipalities as well as strong political willingness to enable the development of independent infrastructures that will provide open access to every service provider interested in offering broadband services. On these “städnets” are often based FTTH offerings from ISPs
- **Italy**: Mainly a Private initiative conducted by Fastweb in conjunction with some Power utilities in the early stages of the project
- **Netherlands:** As one of the most developed cable telecom markets and one the densest European countries, the Netherlands constitute an ideal breeding ground for FTTH initiatives

Reasons behind the public institutions which are leading FTTH initiatives in Europe:

- **Incumbents**: Most European incumbents & alternative operators are currently heavily investing in large DSL roll-outs and are focusing their often low financial resources on this technology which is well suited to less densely populated areas compared to Asian countries
- **Financial health**: Due to new entrants' difficulties in receiving telecom funding, following the explosion of the speculative telecom bubble, few companies have the financial resources to invest massively in FTTH roll-outs
- **Social & economical reasons**: Municipalities have understood the importance of communications means for both citizens and local economies
- **Public Funding**: Local availability of public funding to support broadband initiatives from European Authorities, National Authorities (Sweden, France, …) and Regional Authorities

Concerning architectural choices in European FTTx deployments, we can also notice the dominance of **Ethernet** architectures instead of **PON** architectural choices. One reason which explains this choice is probably due to the small size of current FTTx deployments in Europe - Ethernet seems a better choice in terms of scalability. Other reason is that in current first FTTH projects in Europe, players involved are starting to deploy FTTH from scratch, PON architectures being more suited for Telecoms operators deciding to invest in FTTH. But those operators are probably also waiting for a removal of regulatory uncertainties in Europe regarding large FTTH investments, as in the US.

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