

FTTH/B MAKES A REAL DIFFERENCE

Usage Survey Results (Sweden)

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In assistance to

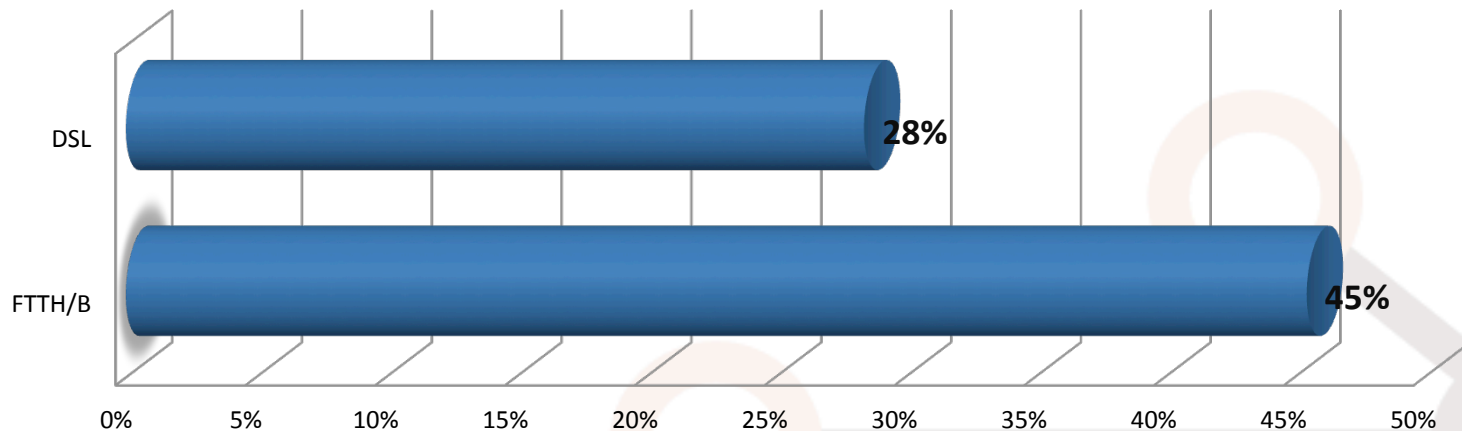
Purpose and Methodology

- This study commissioned by the FTTH Council Europe aimed at measuring the differences in broadband attitudes and usage between FTTH/B users and legacy DSL users in Sweden.
- The study was conducted in early December 2013, via an online quantitative survey of 400 broadband respondents. The survey was run by Paradox' Opinion / OpinionWay
- The sample included 300 FTTH/B users and 100 DSL users. The survey was conducted in Swedish.
- The following presentation highlights the key findings.

FTTH/B users are broadly very satisfied with their broadband

- FTTH/B users are much more satisfied overall with their broadband solution. 45% declare themselves very satisfied vs. only 28% for DSL users.
- Satisfaction levels are particularly high amongst Gbps subscribers (50%) and FTTH/B Quadruple Play subscribers (73%).
- Unsurprisingly perhaps, satisfaction is lower amongst FTTH/B subscribers with higher monthly bills (34%)

Users 'Very Satisfied' with their Broadband Solution

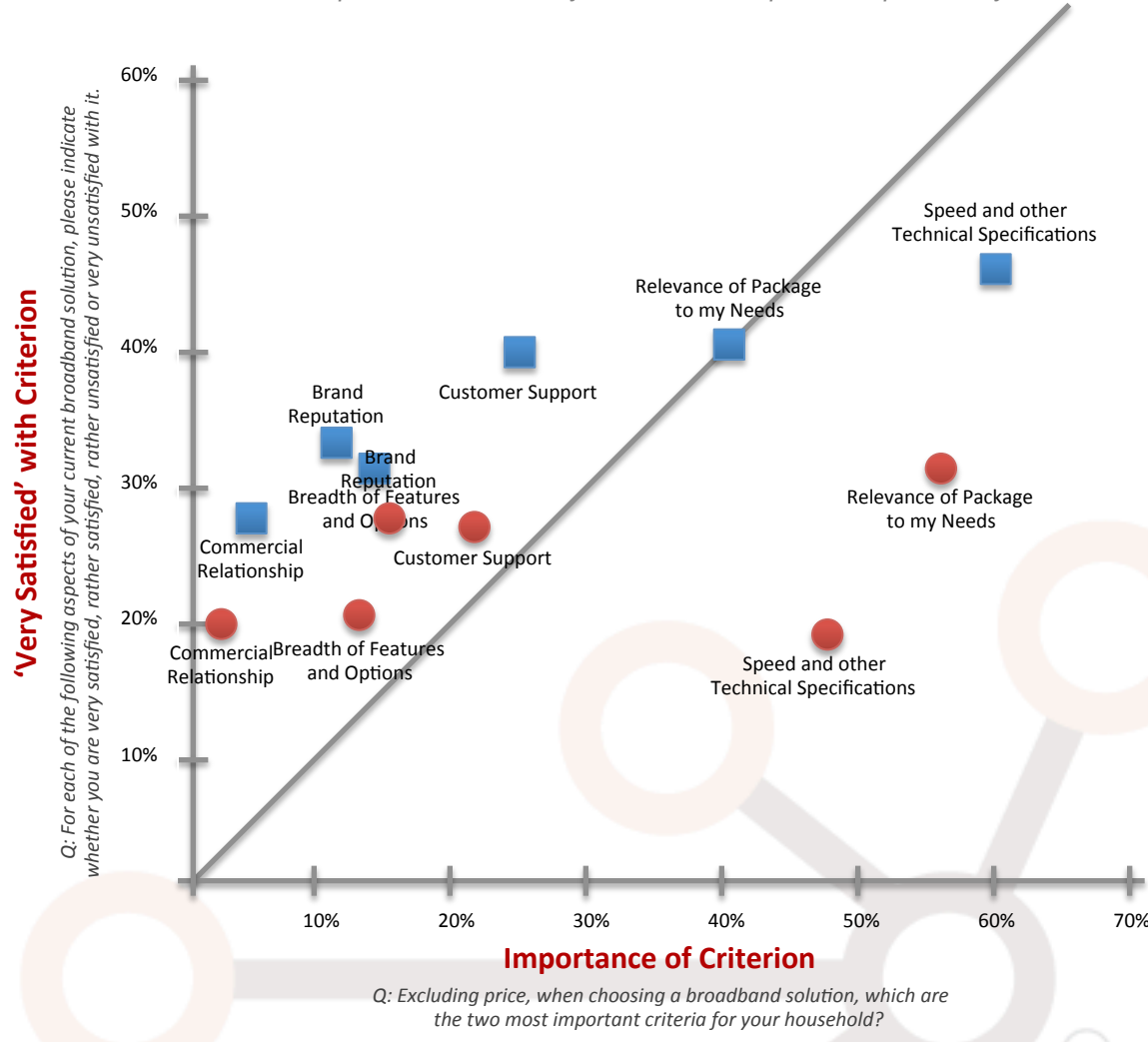


Source: FTTH Council Europe / Diffraction Analysis / Paradox' Opinion / OpinionWay

FTTH/B users are more satisfied on all counts and on what matters the most to them

- FTTH/B users are significantly more satisfied than DSL users on all aspects of the broadband product.
- Most importantly, FTTH/B users are very satisfied with the aspects of the broadband product that they consider the most important.
- By contrast, DSL users have low satisfaction levels with the aspects they consider the most important in the product.

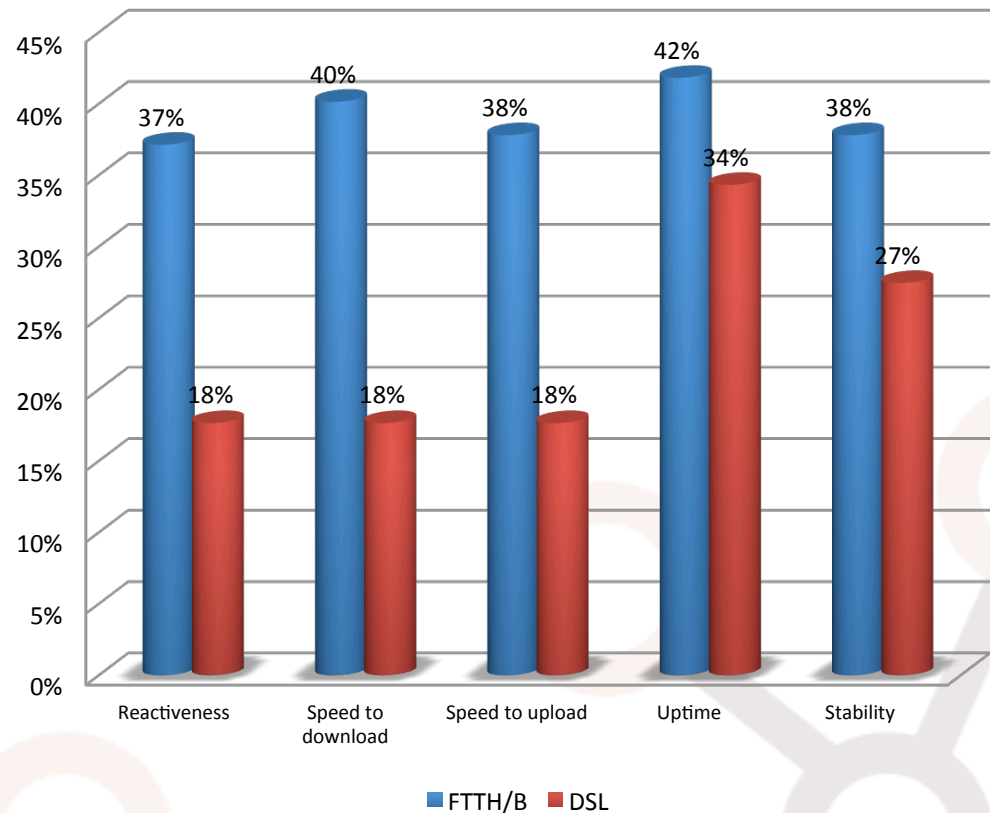
Source: FTTH Council Europe / Diffraction Analysis / Paradox' Opinion / OpinionWay



FTTH/B users are more satisfied on all technical aspects

- On technical aspects of the broadband service, FTTH/B users are more satisfied on all counts.
- In particular, they are very satisfied not only with download speed, but with upload speeds and latency as well.
- Unsurprisingly perhaps, users of FTTH/B solutions of 100Mbps and below are less satisfied with download, upload speeds and latency than users of more premium solutions.

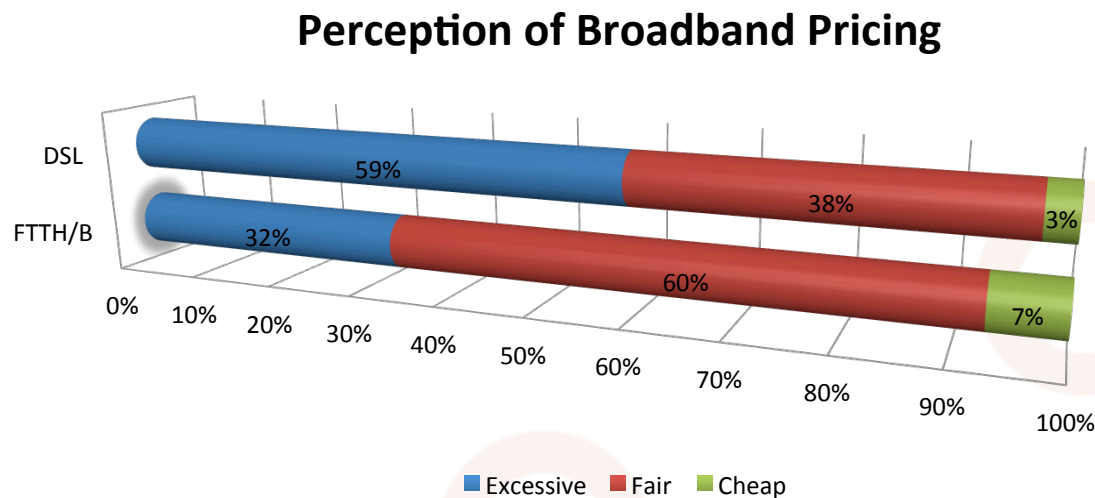
**'Very Satisfied' with
Technical Aspects of Broadband Product**



Source: FTTH Council Europe / Diffraction Analysis / Paradox' Opinion / OpinionWay

FTTH/B users find prices fairer than DSL users

- 59% of DSL users find the price of their broadband solution excessive but only 32% of FTTH/B users think the same.
- Average broadband bills (excluding mobile) are not significantly different between the two samples.
- The perception of pricing expressed is actually value for money: DSL users are frustrated with paying so much for what they know to be an inferior product.

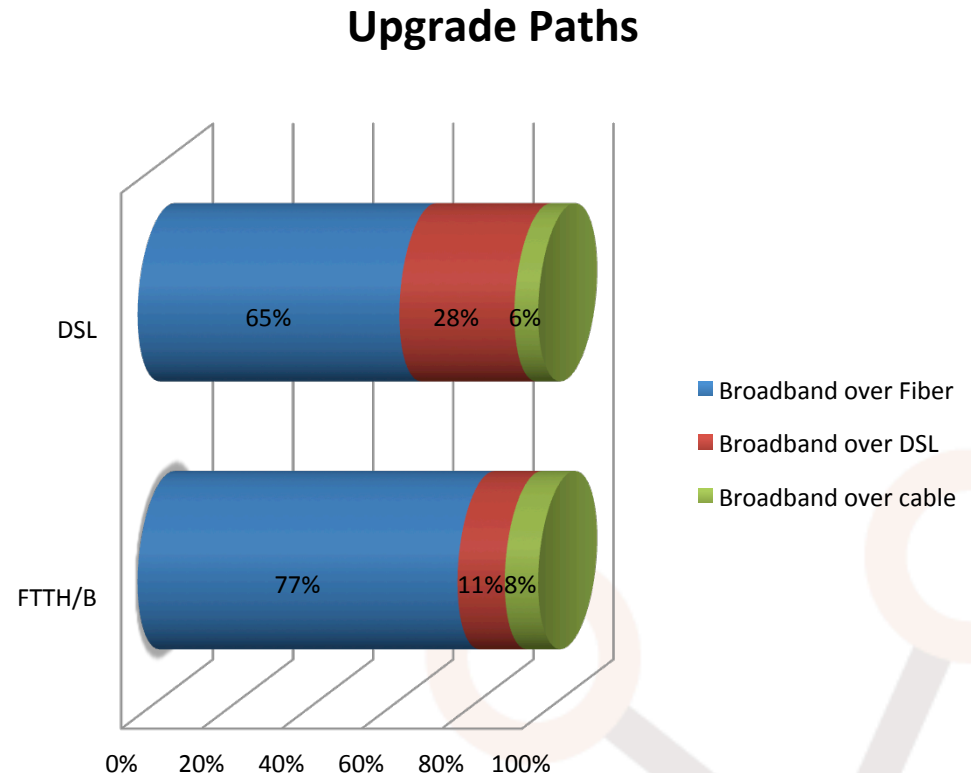


Q: How would you rate the price of your current broadband solution?

Source: FTTH Council Europe / Diffraction Analysis / Paradox' Opinion / OpinionWay

Two Thirds of DSL users would upgrade to fiber if they upgraded their broadband

- 2/3 of DSL users would upgrade to fiber broadband if they upgraded.
- 44% of FTTH/P users intend to upgrade to a faster solution within the next twelve months, vs. only 33% of DSL users.
- Amongst DSL users who will not upgrade though, 54% state it is because there is no better solution where they live, and 13% because they are locked in a contract.
- That represents overall an estimated 45% of all DSL users who don't upgrade because they can't.



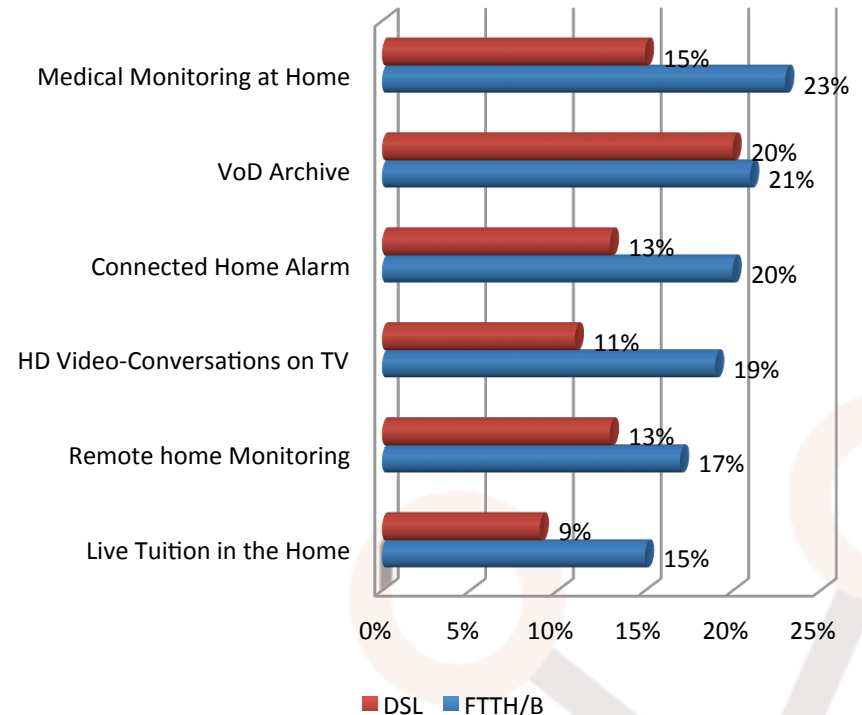
Q: If you were to upgrade your home broadband solution, which of the following types of broadband solution would you upgrade to?

Source: FTTH Council Europe / Diffraction Analysis / Paradox' Opinion / OpinionWay

FTTH/B users use broadband more and for more advanced applications

- On average, FTTH/B users use their home internet connection 30% more than DSL users (5,3 hours per day vs. 4,1 hours per day)
- For common usages of the internet (email, practical information, social networking) there is no significant difference between FTTH/B and DSL usage.
- For more advanced uses (streaming video or music, video-communication, logging to company intranets, etc.) FTTH/B subscribers tend to use these more often than DSL subscribers.
- FTTH/B users are much more receptive to future broadband service concepts than DSL users.

'Very Interested' in Future Service Concepts



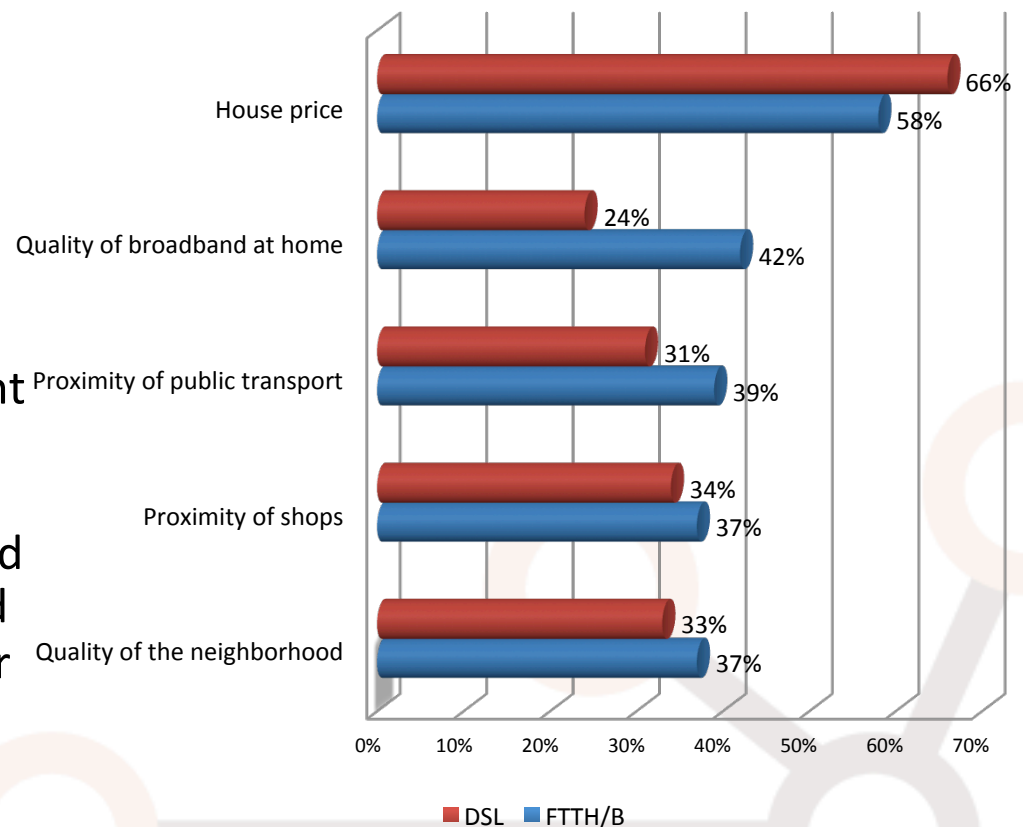
Q26. How interested you or members of your household might be in the following services in the future?

Source: FTTH Council Europe / Diffraction Analysis / Paradox' Opinion / OpinionWay

FTTH/B is important going forward

- When asked how important the quality of broadband would be in choosing a new home, FTTH/B subscribers list that criterion in second after home price.
- DSL users on the other hand list quality of broadband last.
- This shows a fundamental different mindset between the two groups.
- One argument to explain this could be that once they have experienced high quality broadband, users never want to switch back...

Very Important Criteria to Pick a New Home



Source: FTTH Council Europe / Diffraction Analysis / Paradox' Opinion / OpinionWay

Conclusions

- In a mature market like Sweden, FTTH/B and DSL subscribers both perceive FTTH/B to be a superior product, and one that delivers a significantly better quality of experience.
- Not only do FTTH/B users value download speeds, but they value upload speeds and latency as well.
- DSL users are frustrated with their existing solutions, and would switch to FTTH/B if they could.
- FTTH/B users make more intensive use of their broadband and their usage tends to be a little more elaborate.
- Not only are FTTH/B users still willing to upgrade for faster speeds, but usage maturity seems to create more appetite for innovative solutions that service providers could market to them, a potential for tomorrow's revenues.