IDATE
Consulting & Research

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Inventory of FTTH in Europe

Situation in Eastern Europe and the Middle East

As in previous years, IDATE has been commissioned by the FTTH Council Europe to provide an overview of the status of FTTH rollouts across Europe at the end of 2008.

To date, FTTH/B was still making real strides in Europe in terms of coverage, with some 11.2 million homes passed. Subscriber numbers are also on the rise, even if users are still concentrated in only a few countries.

In Eastern Europe, Russia has taken the lead in FTTH/B deployments and is now home to around 630,000 FTTB subscribers. If player involvement increases, the country will soon become one of the globe's largest FTTB markets. Rollouts in the Middle East are still limited but there is real potential for FTTH/B to develop – the key driver there being massive new housing programmes.

As in previous years, IDATE has been commissioned by the FTTH Council Europe to provide an overview of the status of FTTH rollouts across Europe at the end of 2008. To date, IDATE has identified **224 FTTH/B1 projects** in Europe, of which **111 are new initiatives** since June 2005.

Significant FTTH/B rollouts in Europe, at the end 2008

Countries	Players		Homes/Buildings passed (December 2008)
Denmark	**DONG Energy**	Power utility	150 000
	Energie Midt	Power utility	75 000
	TRE FOR	Power utility	60 000
Finland	**TeliaSonera**	Incumbent carrier	400 000
France	**France Telecom**	Incumbent carrier	500 000
	Illiad/free	Alternative operator	300 000
	SFR	Alternative operator	250 000
	Numericable	Cable operator	3 400 000
Germany	**Wilhelm Tel**	Public	100 000
	M-Net	Public	80 000
Italy	**Fastweb**	Alternative operator	2 000 000
Netherlands	**Reggefiber**	Infrastructure operator	350 000
Norway	**Lyse**	Power utility	170 000
Slovakia	**T-COM**	Incumbent carrier	200 000
	Orange Slovensko	Alternative operator	215 000
Slovenia	**T2**	Alternative operator	200 000
Spain	**Telefónica**	Incumbent carrier	250 000
Sweden	**B2**	Alternative operator	390 000

Source: IDATE for FTTH Council Europe

As in previous years, **municipalities and power companies** are still very involved in FTTH/B deployments, accounting for 58.5% of the projects. Their share nevertheless decreased in the second half of 2008, as alternative operators began to make strides. Some incumbent carriers have also confirmed their FTTH rollout plans (Telefónica) and most have now opted for FTTH/B instead of VDSL for new projects (KPN, Swisscom, Belgacom).

In terms of subscribers, **alternative operators** dominate the market: the combined customer base for FastWeb (Italy), B2 (Sweden), Illiad/Free, Numericable & SFR (France) and T2 (Slovenia) at the end of 2008 totalled 657,000 subscribers, or nearly **40% of Europe's FTTH/B subscriber base.**

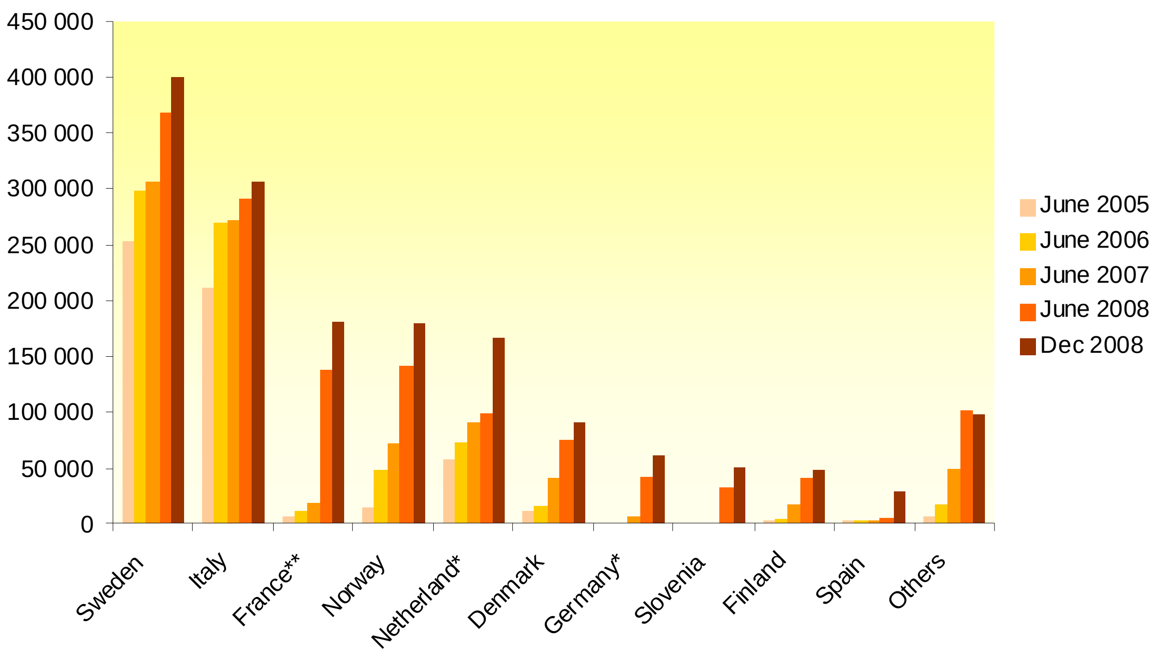
- By the end of 2008, there were **1,661,895 FTTH/B subscribers** in the EU-31[1] and around **11.2 million homes/buildings passed**. The **number of homes and buildings passed** increased significantly in the second half of 2008 (**+27%**), while the number of FTTH/B subscribers rose slightly at a slightly lower rate during that period (**+25%**).

- The majority of subscribers is still **concentrated in 6 countries**: **79% of FTTH/B subscribers** are located in **Sweden, Italy, France, Norway, the Netherlands** and **Denmark**.

- The increase in homes passed versus subscribers is proof that **commercial and marketing efforts still need to be made**: this could well be one of the main challenges for 2009 as players cannot content themselves with being known as very proactive in their deployments but also need to begin to recoup their investments.

- **New players** – be they local authorities, alternative operators or incumbent carriers – **are still entering the arena**. A good example is Telefónica which rolled out an FTTH network in a matter of months, and was reporting around 250,000 homes passed by the end of 2008 (versus zero one year earlier).

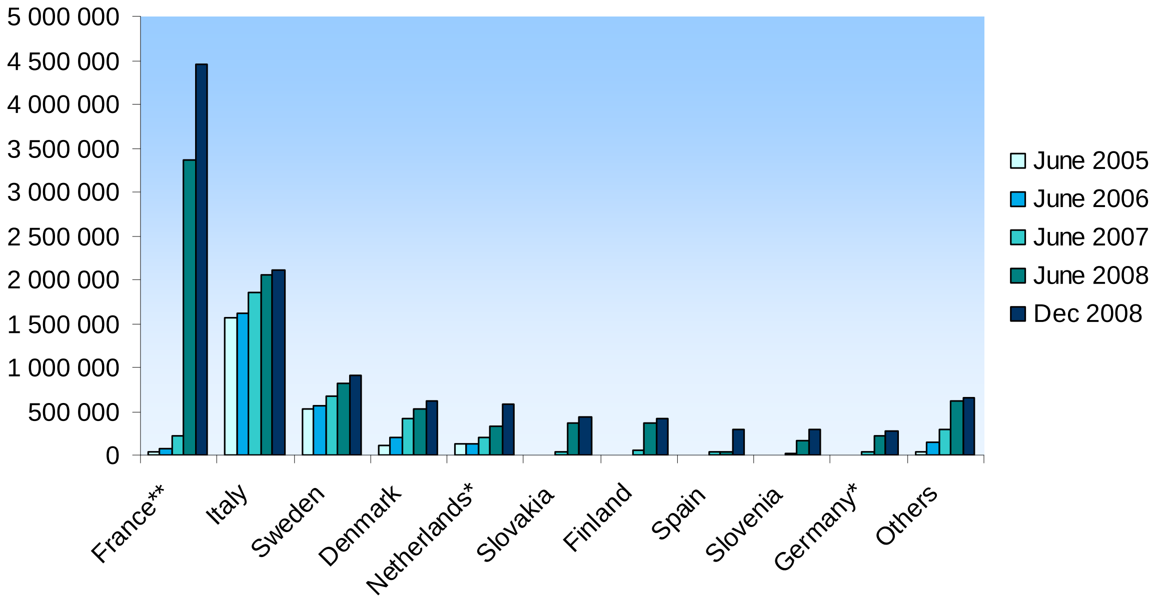
Evolution of FTTH/B subscribers in Europe (1)



Source: IDATE for FTTH Council Europe

[1] EU-27 + Norway + Iceland + Switzerland + Andorra

Evolution of FTTH/B Homes Passed in Europe (1)



(1) Here FTTx means Fibre-to-the-Home, Fibre-to-the-Building, Fibre-to-the-Office or Fibre-to-the-Dormitory
* Excluding VDSL/VDSL2, FTTC, FTTN deployments by incumbents
** Including FTTB deployments from Numericable

Source: IDATE for FTTH Council Europe

FTTH/B subscribers compared to number of homes passed in Europe's leading markets (end 2008)

Ranking	Countries	Subscribers vs. homes passed
1	**Sweden**	44.1%
2	**Italy**	14.5%
3	**France**	4.1%
4	**Norway**	65.6%
5	**Netherlands**	29.0%
6	**Denmark**	14.5%
7	**Germany**	21.5%

Source: IDATE for FTTH Council Europe

In terms of **Homes/Buildings** passed, **France was ahead of all other European countries at the end of 2008**. This is mainly due to the fact that homes passed by cable company Numericable, and its subscribers, have been included in FTTB numbers since June 2008. **Slovakia** is also a very dynamic market and is now in sixth place in terms of homes passed. During the second half of 2008 coverage also expanded rapidly in Southern Europe: the increase in the number homes passed totalled 593% and 245%, respectively, in **Spain and Portugal** where players have finally begun their deployments after months of talk and announcements.
Scandinavian countries, and notably Sweden and Norway, still lead the way in Europe in terms of **penetration rate** with 44.1% and 65.6%, respectively. Sweden could, however, fall from top spot if the growth rate seen over the past six months in the Netherlands and France, and even in countries that only recently entered the FTTH market (notably Spain) continues.

On the matter of **technologies**, **the momentum** during the last six months **has favoured GPON**, even if **Ethernet** still largely dominates FTTH/B rollouts in Europe, and particularly in the Nordics. This can be attributed to the involvement of power companies in Denmark (EnergiMidt for instance) and of Telefónica in Spain.

Regarding technical architectures, FTTH – which was already the main architecture being deployed a year ago – now represents **nearly 53% of all FTTH/B rollouts in Europe**. This is further proof of the fact that players often opt for FTTB to avoid the issues involved in installing fibre on private properties, and especially MDUs.

As part of its inventory, IDATE also examined the status of FTTH **in Eastern Europe and Middle East** at the end of 2008. With the exception of Russia, there have been very few FTTH/B deployments in **Eastern Europe** up until now. Some players have announced and/or have begun FTTH/B rollouts in major cities, but coverage and take-up levels are not yet significant.

In the **Middle East**, pioneer rollouts have begun in Dubai, Abu Dhabi and Saudi Arabia, although the FTTH/B subscriber base is not yet significant. The key driver for FTTH/B deployments in the region is massive new housing programmes.

Total number of homes passed and subscribers (December 2008)

Zone	FTTH/B subscribers	FTTH/B homes passed
Eastern Europe (1)	635 000	6 400 000
Middle East (2)	7 500	62 000

(1) Russia, Serbia, Ukraine, Turkey, Bulgaria, Macedonia

(2) EAI, Israel, Qatar, Bahrain, Saudi Arabia, Kuwait

Source: IDATE for FTTH Council Europe

To conclude, the inventory of FTTH/B deployments in Europe at the end of 2008 reveals that the FTTH market in Europe **continues to grow**, especially in terms of homes passed. But, with only around 1.7 million FTTH/B subscribers at the end of 2008, **Europe is still lagging behind** the US and Japan (nearly 15 million FTTHB subscribers expected at the end of 2008). **The momentum we are seeing in countries such as France, Spain and Portugal, combined with the potential of Eastern Europe, should nevertheless help spur a rise in FTTH/B adoption rates in Europe in the coming months**.

The FTTH market's momentum is also **bound up with the commercial and marketing strategies being employed by the players**: all of them need to focus on increasing their subscriber bases in order to recoup their investments as quickly as possible.

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About IDATE **www.idate.org**

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