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Ftth passes 18 million European homes

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March 31, 2010 15.04 UK

Fibre to the Home passes more than 18 million European homes, according to a study from bmp TC & Greenfield.

Private operators are investing in the new infrastructure. Deutsche Telekom has recently announced investments of €10 billion in order to reach 10% households with FttH by 2012, and both Swisscom and France Telecom have resumed their FttH deployments.

Governments in Europe have defined their ambitions followed by programmes to inject billions of euros to develop the ultra broadband infrastructures.

The French Government is providing an investment “envelope” of €2 billion dedicated to semi-dense and rural areas. In January, the Portuguese government made a credit of €800 million available to support the investments by the main Portuguese operator, in order to connect at least 1 million homes through FttH networks by 2010.

The role of local and public authorities (including utility companies) remains significant within the European market while first consolidation trends appear. As a good example, in 2009 Dong Energy sold its Fibernet ttH Open Access Network (network and operations) to the Danish incumbent TDC.

KPN in Netherlands have invested in Reggefiber, in which it owns 41%. KPN plans to connect 1.3 million homes at the end of 2012 and hopes to have 600,000 to 800,000 FttH subscribers in the next three years. For this project, Reggefiber has applied to the European Investment Bank for 130 million in financing.

It is our take that FttH networks are indeed gaining ground, but so far only in a few scattered, selected places. 18 million homes sounds like a lot, but this number is homes passed only – not connections. Given the high costs of each individual connection, market prices are way above current broadband access prices offered by cable and VDSL operators.

Incumbent cable operators are carefully watching if public money is not spent to distort competition, as they themselves are heavily investing in upgrading their networks with fibre to the curb and make them suitable for DOCSIS 3.0 technology, which provides speeds of up to 100 Mbps or even 200 Mbps.

Although demand for ever faster broadband access speeds will continue to grow, the current speeds offered by DOCSIS 3.0 should suffice for the moment.