

Challenges in the FTTH wholesale market

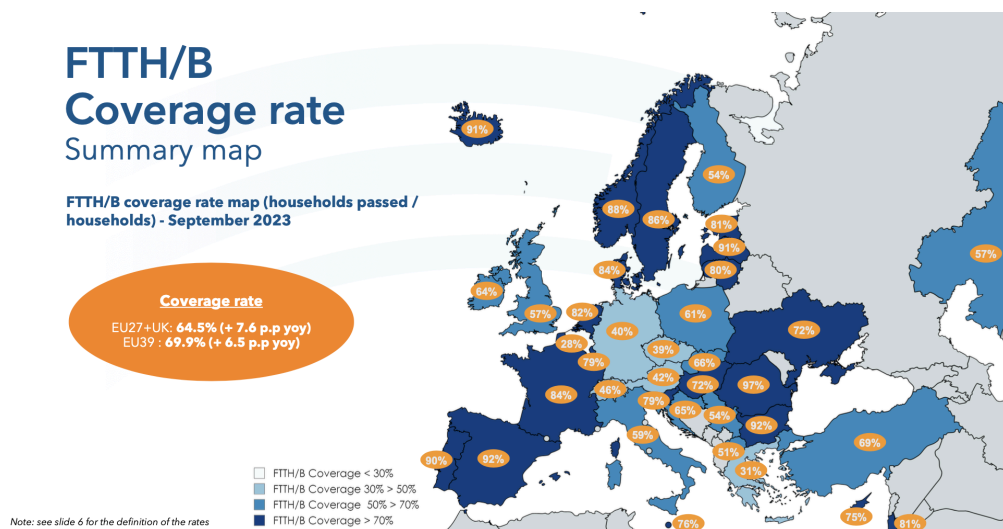
A European perspective

A concise overview to explore the challenges and needs within the FTTH wholesale landscape.



Introduction

The Fiber to the Home (FTTH) market is undergoing significant transformations, particularly within the European context. Increasingly, operators are engaging in collaborative agreements to share FTTH networks, thereby fostering the emergence of wholesale business models that enhance efficiency, reduce costs, and expand coverage across nearly all European countries. Recent studies by the FTTH Council Europe have highlighted the importance of these collaborative models in maximizing resource utilization and accelerating network expansion. This expansion is crucial for advancing digital transformation, improving connectivity, and ensuring equitable access to high-speed internet throughout the continent.



FTTH/B coverage rate map (households passed/households) - September 2023 – Source FTTH Council Europe

Market Shifts and Consolidation

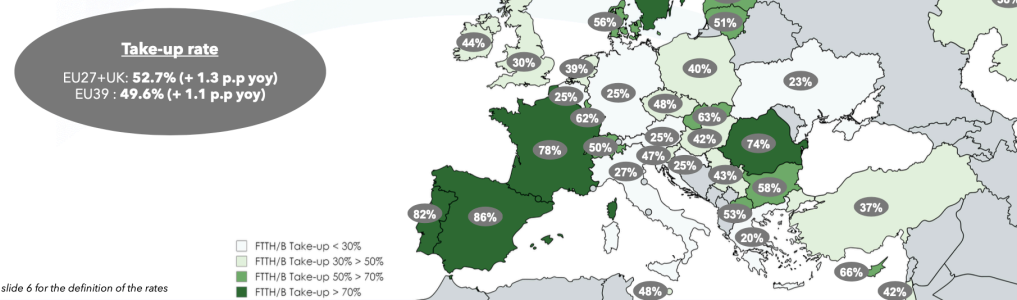
Despite the considerable growth in coverage, bolstered by substantial private investments and government subsidies, the emphasis is now shifting from network deployment to driving the adoption of FTTH services. According to the FTTH Council Europe's Market Panorama Update, the focus on increasing customer uptake is critical for ensuring the long-term financial sustainability of these networks.

As the market matures, increasing customer uptake is pivotal to optimizing return on investment (ROI). In this dynamic landscape, the sector is witnessing numerous mergers and acquisitions (M&A) among FTTH network companies (NetCos), alongside networksharing agreements and the introduction of new NetCo services. These M&A activities are expected to further consolidate the market, enabling economies of scale and fostering extensive network integration. This consolidation will likely create more resilient entities capable of addressing market demands and sustaining the expansion of network capabilities.

FTTH/B Take-up Rate

Summary map

FTTH/B take-up rate map (subscribers / households passed) - September 2023



source : FTTH Council Europe, FTTH-B Market Panorama Update 2023

Key Challenges

Streamlining Onboarding Processes

One key challenge facing FTTH NetCos is the ability to streamline onboarding processes for Internet Service Providers (ISPs) and Fixed Virtual Network Operators (FVNOs). The number of ISPs acquiring FTTH wholesale services is increasing, and the intensification of competition in the NetCo sector necessitates efficient onboarding mechanisms. The TM Forum has underscored the importance of digital transformation initiatives, such as standardized API integration, in enhancing the onboarding process and reducing time-to-market for new ISPs. The use of standardized, easily integrated APIs can facilitate rapid revenue generation and accelerate ROI. When onboarding is efficient, new service providers can quickly enter the market, contributing to overall market growth. By enhancing the simplicity and efficiency of onboarding, NetCos can cultivate a favorable ecosystem that attracts new ISPs of different sizes and maturity levels, and encourages their active participation in the FTTH landscape.

Reducing Order Failures

Another significant challenge is reducing the rate of order failures.

Inaccurate footprint data and inadequate address management can result in failed installations, leading to revenue loss and diminished take-up rates. The FTTH Council Europe has identified data accuracy as a key determinant in ensuring successful installations and minimizing customer dissatisfaction. The incorrect identification of serviceable households during service inquiry processes can increase churn due to false positives or result in lost sales due to false negatives.

Also delays during customer premises equipment (CPE) activation, often caused by technicians encountering difficulties in connecting to the correct GPON port, further escalate installation costs and reduce profitability.

Enhancing data accuracy and ensuring effective interdepartmental communication are critical to mitigating these issues. By employing advanced resources inventory mapping tools and implementing robust address verification systems, NetCos can significantly minimize the occurrence of failed installations. Additionally, training technicians to effectively manage complex installation scenarios can streamline the process and prevent common errors that lead to costly delays.

Reducing IT Operational Costs

Reducing IT operational costs remains a pressing concern. FTTH NetCos must maintain provisioning processes that are simple, flexible, and scalable. Adapting business-to-consumer (B2C) processes to the wholesale context often results in inefficiencies and elevated costs, adversely impacting overall

performance. By investing in automation and adopting specifically designed modular IT architectures, NetCos can simplify operational workflows, thereby reducing costs and enhancing scalability.

According to recent reports from the TM Forum, leveraging modular IT architectures and automation can lead to significant cost reductions and improved responsiveness to market changes. Streamlining these processes not only yields cost savings but also increases the ability to respond swiftly to evolving market demands. Such adaptability is vital in a market characterized by rapid technological advancements and shifting customer expectations.

Enhancing post-sales Processes

Furthermore, effective post-sales processes management is essential for fostering customer satisfaction and reducing operational costs. Automated incident management and post-sales workflows can improve troubleshooting and service monitoring, thereby enhancing service reliability and customer support. By proactively monitoring service performance and optimizing support procedures, NetCos can reduce response times and improve customer satisfaction, ultimately driving FTTH market growth. Predictive maintenance, enabled by data analytics and machine learning, can address potential issues before they impact the end customer, further boosting service reliability and reducing the need for reactive support interventions. This proactive approach contributes to long-term customer loyalty, as customers gain confidence in the reliability of their services.

Customer Education and Engagement

Moreover, customer education and engagement are critical components of increasing FTTH adoption. By educating potential customers about the advantages of FTTH—such as superior internet speeds, reliability, and future-proof technology—NetCos can encourage more users to transition to fiber-based services. Marketing campaigns, community engagement initiatives, and transparent communication regarding the value proposition of FTTH can significantly enhance adoption rates. The FTTH Council Europe emphasizes that targeted educational campaigns and transparent communication are effective in boosting customer adoption of fiber technologies.

Additionally, offering flexible pricing models and bundling services can make FTTH more attractive to a broader audience, particularly in regions where competition from alternative technologies, such as DSL or cable, remains strong.

Final Considerations

The challenges for the FTTH wholesale market are multifaceted: improving operational efficiency, enhancing customer adoption, and streamlining processes across the entire value chain. To address these challenges, the industry must prioritize innovation, operational efficiency, and customer-centric strategies. As the European FTTH market continues to evolve, a focus on collaborative growth and efficient service delivery will be key to ensuring sustainable success. By embracing technological advancements, strengthening partnerships, and maintaining a customer-first approach, FTTH NetCos can expand their market presence, enhance profitability, and contribute meaningfully to the digital progress of Europe.

Navigating FTTH NetCo Challenges

