

# Pipeline

Knowledge Is Power

[www.pipelinepub.com](http://www.pipelinepub.com) Volume 5, Issue 3

## New Services Need Big Pipes: FTTH

by Tim Young

This month, we took a little time to speak to Joe Savage, the President of the Fiber-to-the-Home (FTTH) Council, the leading industry forum dedicated to advancing FTTH in the US and beyond. We spoke to Joe in last September's issue of Pipeline, ([http://www.pipelinepub.com/0907/EC2\\_1.html](http://www.pipelinepub.com/0907/EC2_1.html)) and thought we'd check in to see what's changed and what remains the same.

**Pipeline:** We spoke to you almost a year ago about the state of FTTH. What's changed in that timeframe?



**Joe Savage:** We're still seeing lots of growth in North America, especially in the United States. I mentioned before that North America was the fastest growing region [for FTTH] in the world, and that has continued. The number of households connected has continued to double for the second year. One-hundred percent annual growth is pretty darn good. We're at around 12-13 million homes passed, which is approximately 12% of homes in the US. We'll pass another 4-4.5 million homes in the next twelve months as well. Since the subscriber count is going up faster than the homes passed, our take rate is looking more and more favorable. We've gotten up to about a 28% take rate on average, but if you take Verizon out of the equation and look at the other 600 service providers out there, take rates for

the smaller deployments are nearly 50%. Things are looking good. The only thing slowing deployment is that bucket trucks only go 55 miles an hour. Speeds have picked up as well. There are nearly 18,000 homes in the US that are connected to 100mbps downstream and upstream. Verizon, for example, is offering 50, 30, and a symmetric 20mbps.

**PL:** In our previous conversation, I asked if FTTH could save telcos. You responded that it can, but is for more than just telcos. In the time since, has there been more of a response to FTTH from non-telcos, especially cablecos?

**Savage:** Well, it's early times for cable companies, and they're constrained. Wall Street doesn't want to hear about another investment wave by the cable companies. On the stealth side, they're putting FTTH in a lot of planned communities, greenfield developments. There's been some RFP activity among the largest cablecos. They're figuring out what it's going to cost. Additionally, there's been some cable-specific technologies, like RF over glass, which is essentially FTTH with a cable signal being delivered over it.

So the cable guys know that when they come up against FTTH, they're going to have a hard time keeping customers. They're doing things to boost capacity, like DOCSIS 3.0. Their VoIP deployments have been pretty successful. It's only where they have to compete against FTTH where they want to boost what they've got.



**PL:** Have you seen a ramp-up in FTTH rollout?

**Savage:** In municipalities, I would say that twelve months ago, there were probably thirty municipalities that had deployed their own community-owned networks. Now that's closer to forty-five or fifty. Some of them are getting quite substantial. Many big cities (Seattle, Portland, Minneapolis) are looking at building their own networks. For developers, it's becoming common practice. When the trenches are opened and they're putting in water and sewer, they're putting in fiber as well. They're convinced, and so are we, that it's an amenity that homeowners value, and that they'll sell lots more quickly and maybe for a little more money.

**PL:** That's something that's a necessary differentiator in a tough real estate market. Last year, you predicted 15 million homes by 2012. Any change there? Your rationale was 30-35 million homes passed and an increase in take rate to 50%.

**Savage:** I'll stick with that number.

**PL:** A few weeks ago, at NXTcomm in Las Vegas, I was talking to a company that works with ethernet over copper. They mentioned that fiber's great, but when it isn't available, copper can deliver a viable substitute. What do you think of these other methods?

**Savage:** It's true. There are a number of viable alternative technologies, but this is the trump card. If I were a service provider, and I had an area that was going to be very high cost to serve by fiber, I might be considering how to extend my copper plant. What can I do if it's an extended rural area without much broadband subscription right now, can I offer them 20-30mbps over copper? If somebody comes in with FTTH, I'll be in trouble, but if it's all I've got right now, I'll be ok. Those same markets are being looked at by broadband wireless folks and broadband over power line folks. Usually they're all good for a couple of megabits per second. Sooner or later, there'll be fiber out there. Fifty years from now, we'll all be on a fiber connection. It's just a question of whether it'll be two, five, fifteen, or thirty years out when it gets to the further and further extended locations.

**PL:** Here in the States, materials costs are up. Gas is over four dollars a gallon and rising. Has the changing economy had any impact on fiber rollout, either positive or negative?

**Savage:** Well, it's improving telecommuting numbers. We do surveys of FTTH subscribers, and what we've found is that when someone goes from cable modem or DSL to FTTH, they telecommute one more day per month. I haven't checked recently, but I assume that's still the case for all broadband. The reason that it's better to have a FTTH connection is that many people working from home have a more effective connection than they do on the corporate LAN in the office. If I'm a software code writer and I have a dedicated 20-30mbps down and 10mbps upstream, I'm smoking. If I'm on a corporate LAN, payroll might slow me down.

The other point is reliability. Since it's glass, you don't get as much noise in the signal or deal with lightning strikes. When the HAM radio operator fires up his gear, it doesn't cut back your throughput. The OPEX for FTTH networks, the SPs are finding, is something like 30% of what it was for the copper networks. Now, part of that is that they're replacing a fifty year old copper network with a brand new fiber network, but the other part is that there aren't as many mechanisms to go bad.

**PL:** True. And I don't know if people are ripping fiber out of the ground like they are copper.

**Savage:** We're unaware of anyone stealing copper, other than by mistake.

**PL:** What is planned for the upcoming FTTH conference?

Not for distribution or reproduction.

**Savage:** September 22-25. In Nashville, TN at the Opryland Resort.

**PL:** So a change of venue from last year?

**Savage:** Yeah, we move it around. We were at DisneyWorld last year, and the Venetian the year before that. We've been in New Orleans, Florida, etc. The 2009 will be in Houston.

**PL:** What's planned for the show?

**Savage:** The theme is "Linking Communities at the Speed of Light." We've got a lot of focus on putting fiber in the ground and it'll help you to attract business, improve community economics, get better usage of your libraries, telecommuting and that sort of thing. We find that our attendees pretty much know what FTTH is and aren't expecting any new technology twists. Now they want to know how to make money with it and use it to improve the community.

**PL:** What are you expecting in terms of attendance numbers?

**Savage:** Somewhere between 2000 and 2500. We're thinking this year might be about like last year. The airplane tickets might be a little expensive and the economy might be a little worse, but the industry has grown, so we think those factors offset each other.

**PL:** Numbers are down for a lot of shows.

**Savage:** We're a narrowly focused conference, and we've heard that if you focus on one industry segment or one technology, you can attract at least what you attracted last year. Exhibitors and sponsors are showing a lot of enthusiasm and that's always a good sign.

**PL:** Well, we look forward to hearing more from the FTTH Council in the future.

***If you have news you'd like to share with Pipeline, contact us at [editor@pipelinepub.com](mailto:editor@pipelinepub.com).***