

Public Consultation on an EU Initiative to Reduce the Cost of Rolling Out
High Speed Communication Infrastructure in Europe

Whole-Country customer ownership of the local loop

- Bottom-up FTTH at **no cost**
- No digital divide any longer

INFO@ASSOPROVIDER.IT

18/07/2012

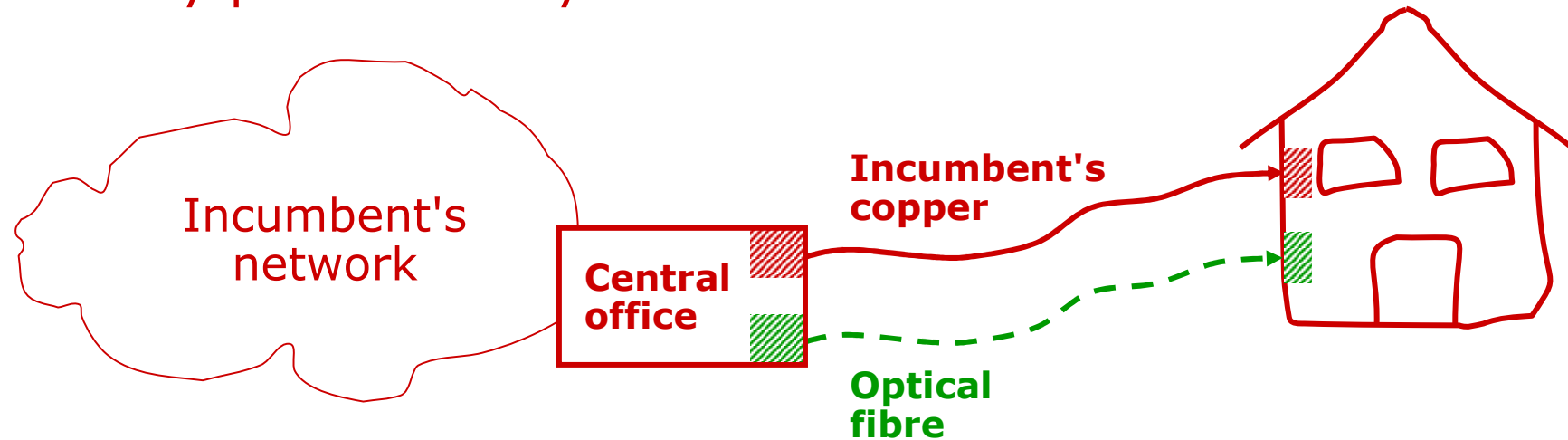
Summary

- Incumbents will not develop any broadband optical fibre network, ...unless it is paid for by public money
- Citizens, on the contrary, can build it – as their property! – with a bottom-up approach which entails no cost for the state and even no new cost for them
- The twin innovation – from copper to fibre, and from incumbents' access ownership to citizens' – will boost democracy, by placing the power to communicate rightly in the hands of people

- **Situation**

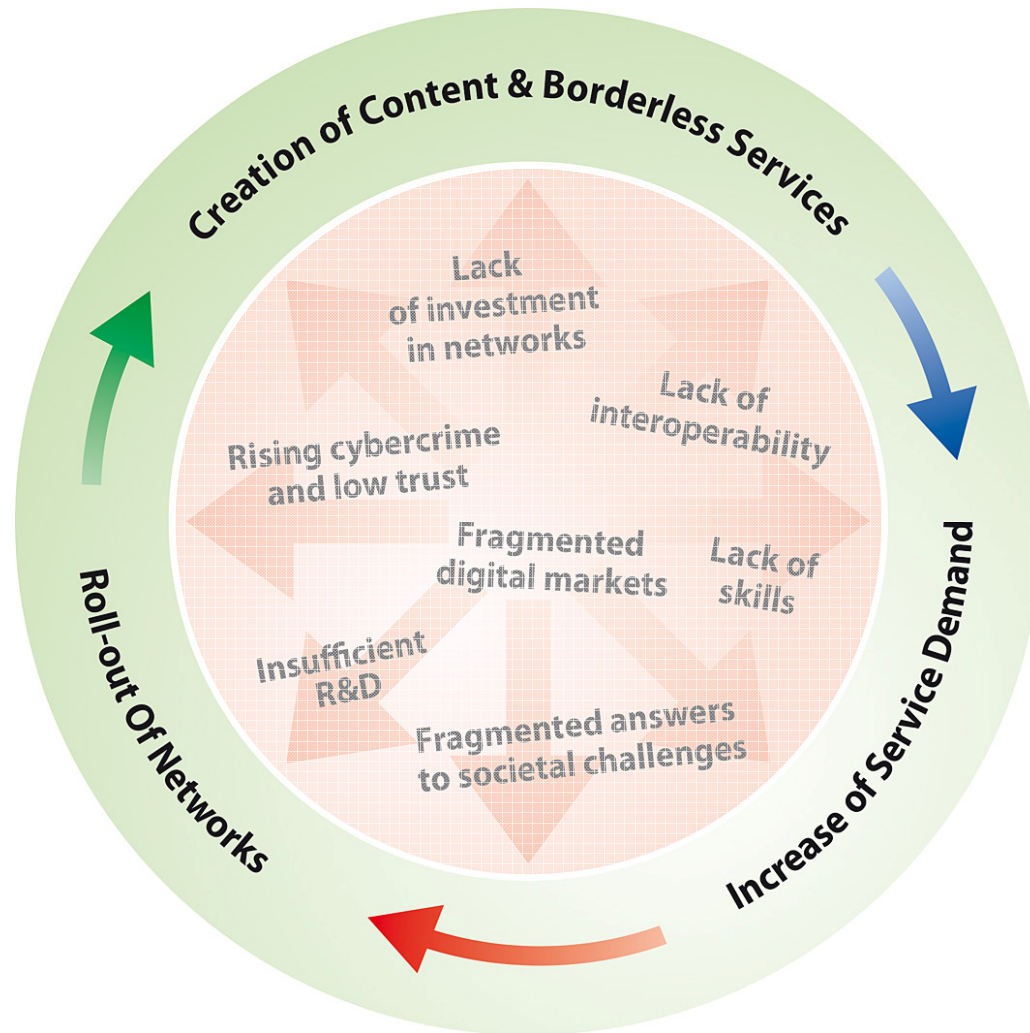
- Opportunity
- Organization

Incumbents will not develop any optical fibre network ...unless it is paid for by public money



- As long as ADSL can fulfil the customers' needs, there's no reason to invest in fibre deployment (except privileged zones demanding advanced services)
- Market failure creates digital divide today, and will continue to create it in the future

EU Digital Agenda's virtuous circle is actually a vicious one



- The creation of new services waits for the deployment of new networks
- The deployment of new networks waits for the demand of new services...
- The demand of new services waits for a new service offering

Five unsolved problems

Regulation

- Letting other operators access the local loop

Economics

- Providing proper return of investment

Strategy

- Inventing new services

Finance

- Finding the money

Digital divide

- Overcoming the market failure

Contents



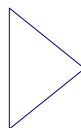
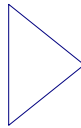
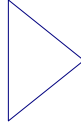
- Situation

- **Opportunity**

- Organization

From 101 EU initiatives...

...to just 3 "focused enablers"

- **Whole-Country customer ownership of the local loop**  • **Broadband; power to communicate; no digital divide**
- Simple SME / PA digitalization  • No IT costs, risks, delays, incompleteness, rigidities
- Full transparency of public spending, as "open data" on the web  • Crowdsourced spending review

Old good solution



Customer ownership of the local loop. A solution to the problem of interconnection

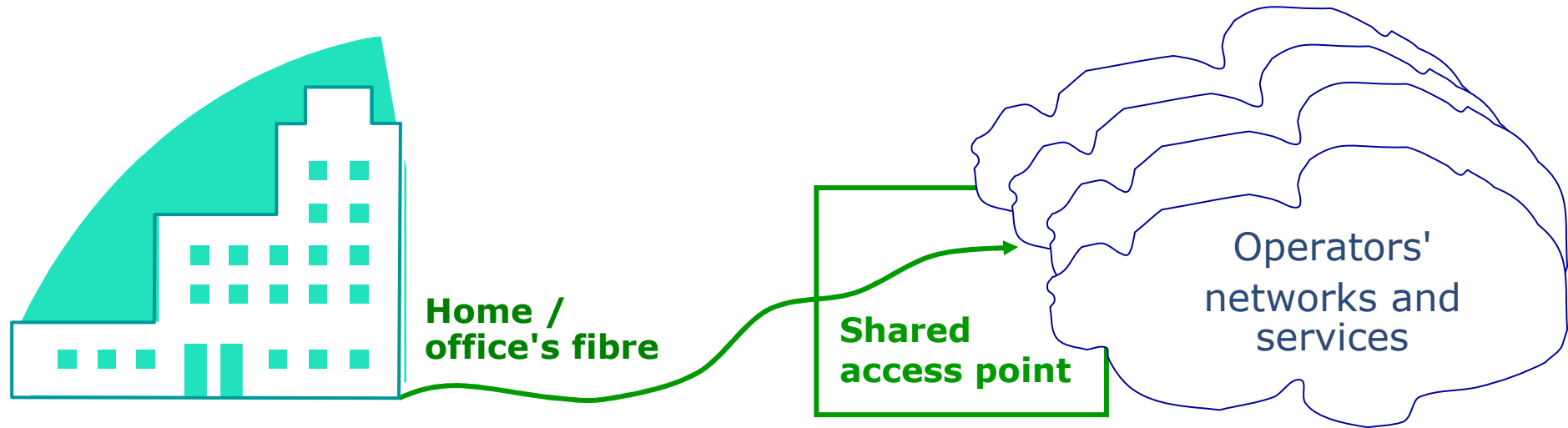
P.B. Schechter, University of Colorado

Telecommunications Policy, Volume 20,
Issue 8 , **October 1996**, p.573-584

It could be named also

- "Homes / offices with tail"
- "Citizens' access network"
- "To everybody his/her own fibre"

Homes / offices with tail



The customer chooses the operator he/she prefers and buys the services he/she wants

- **Real, full competition**
- **True customer choice**

All problems are solved

Regulation • The customer will choose the operator

Economics • No issue about return on investment

Strategy • No service to invent before market request

Finance • The money...? *...comes from the local loop fixed fee*

Digital divide • The market failure...? *...is overcome by equalizing costs*

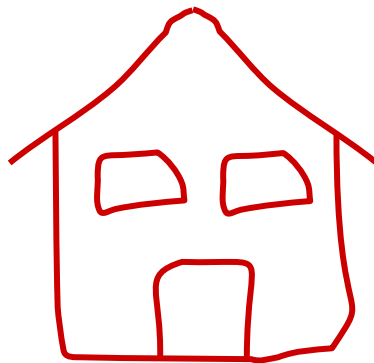
The money comes from the local loop fixed fee, with no cost for the state and no new cost for the citizens

ITALIAN FIGURES

- Families and SMEs: 20m
- Local loop maintenance expenses: 700€m/y
<30€/y per customer
- Local loop fixed fee: 180€/y per customer
- Money free to be used better: 150€/y per customer
- Money available for investment:
(and 5y interests) **15€b**
(150€/y x 5y x 20m)

The money comes from the local loop fixed fee (cont.)

Today we pay the
rent of a **hut**
(**copper**)



Tomorrow we'll pay the
mortgage of an **attic**
(**fibre**)



First time a mortgage
lasts only **5 years...**

Costs are equalized, a simple way to remove the digital divide



The whole-Country investment is performed in a "market-driven" sequence

- The cheapest investments are deployed first
- The full average cost – 600€ cash, or 750€ in 5 years – is paid anyway
- With this simple approach, the financial profile is optimized

A whole-Country transition to customer-owned fibre provides large benefits, otherwise unreachable



- **Quick deployment**
 - No paralyzing vicious circle
 - **No public money** / no new private cost
 - No need for infrastructure competition
 - No need for unbundling regulation
- **Whole-Country coverage**
 - **Eradication of digital divide**
 - **Full copper switch-off**
- Possibility of conveying the TV signal on fibre
 - **Release of TV spectrum**
 - Freeing of roofs from antennas
- Possibility of **universal diffusion of wireless access**

Contents



- Situation
- Opportunity
- **Organization**

Organizing for - the private side



The **citizens** of the same block, town, or province should move together from copper to fibre, and then freely choose individually how to use it

- Somebody will just use phone, paying for maintenance only, and **no longer for the local loop fixed fee**, from year 6
- Somebody else, spending little more, will hook also the television to the fibre, thereby eliminating antennas from roofs
- Other people, investing just 150€*, will have all the bandwidth offered by the chosen operator

- * Cost of a user-side card with 3 channels:
- 2.4Gb/s downlink
 - About 700Mb/s uplink
 - Almost 900MHz TV

Politics / public administration should take an "organizing" role

- **Explaining the opportunity to the citizens**
- **Approving laws** which
 - Move ducts from "in-concession-to-someone" to "in-concession-to-everybody"
 - Make access points truly shared
 - Debottleneck bureaucracy / simplify action
- Coordinating excavations
- **Equalizing costs to the average**, in favor of the poorer areas of the country
- "Ask" citizens to allow public access to their home / office wi-fi's

Honoring rights



No private interest / lobby should impair the citizens' right to hold the power to communicate

- "Barriers to entry" (lump taxes) should be removed
- If the whole-Country endeavor does not take place, the individual rights of local consortia / initiatives should be acknowledged anyway



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**Politics' job is not to
do what's possible**

**It's to make possible
what deserves it**

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Assoprovider is an association of independent Italian operators in the sector of Internet services and connectivity. Established in July 1999, Assoprovider is affiliated to the national organization Confcommercio and represents about 200 companies distributed throughout Italy.

The turnover generated by the companies represented by Assoprovider totals about 70€m, with approximately 1500 highly qualified employees in the field of communication and ICT.

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