

Telekom Slovenije view on digital agenda goals

Briefly about broadband market in Slovenia

- Broadband development: 24,5% pop, 73,2% HH
 - Telekom Slovenije 42,1%, T-2 18,7%, Telemach (cable op) 12,2%, Amis 10,6%
- Share of technologies: xDSL 56,4%. Cable 25,5%, FTTH 16,2% !
- Service share: <2Mbps 20,7%, 2-10Mbps 45,7%, >10Mbps 33,6%
- FTTH share: T-2 56%, Telekom Slovenije 38,4% (81200 sub)
- TV share: cable TV 51,5%, IPTV 41,8%, satellite 4,9%, MMDS 1,7%

What can we learn from Slovenian FTTH story?

On the first sight looks beautiful, but...

- Aggressive competitor FTTH p2p deployment in 2008-9, we followed
- Results in high FTTH penetration
 - Utilisation 30% - parallel infrastructures in cities
- No one has clear business case, suicidal approach, competitor close to bankruptcy
- User not willing to pay premium
- Absence of national strategy has led to parallel network in urban, but none in rural areas
- Just we SMP, from May 2011 FTTH opened (market 4+ducts & market 5)
- WS fibre LLU at TS – 12,6 Eur/month, below actual LRIC cost
- No further deployments, FTTH blockage

Root problem

- The root problem – all physical infrastructure - copper and fiber in the same market 4
Legacy copper LL and future NGA have very few in common
- Too soon for FTTH deployment – no real current need, VDSL good enough
- Symmetrical regulation would prevent future parallel networks – open access for everybody, cost based (LRIC)
- FTTN rather than FTTH – phase approach
- Geographical differentiation is a must
- Most suitable combination of FTTN, HFC & wireless (LTE)

How to encourage high-risk investments in NGA?

- Clear national strategy - stable environment
- No more forcing further passive infrastructure competition
- Where no commercial interest – close cooperation (in passive and active infrastructure (VULA), joint ventures with local communities, public & EU funds, public incentives
- All passive infrastructures opened, incl in-house wiring
- Digital dividend spectrum available ASAP – coverage req rather than licence fee
- Encouraging natural migration from FTTN – FTTH
- USO for BB is not a solution

- **Targets achievable ! (if we sat 5 years ago..)**

Thank you for your attention

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