Andorra's Fibre Revolution

Jaume Salvat, Director General and CEO, Andorra Telecom, talks to InterComms about the company's strategy for the future

Jaume Salvat, CEO of Andorra Telecom.

Andorran, 53 years old, was appointed CEO of Andorra Telecom in April 2006. He is a Telecommunications engineer, with 30 years in the Telecommunications Sector, with a wide experience in different Telecommunication Operators, holding Executive positions in Strategic Planning, Commercial, Network Technology, Engineering, Planning, Deployment, Operation and Maintenance. Co-founder of a Telecommunications and Information Services Consulting Company, based in Barcelona, Spain, very actively involved in projects with Regional Governments, Municipalities and private Telecommunication Operators related to Strategic, Business and Technical and Organisational aspects.

Q: What are Andorra Telecom's broad goals for fibre?

A: We want to connect a 100 percent of homes and businesses with optical fibre in order to provide innovative services. That will cover 52,000 homes. Deployment began in late 2007 with a pilot. The commercial side started in May 2008. Right now we have 67 percent of households connected and we hope to complete the deployment in the first quarter of 2010.

Q: That's good going isn't it?

A: We have to do it quickly because it makes a lot of sense for us. When we started to plan the network, we thought that we should achieve 100 percent coverage and we had to do it quickly. The companies that are working for us already have their resources here, so it was far better to speed up the deployment than drag it out over a long time.

Q: Why make the changes so quickly?

A: The position of Andorra is unusual because all telecommunications services are universal. We are also in a saturated market. Consequently, we have to grow with new services and the most important of these was the introduction of the TV interactive ones. We already had a good copper network that we could use for it. So, we had the choice to move our ADSL to VDSL and, later on move to FTTH, or go straight to fibre. After conducting some research, we found that it was more economic in the long term to take the straight path. Although CAPEX was higher initially, in the medium term, that for us is 5-7 years, it was lower, so we decided to go directly to fibre. It is important to note that because we have such good copper plant, we already have a lot of underground ducts and the deployment of fibre to the home network, on a CAPEX point of view it is really interesting having this infrastructure advantage.

At the same time, we wanted to do it quickly for another important reason; on the copper network, OPEX is high, so we want to reduce our operating expenses. Like many traditional service providers, we have different networks and IT systems and we expect to reduce costs in that area by 30 percent in seven years, which is the time we estimate we will need to move all our subscribers to the fibre to the home network and, at the same time, to consolidate all the backbone technologies.

Our goals were to implement a future proof technology, to grow the services portfolio and to have the right infrastructure in place but taking into account that we should be very careful in doing it because there are quite a lot of costs associated.

Q: What has been the take up of these new services?

A: We are currently focusing on the residential market. Our offer for this segment is two-play at €49 and triple play at €69. Everything is included; telephony line service, 100Mb symmetric internet and TV. We expect that by the end of the year, something like 30 percent of our customers will have moved to the FTTH network. We are very happy about this situation because of new subscribers almost 60 percent are buying a triple play package: telephony, internet access and television.

Q: Can you elaborate further on your strategy?

A: We will not offer new services on copper. Everything new will be on the fibre network only. We are trying to be very competitive. In the residential market we currently have bundled services over ADSL but the price is the same as those over fibre. We are trying to put the best prices and the best service over it. We want to persuade ►

our customers that the fibre network we are deploying is much better than the copper one. For us it is mandatory too, because managing two access networks: copper and fibre is costly, and we want to have real savings in operational costs. That will happen as soon as the migration is completed.

We are deploying fibre to residential and commercial sites at the same time. That means we deploy the essential network capacity. After this when we start commercialization, and there is one customer interested in subscribing to our services, we deploy the network into the entire building in such a way that provision of new customers in the future will be very easy to do. We have been paying a lot of attention to the deployment because we are trying to do it as simply as possible for our customers. When penetration reaches 80 percent of subscribers, we will switch them over to fibre so we can replace all the copper plant.

In Andorra, there are quite a lot of secondary residences to have a complete migration. By the end of next year, special services will be offered to those who visit the country at weekends or for vacation to facilitate the subscription to our network and services.

Because they don't live here permanently, they won't like to pay as much as permanent customers. If people are here on weekends, probably we will try to convince them by a different type of subscription, like a weekend subscription or a personalized subscription; if they stay for a couple of weeks, they want to have services for a couple of weeks and probably not more than that; in this case, we will try to figure out the best way of doing this.

On the business side, things are going to be different because, usually, businesses are buying data and telephony only and they are not interested in television. So, in this case, new services will be based on fibre only, but these services cannot be differentiated on a technical level by higher speed access, which is a commodity for the business sector. We have to figure out a way of providing better services to these companies, not only based on bandwidth but on different levels of redundancy and back up, and exclusive network services to get the business community more interested in services over FTTH than those over copper that we are offering now.

Q: What have been the lessons learned?

A: This type of deployment is very difficult. It is not just technical issues. It is very important to align the entire organisation with the goals of the initiative, otherwise it simply doesn't work. Building the network is just the first step, but you have to rethink yourself as a company because the change will touch every single department. If you want to provide new services, you have to learn what it means to have a service focus and you should align the company accordingly. We had to change lot of things because as a national operator, we never had to seek for customers, they came to us. Now, we must offer new services and be in touch with our customer. We also have to be ready to provision them at their home as quickly as possible. Having the right IT systems in place is a crucial step to rolling out the programme.

Building the network is not actually the difficult part. When fibre goes to a customer, the customer expects you to provide all services in a very short period of time. In our case, we are a small company, so we need to get partners that can have the job done. It is impossible to be an expert in every aspect. Deploying into buildings should not be underestimated either; building the network inside the building brings some interesting challenges.

Q: What are the next steps?

A: We are going to concentrate on services from now on, and four-play will come soon – integrating mobile at our offer. We are going to work on innovative interactive services as well, and we want to personalise the services that our customers expect from us. Our customers want to manage their own services and want to be free to use any terminal or any type of connection. We are going to integrate everything on the wireless side. We have a very good cellular coverage in our country, and we are going to offer very high speed mobile shortly. Converging different services is going to be very important for us.

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