



Cable Europe

NEWS RELEASE

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## **Cable's Digital Agenda Investments Challenge the Market**

*New report "Broadband on Demand: Cable's 2020 Vision"  
highlights cable's boost to fulfill Digital Agenda goals*

(Brussels, 29 March) The Digital Agenda's goals for fast broadband coverage are rapidly realized with the help of the cable industry, according to new findings by Solon Management Consultancy. The report, commissioned by Cable Europe, found clear evidence that the cable industry is already covering 50% of EU households with 10Mbps and up to 100Mbps and higher. According to these findings, by 2013, 51% of EU households will be reached by speeds of 30 Mbps. Cable operators have kicked off a speed race throughout the EU with speeds of 100 Mbps or more. The findings also point to new affordability comparisons where cable consumers win out in price per megabit per second compared to incumbent competitors in the European market.

"We met today with Commissioner Kroes to show our contributions to the Digital Agenda – not just talk about them. These findings confirm that cable is punching above its weight. The numbers also show cable's stimulating effect on the market. Where you see cable, you see more innovation and competition from the incumbents too," says Manuel Kohnstamm, President of Cable Europe. "We're looking at a bright digital future as by 2020 at least 27 million European households are expected to subscribe to cable connections over 100Mbps which is a terrific figure if you look at our relative size".

The findings suggest that cable companies across Europe could be delivering ultra high speed fibre-powered cable offerings of 100Mbps or higher to 51 million households by 2020 under a best case scenario, underscoring the sector's contender position in the challenge to help reach Digital Agenda goals laid out by EU decision makers.

"The bottom line is that there is no need for public spending where you see cable's presence. There is an adequate mix of technologies busy at work on the Digital Agenda and we want these findings to remind decision makers that using public funds in cable's European footprint with active competition is a risky use of public funds, but in remote areas there is a good case to make" comments Cable Europe's Managing Director, Caroline Van Weede. "Markets with cable-driven infrastructure competition see broadband penetration rates that are over 30% higher than the markets stuck focusing on service competition."

The Solon report also demonstrates that cable's hybrid fibre coaxial networks are rolling out speeds that keep Europeans at the top of the curve for ultra-fast broadband access while maintaining competitive pricing and affordability. Cable operators have taken a lead role in reducing broadband access costs by opting for more attractive price-value propositions than their DSL peers and, particularly, the incumbent, says Solon. In most markets, cable operators, offer either higher speed levels at the market price or promote speed packages at lower prices. By 2008, the average cable operators' broadband costs per Kbps were only 36% of their 2006 costs, while DSL players only halved their costs.

**\*Notes to editor: Further Solon findings follow**



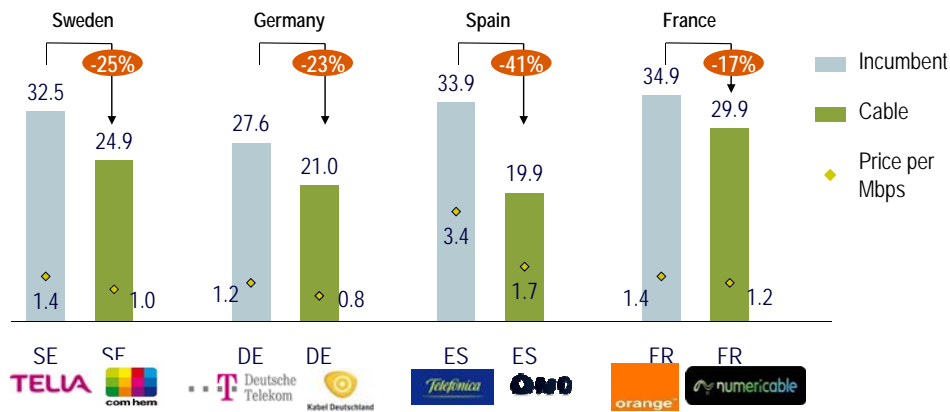
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## AFFORDABILITY

Low broadband costs support uptake

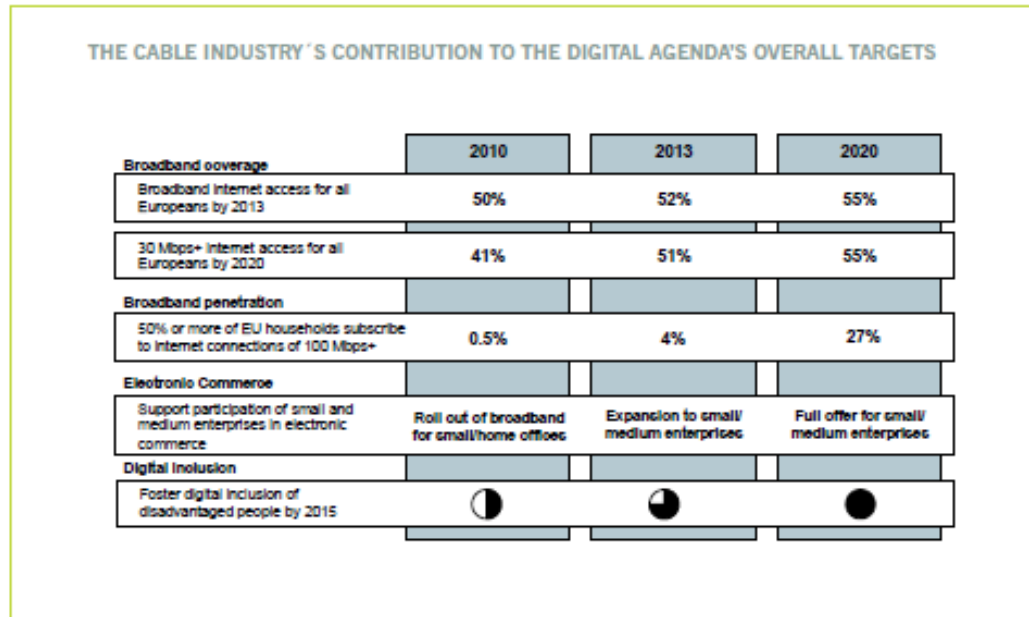
Telephony and broadband double-play offers: cable compared to incumbent's DSL  
Monthly subscription fee and price per Mbps in EUR, price difference in %, 10/2010



# solon

Source: Solon

- Ultra high speed: 100 Mbps and more will be the cable standard
- Cable operators lead the race to ever higher speed levels. Maximum speed levels of 100 Mbps and more are already quite common. With 20-25 Mbps, today`s most widely promoted cable broadband offers surpass the ADSL (6 Mbps) and ADSL2+ (<25 Mbps) speed levels usually offered.
- With the ongoing implementation of DOCSIS 3.0 (D3.0), a telecommunications standard that permits the addition of high-speed data transfer to an existing cable network, cable operators can offer maximum speed levels of up to 400 Mbps; in tests even 1.2-1.4 Gbps were reached.
- Supported by highly attractive high speed, low-price bundles, cable broadband users are spearheading the use of very high internet speeds: 73% of cable subscribers are currently taking packages of 10 Mbps and more, compared to only 29% in the total European broadband subscriber base.
- 50% of European cable broadband subscribers can be expected to take packages with more than 30 Mbps by 2013, 13% even more than 100 Mbps. By 2020 the usage of at least 100 Mbps will be the standard, with close to 70% of cable broadband subscribers using these ultra high speed packages.



### Broadband coverage: cable brings ultra high speed to 50% of EU households

- Today, 50% of households in the European Union (EU) are within the reach of cable broadband networks delivering speed levels between 10 and well over 100 Mbps. The reach of European cable is usually several times greater than the reach of pure fibre deployments. In some markets, cable even matches the wide reach of the incumbent.

- 51% of EU households will be reached with 30 Mbps via cable networks by 2013. By 2020, 55% of EU households will be within the reach of cable broadband networks delivering at least 30 Mbps.
- Cable operators are open to partnerships with public enterprises in order to bring ultra high speed infrastructure to rural areas that are currently underserved.

### Ultra high speed: 100 Mbps and more will be the cable standard

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- Supported by highly attractive high speed, low-price bundles, cable broadband users are spearheading the use of very high internet speeds: 73% of cable subscribers are currently taking packages of 10 Mbps and more, compared to only 29% in the total European broadband subscriber base.
- And this is just the beginning: 50% of European cable broadband subscribers can be expected to take packages with more than 30 Mbps by 2013, 13% even more than 100 Mbps. By 2020 the usage of at least 100 Mbps will be the standard, with close to 70% of cable broadband subscribers using these ultra high speed packages.



### **Broadband penetration: cable operators spur the broadband penetration**

- Markets with cable-driven infrastructure competition achieve broadband penetration rates that are over 30% higher than in markets that focus on service competition. And higher penetration rates are reached much faster: cable-driven markets are usually 2 to 2.5 years ahead of their DSL-only peers.
- By 2020 at least 27m European households are expected to subscribe to 100 Mbps and more – relating to 27% of the ultra high speed EU penetration target. And there is a significant upside if cable operators can successfully activate the currently unconnected cable households within their network reach.

### **Affordability: low cost of cable broadband access supports uptake**

- Over the past few years cable operators have decreased the price of broadband access much more quickly than DSL operators: according to most recent OECD data, the average 2008 cable broadband price was only 36% of the 2005 price, while the average DSL price was only reduced to 46%.
- Cable operators offer their broadband packages at significantly lower prices than the incumbent. Discounts range between 20% and 50%.

### **The cable industry's contribution to the Digital Agenda's overall targets**

- The attractive price-value proposition is spurring the overall uptake of cable broadband and it also supports an inclusive information society, as high broadband access costs are among the biggest barriers to entry for many digitally excluded socio-economic groups.

### **Electronic Commerce: cable supports entrepreneurship**

- Reliable and secure broadband access is a prerequisite for the successful participation of small and medium enterprises (SMEs) in electronic commerce and electronic collaboration.
- Cable operators across Europe are leveraging their upgraded high speed networks to offer attractively priced business packages, especially for the currently underserved SME market. Cable operators, therefore, contribute to the "eCommunication Directives" target of increasing the share of SMEs actively participating in electronic commerce.

### **Digital Inclusion: cable operators take social responsibility**

- Cable operators across Europe work intensely on supporting digital inclusion.
- European cable operators support a range of programmes that facilitate the regular use of the internet, increase digital literacy and create opportunities by qualifying citizens to use digital products and services safely and effectively.

European and national policy-makers should support the cable industry in reshaping the broadband market and bringing very high speed broadband to both households and enterprises. Six policy areas are especially important for the future development of the European cable industry.

### **Supporting cable as a leading Next Generation Access (NGA) network**

- Create a regulatory regime that spurs investment in NGAs and provides infrastructure-based competition with a chance to work.
- Develop an NGA policy that continues to encourage investment and innovation. Specific access regulation has the potential to jeopardise cable investment.
- Treat cable and fibre equally when it comes to public support.

### **Continued support of infrastructure-based competition**



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- Cost of regulated access should not discourage investment into new NGA infrastructures.
- Higher termination fees into NGAs can create incentives for further rollout.
- Introduce open access models only when there is a lack of infrastructure competition between various platforms, be it fixed, cable or mobile.

## **State aid: careful use of public funds**

- Public support should be technologically neutral and support all NGA technologies with the same dedication.
- Public support must concentrate on developing networks in those areas that, due to market failures, are characterised by a persistent lack of commercial initiatives.
- Transparent and technologically neutral proceedings are critical in the case of public support. State aid must be proportionate to the market failure that it intends to correct.

## **Moving towards a balanced net neutrality approach**

- The EC recognises the important role of legal and transparent traffic management practices designed to guarantee a positive online experience.
- It is important to apply appropriate sanctions to those who break the rules. The new “Telecom Package” and competition rules provide excellent tools for tackling individual companies that behave anticompetitively.

## **Supporting cable in its role as key contender to telecom incumbents**

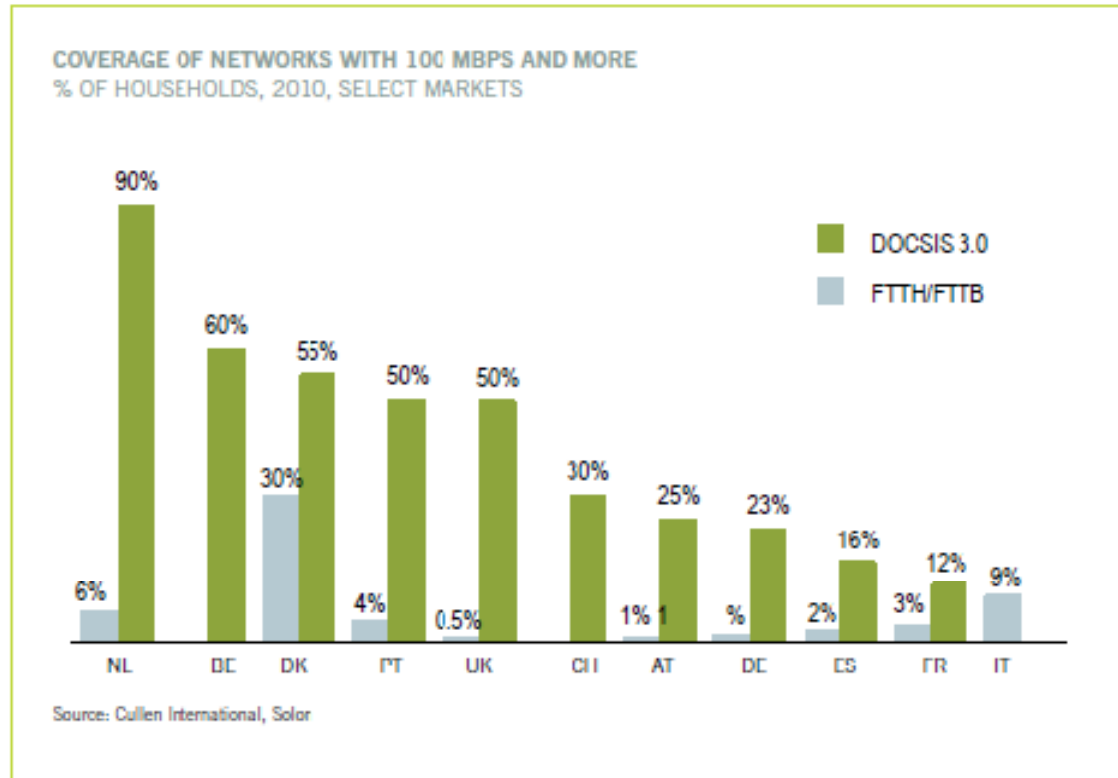
- Cable operators remain sub-scale in terms of financial resources, purchasing power and marketing reach compared to their main competitors, the incumbents.
- Consolidation on a national level should be generally supported as a means of sustaining cable’s contender role in infrastructure competition.

## **Data protection: trust as fuel for the Digital Agenda**

- Being trusted by consumers is paramount to businesses (such as cable operators) that mainly target the consumer with their broadband offers. Companies must, therefore, ensure that consumers’ privacy and data are adequately protected.
- Sanctions serve as decent deterrents to the abuse of personal data. Wherever rules are broken, clear and simple sanctions should provide remedies for consumers.



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At the beginning of the new century many telecom incumbents deliberately decided that they would not invest in fibre and concentrated their resources on buying expensive frequencies and rolling out their mobile networks instead. Consequently, the rollout of fibre is likely to remain limited and concentrated on populated urban areas. To close the urban-rural gap, state subsidies or public-private projects are essential.



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**About Cable Europe**

Cable Europe is a trade association that groups all leading broadband cable TV operators and their national associations throughout Europe. The aim of Cable Europe is to promote and defend the industry's policies and business interests at European and international levels, and to foster cooperation among its members. The European cable TV industry services more than 94 million broadband, TV and telephony subscriptions throughout the EU 27 (around 70 million households).

[www.cable-europe.eu](http://www.cable-europe.eu)

**About Solon Management Consulting GmbH & Co. KG**

Solon is the leading consultancy for the European Cable TV industry. Services range from the development and implementation of corporate strategies to M&A transaction support. Clients include Cable operators, telecommunication and media companies, as well as banks and private equity funds.

[www.solonstrategy.com](http://www.solonstrategy.com)

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