

**ECTA-Conference**  
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# **The multi-fiber approach – a private investor's perspective**

**Sunrise**

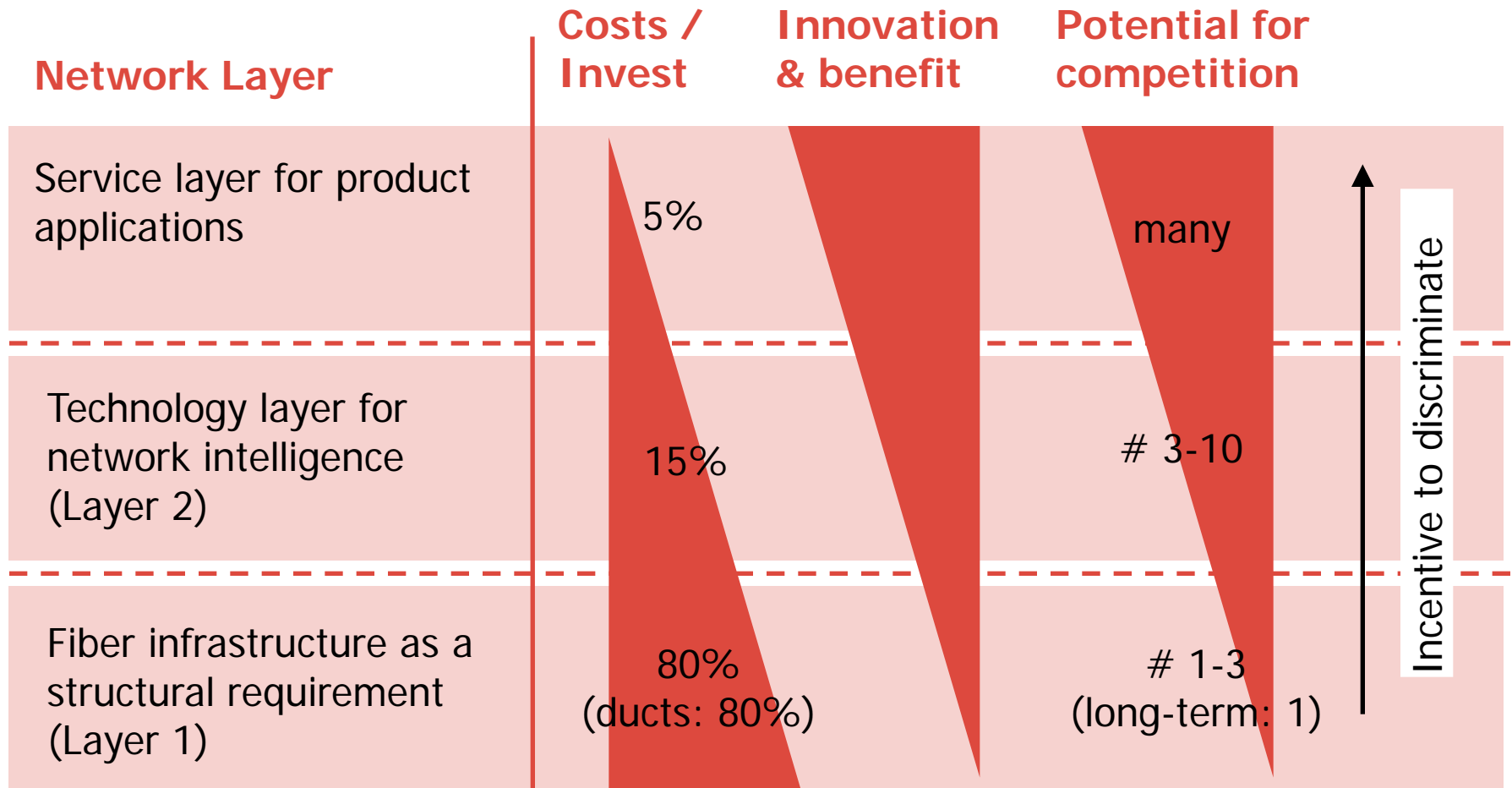
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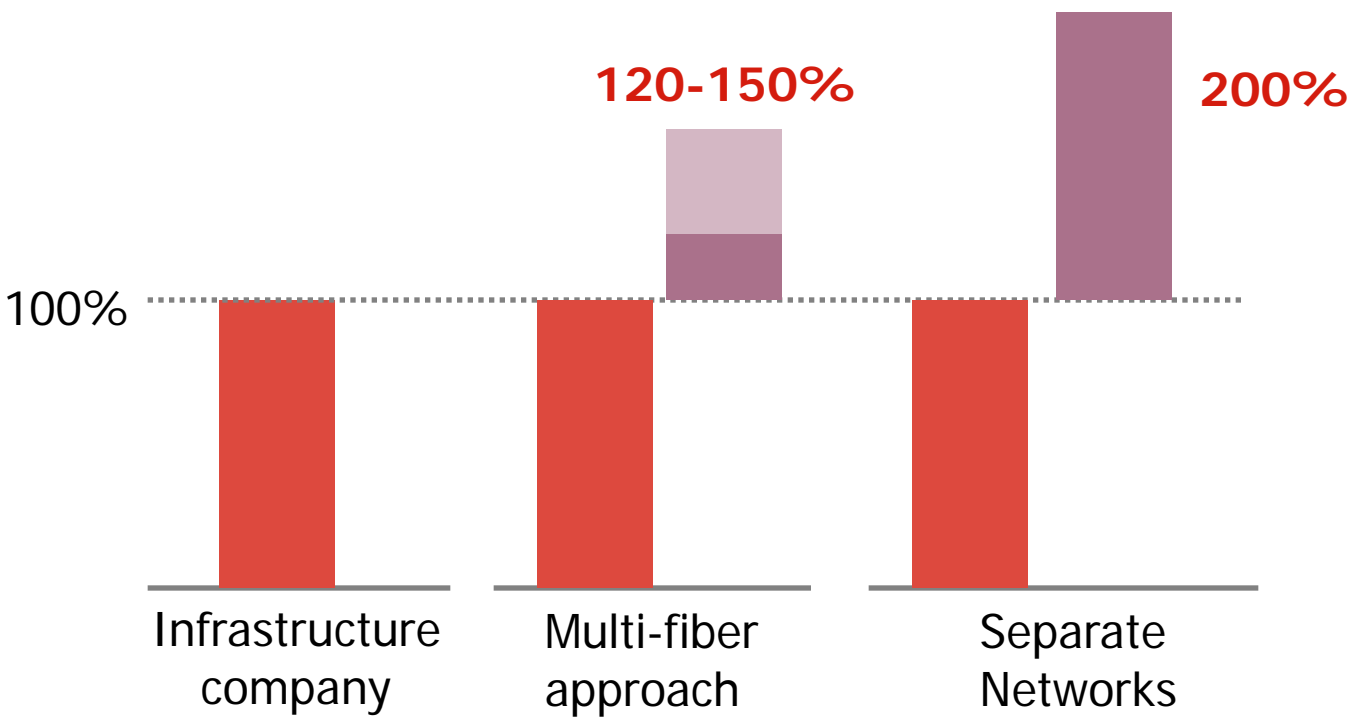
# Sunrise Communications – who we are and what we want

- **No 2** in Swiss telecom market and the **largest private provider** (the incumbent is still owned by the state)
- The only Swiss **full service provider** besides the incumbent
- Sunrise has its own **extended fiber backbone** and will **reach 80% of all households with LLU** by the end of 2009 (LLU possible since mid 2007)
- To stay attractive for our customers, in future we want to **invest in new fiber technologies and service applications**
- For that we need **really non discriminatory access to fiber**

# Characteristics of fiber networks



# Macroeconomics: the greater the duplication of infrastructure the higher the costs and inefficiency



**Relevance:** Price level, digital divide, waste of resources, missing finances for rural areas and risks for investment

## Microeconomics: high fixed costs and significant economies of scale lead to a natural monopoly

Players	Swisscom	Sunrise	Other provider	Utility companies	Cable Operators
Construction of multi-fiber	+++	-	--	++	(+)
Costs per fiber line	€ 1'200	(> € 1'200)	(> € 1'200)	€ 1'200	?
Actual market share for BB-services	75%	20%	5%	0	(30%)
Expected market share for fiber-infrastructure	75-100%	(20%)	(5%)	0-25%	(30%)
Turnover per line* (assumed price 3-Play: € 60)	<b>€ 45-60</b>	(< € 12)	(< € 3)	<b>€ 0-15</b>	?
Time until infrastructure is financed**	<b>20-27 months</b>			<b>80-∞ months</b>	

\* Simplification: every connected customer has a triple play

\*\* Simplification: the whole turnover is used to finance the infrastructure

# Requirements for multi-fiber models

- **Cost Optimization during construction phase**
  - Minimize macroeconomic damage
  - Avoid excessive price level that excludes potential customers
- **Enable scalable investments in fiber technologies and service platforms**
  - Break the vertical integrated value chain
  - Accounting separation to prevent discrimination
- **Unbundling regulation with equivalent access**
  - Access to layer 1 comparable to copper unbundling (prevent stranded investments)
  - No prohibitive market entry barriers (rent instead of buying)



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