

A “100 Megabit Nation” by 2015

FTTH Council asks Congress to legislate goal and strategy this year

Underscoring the importance of higher bandwidth to America's future competitiveness, and deeply concerned by the lack of progress on a national telecommunications bill, the Fiber-to-the-Home (FTTH) Council has called on Congress and the President to adopt a “100 Megabit Nation” policy by the end of this year. The initiative is aimed at ensuring that a majority of American households have broadband connectivity available by 2010 and that next-generation symmetrical 100 Mbps broadband connections be universally available by 2015.

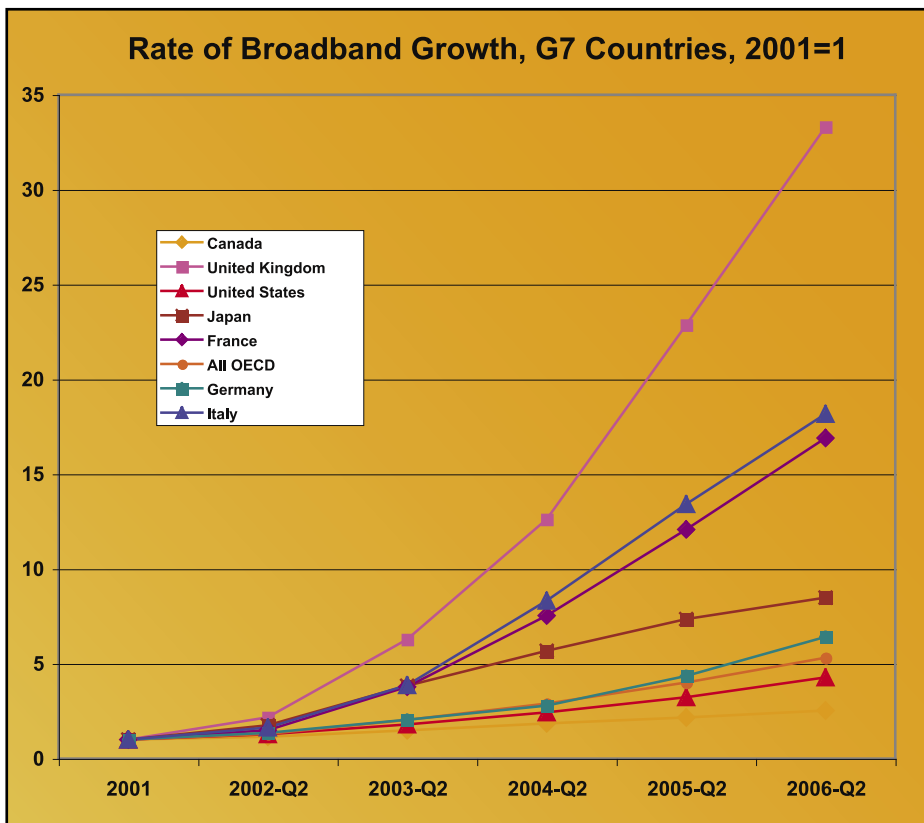
The FTTH Council noted that while the technology exists today to provide this level of bandwidth, the broadband services currently available to the overwhelming majority of Americans do not exceed 5 Mbps.

Only FTTH technology could provide the bandwidth the Council described as necessary.

Both private and public sector initiatives are called for in the Council's proposed initiative. “When it comes to broadband, America has the need for speed, the need to compete and the technology at-hand to make it all happen,” said FTTH Council president Joe Savage.

“If we are to preserve our global leadership in the information age, we must look beyond our current broadband capabilities and begin moving now toward next-generation networks with vastly superior capabilities than are widely available today. We can start doing that now by establishing a national broadband strategy.”

Savage noted that recent investments by large network operators have shown



The US and Canada lag all other G7 nations in broadband penetration rate growth, according to OECD data analyzed by Broadband Properties Magazine.

that 100 Mbps by 2015 is achievable and that such speeds are very much needed. With consumers accessing increasing amounts of video from Internet sites, the U.S. is facing a deluge of bandwidth-consuming applications.

“Telephone and cable providers are deploying deep-fiber networks delivering far more bandwidth than before – often multi-megabits in both directions. And forward-looking phone companies, municipalities and new home developers are deploying next-generation networks,” he said.

“But at the present rate of buildout it's not going to be enough to keep up with America's growing demand for higher bandwidth applications such as teleconferencing, telemedicine, video sharing and a whole range of information and entertainment services that will be developed over the next few years.”

“A 100 Megabit Nation may seem like a luxury today,” Savage continued. “But it won't be long before it will be an absolute necessity. We've got to work now to bring down the barriers that are

hindering access to higher bandwidth.”

International competitiveness is a key factor of consideration, according to the FTTH Council. “Other nations are deploying lightning-fast broadband networks that have the potential to leave America’s available systems in the dust if we don’t upgrade quickly,” said Leonard Ray, Chairman of the Council’s Government Relations Committee.

“In Japan, Korea, and a number of European countries, fiber-to-the-home networks and 100 megabit connections are increasingly common. America must accelerate its broadband connectivity.”

A variety of corporate leaders have also called for faster networks. In January, during his keynote address at the Consumer Electronics Show in Las Vegas, Dell Computer CEO Michael Dell noted the need for more high-speed fiber in the U.S. network (see related coverage of his speech in this issue).

Policy Issues

Along with its call for a “100 Megabit Nation,” the FTTH Council suggested a number of policy proposals to help reach this objective, including continued video franchise reform, an end to restrictions on municipal broadband, financial incentives, the re-authorization of the Rural Utilities Service broadband loan program, and congressional oversight on video content access concerns.

The FTTH Council also encouraged policymakers to hear from a wide range of stakeholders in order to incorporate an effective broadband strategy. The Council’s policy statement noted that President Bush in 2004 announced a goal for the United States to have universal, affordable access for broadband technology by 2007.

The Council also focused on what it called a “demonstrable need for next-generation broadband networks to transmit video and other high-speed services,

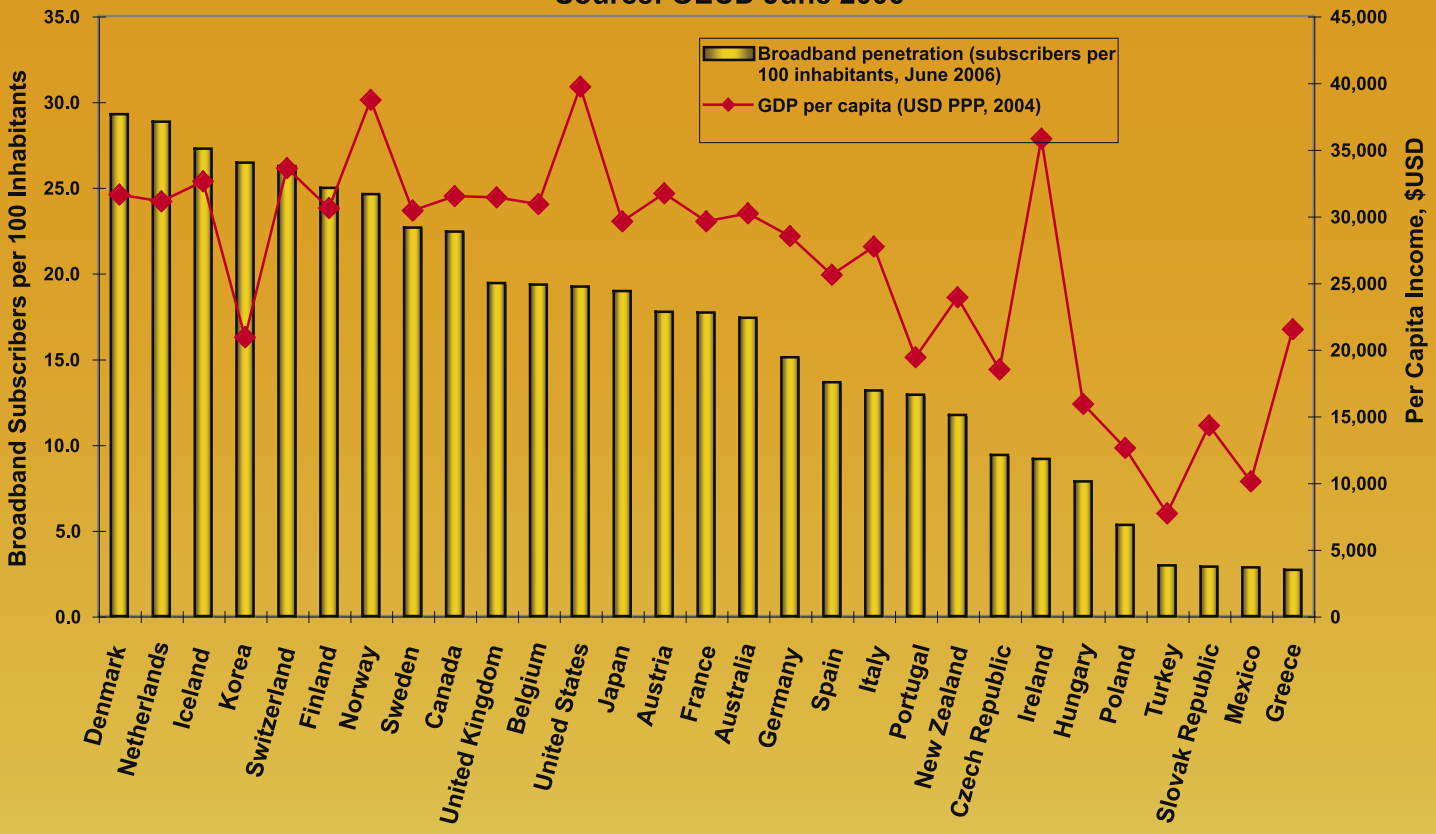
applications, and content to and from America’s citizens.”

Because these networks provide the foundation for an entirely new generation of services and products where they are built, the Council said, economic growth and jobs are certain to follow. But, at the current pace of deployment, all Americans will not have globally competitive access for decades.

The Council’s detailed policy statement called upon the President and the Congress to adopt a national policy objective and provide a timetable for universal and affordable access to next-generation broadband networks. The Council proposed a goal of providing affordable access to next-generation broadband networks to a majority of Americans by 2010 with universal access by 2015. To ensure that consumers can both receive and transmit video and other high-speed services, applications, and content, these networks should have

Broadband Penetration Vs Per Capita GDP

Source: OECD June 2006



Per-Capita GDP generally declines as broadband penetration declines; resource-rich US and Norway defy the trend, but the historic US advantage in natural resources has been falling. Korea uses bandwidth as prime way to increase GDP. US is 12th among OECD nations in broadband penetration.

transmission speeds in excess of 100 Mbps and symmetrical access capabilities.

Although the Council asked for incentives for deployment of next-generation broadband networks on a technology-neutral basis by any provider, this magazine es-

timates that current and foreseeable deployment plans will pass roughly 30 million US homes with fiber by 2015, and that only fiber to the home will produce the necessary bandwidth in both upstream and downstream directions. Japan will pass 30 million

households with FTTH by 2010.

The Council policy paper also envisions the private sector taking “the lead in deploying networks, with municipalities and other public-sector entities deploying where necessary.” **BBP**

FTTH Council Proposal: Details

As part of the national strategy, the Fiber-to-the-Home Council urged adoption of the following specific policy proposals, and encouraged Congress to hear from all stakeholders to achieve a consensus on the policy measures required for this critical and ambitious national policy objective.

Financial Incentives: Enact legislation providing tax incentives for next-generation broadband deployment. The Congress in 1986 passed legislation providing tax incentives for the accelerated deployment of next-generation communications infrastructure. Consequently, the country’s long distance networks were rapidly upgraded. Providing similar incentives for the deployment of next-generation broadband networks would have a similar effect today – allowing the US to close the gap with global competitors.

Municipal Broadband: Enact legislation enabling municipal deployment of next-generation broadband networks. At the moment, states have enacted a variety of prohibitions that prevent municipalities from deploying telecommunications networks.

Because the United States needs to employ all its resources to reach its next-generation broadband goal, it should encourage municipalities to participate by enacting legislation blocking states from enacting laws or regulations that prohibit municipal deployments of next-generation broadband networks.

Rural America: Reauthorize the Rural Utility Service Loan Guarantee Program for next-generation broadband networks and allow the Universal Service Fund to be used for next-generation broadband network deployment. Because of their lower population densities, rural areas will need special attention to ensure those citizens receive access to next-generation broadband networks.

For the past several years, the RUS has administered a program providing loan guarantees for the deployment of broadband networks. This program should be reauthorized and additional incentives should be provided to foster the deployment of next-generation broadband networks in ru-

ral areas. In addition, up to \$500 million of funds in the Universal Service Fund should be used annually for the same purpose.

Program Access: Encourage the FCC to review and complete action on program access issues. The FCC needs to act this year to extend the prohibition against exclusive access to satellite-delivered video programming. In addition, the Commission should immediately begin an inquiry to other anticompetitive program practices and either act to resolve these on its own or make recommendations to the Congress.

Accelerate Entry: Encourage states to enact legislation streamlining the video franchising process for all providers. In a little over one year, nine states have recognized that the existing video franchising process acts as an impediment to broadband deployment and video competition and have enacted legislation streamlining the video franchising process. Already, we are seeing disproportionate network investments and deployments in these states. Other states should follow the example of these states and streamline the process for all providers of next-generation broadband networks.

New Home Developments: Encourage local governments to adopt development and building codes requiring the deployment and installation of next-generation broadband network infrastructure. New communities are constantly being developed, and houses built and renovated. These events provide an opportunity for local governments to accelerate the deployment of next-generation broadband networks by adopting new development and building requirements that ensure these homeowners can connect at 21st Century access speeds.

Improve FCC Reporting: Require the FCC to issue annual reports on next-generation broadband network deployments. To track progress toward the national policy objective, the FCC should collect data on deployments and issue a report annually. This report also should include the Commission’s recommendations on additional policies that would accelerate the deployment of next-generation broadband networks.