

# CABLENET

OCECPR STAKEHOLDER MEETING

Nicolas Shiacolas

CEO

# CABLENET

- Cablenet is the cable operator of Cyprus
- We own a NGN Hybrid Fibre Coaxial network
- Cover 174K homes – about 56% of the market
- Our network covers urban Nicosia, Limassol and Larnaca
- Use DOCSIS 3.0 – can offer speeds up to 400 Mbits
- Offer the highest retail broadband speed @ 120 Mbits
- Over 20% market share of broadband market

# CABLENET

## FUTURE NETWORK ROLLOUT PLANS

Over next 5 years

- Extend our network coverage to 220K homes
  - 70% of market
- Cover sub-urban areas of Nicosia, Limassol and Larnaca
- Cover urban and sub-urban Paphos and Paralimni
- Upgrade to DOCSIS 3.1 – up to 1 Gbit connections

# CYPRUS EU BROADBAND STATISTICS

Cyprus has traditionally had a bad reputation for slow and expensive broadband

What do the numbers say?

- Cyprus is no. 1 in terms of broadband coverage in Europe
- Very high penetration of NGN networks – 84% (12<sup>th</sup> in EU)
- Very low penetration of very fast connections – 3% (26<sup>th</sup> in EU)
- Cost of LLU is exactly on par with EU average
- Last place for price of fast BB connections – 2.8% of income

# CYPRUS EU BROADBAND STATISTICS

So where is the problem?

- The answer is **cost of international capacity**
- This is what is preventing Cablenet from lowering the price of our high speed broadband packages **today**
- International capacity accounts for a large portion of cost of very high speed BB connections
  - **70%** in our 120 Mbit package
- International capacity is the only variable element
- Price of local network is more or less fixed per connection

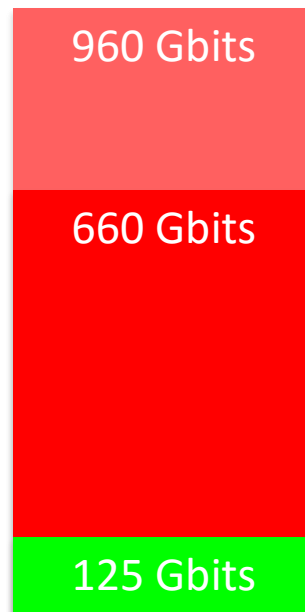
# EU DIGITAL AGENDA DIRECTIVE

Adopted by Cyprus as National Targets  
for Digital Strategy by 2020

- 100% of homes to have access to 30Mbps – will be achieved
- 50% of BB connections to be over 100Mbps – much harder!

# INTERNATIONAL CAPACITY

We estimate that there are about 125 Gbits in use for fixed line Internet in Cyprus today



We estimate that by 2020 Cyprus will need between 660 Gbits to 960 Gbits to satisfy demand in order to meet DA targets

# INTERNATIONAL CAPACITY

How do we arrive at this number?

- We estimate there will be 275K connections by 2020
  - 250K today
- Average connection speed will be 60 Mbits
  - Average of 50% at 100 Mbits and 50% at or around 30 Mbits
- Contention ratio will be at best 1:25
  - Today contention ratio on our international network is 1:40

$$275,000 \times 60 \div 25 = 660,000 \text{ Mbits or } \mathbf{660 \text{ Gbits}}$$



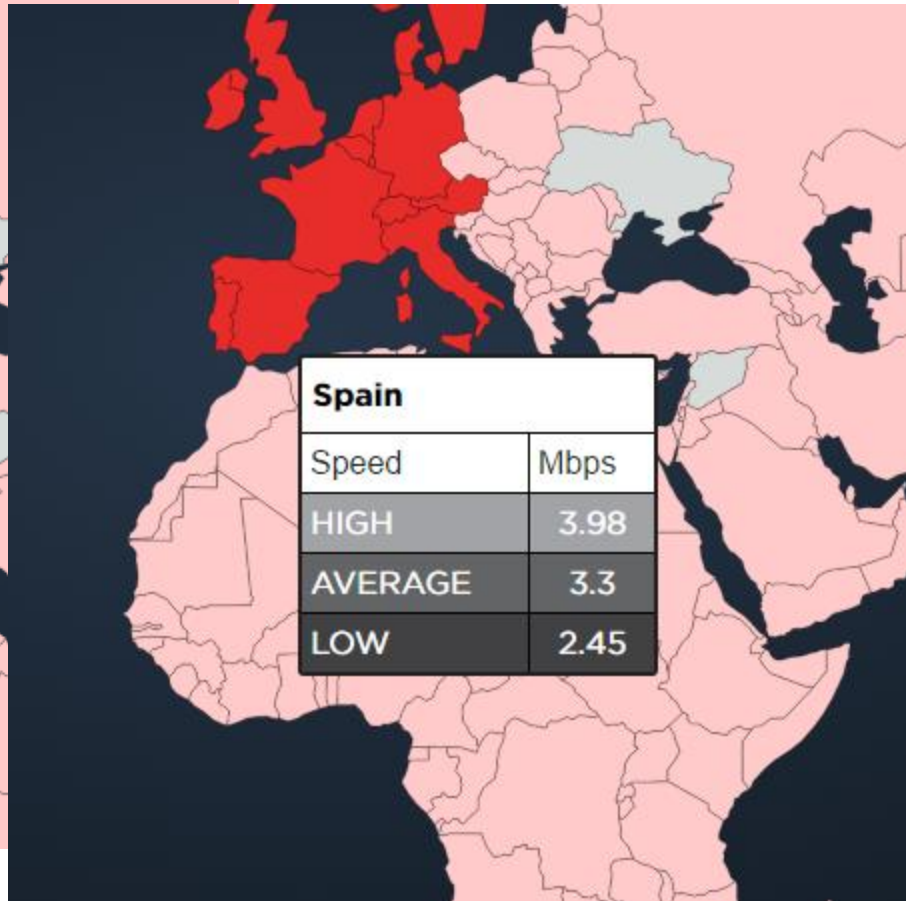
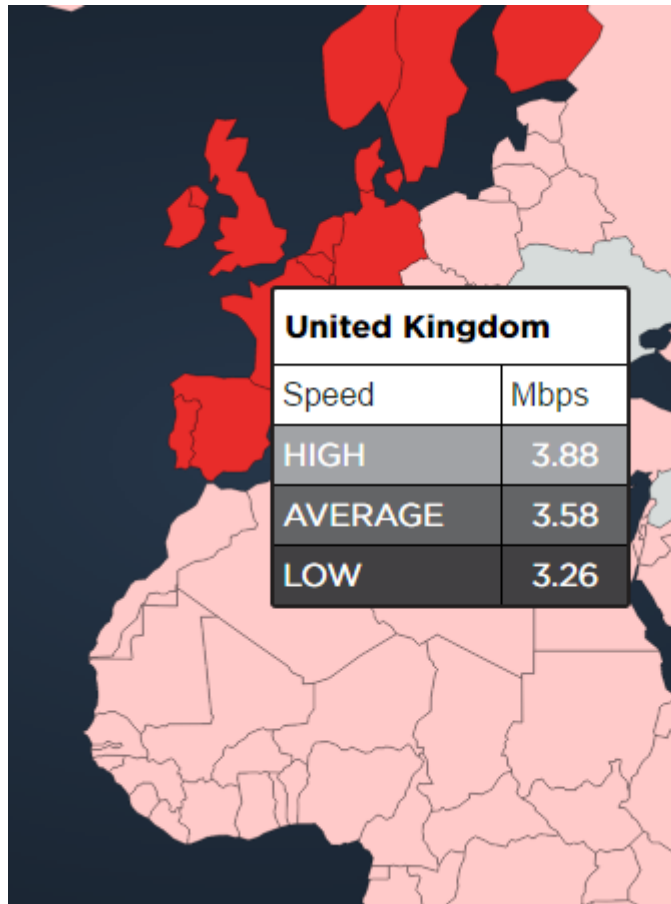
# INTERNATIONAL CAPACITY

But what is driving this growth?

- The answer is **video – OTT services – Netflix/Hulu/Amazon**
- Netflix average stream speed in Europe today is 3.5 Mbits
  - You can find details on [ispspeedindex.netflix.com](http://ispspeedindex.netflix.com)

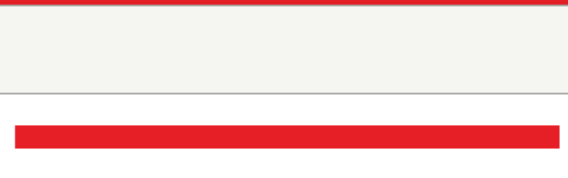


















# INTERNATIONAL CAPACITY

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# INTERNATIONAL CAPACITY

## ISP LEADERBOARD - FEBRUARY 2016

RANK	ISP	SPEED Mbps		PREVIOUS Mbps	RANK CHANGE	TYPE				
						Fiber	Cable	DSL	Satellite	Wireless
1	Virgin	3.88		4.03						
2	BT	3.74		3.87						
3	Plusnet	3.42		3.56						
4	TalkTalk	3.38		3.46						
5	Sky	3.30		3.43						
6	EE	3.26		3.38						



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- Netflix average stream speed in Europe today is 3.5 Mbits
  - You can find details on [ispspeedindex.netflix.com](http://ispspeedindex.netflix.com)
- Allowing for just one Netflix stream per connection

$275,000 \times 3.5 = 962,500$  Mbits or **962.5 Gbits**

# INTERNATIONAL CAPACITY

How much is this going to cost us?

- If nothing changes, we estimate that this will cost the industry over next 5 years
  - €84 million for 660 Gbits
  - €131 million for 960 Gbits

BUT... WE ESTIMATE THAT

- If price of international capacity does not decrease by a factor of 10 over next 5 years Cyprus will not meet 2<sup>nd</sup> DA target

# INTERNATIONAL CAPACITY

What should be done about it?

- The market for international capacity should be regulated
  - Cost of international capacity for Cyprus is 7 times more expensive than other comparable connections in immediate area
- The government should use EU infrastructure funds to connect more international cables in Cyprus
  - Build **open-access** landing station open to all providers
  - Increase supply and lower prices
  - Improve resilience for Cyprus
  - Vital for establishing Cyprus as network hub

# CABLENET

Thank you

Nicolas Shiacolas

CEO