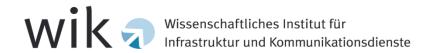
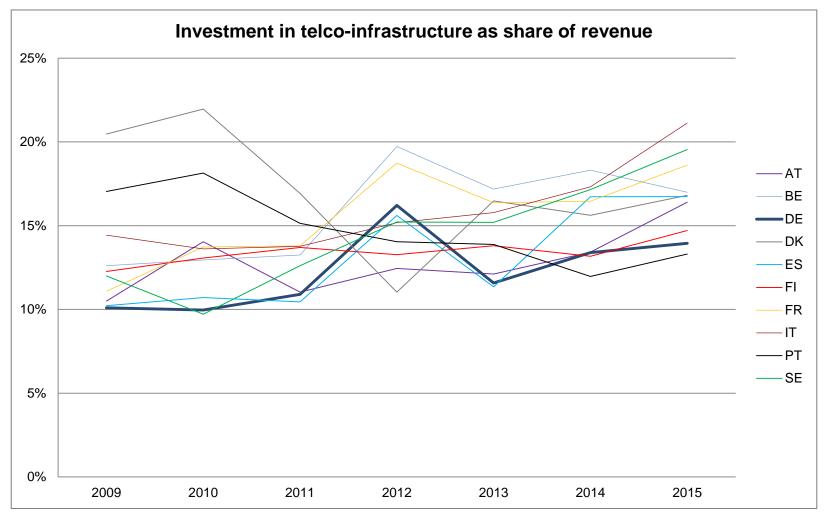
### Investment, Investment – Investment 4.0 – Di<sup>2</sup>

The Di<sup>2</sup> SUMMIT 12 March 2018 Frankfurt Dr. Iris Henseler-Unger General Manager WIK GmbH



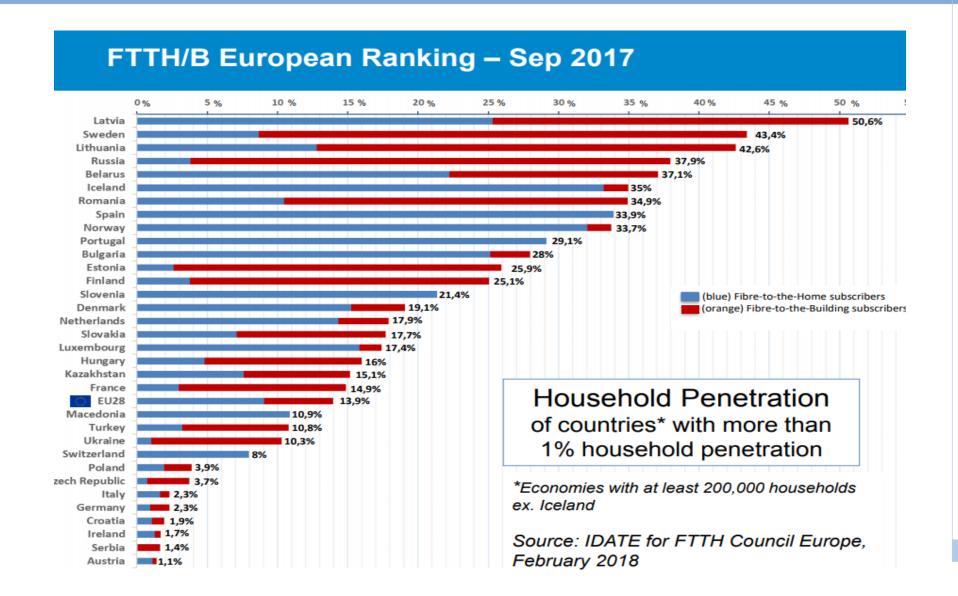
### Status quo





### Wissenschaftliches Institut für Infrastruktur und Kommunikationschiens

### **Potential Demand**

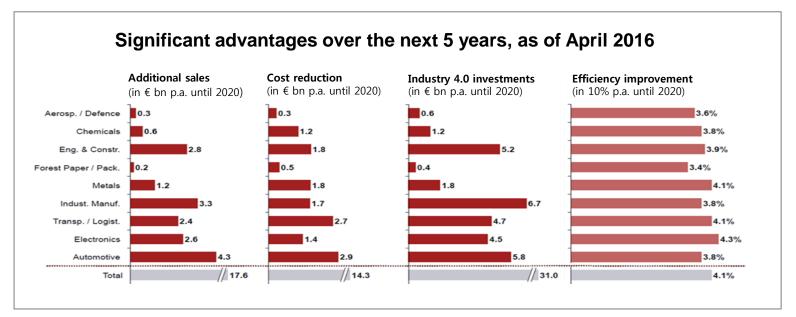


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### **Potential Demand**

### Economic implications of IoT

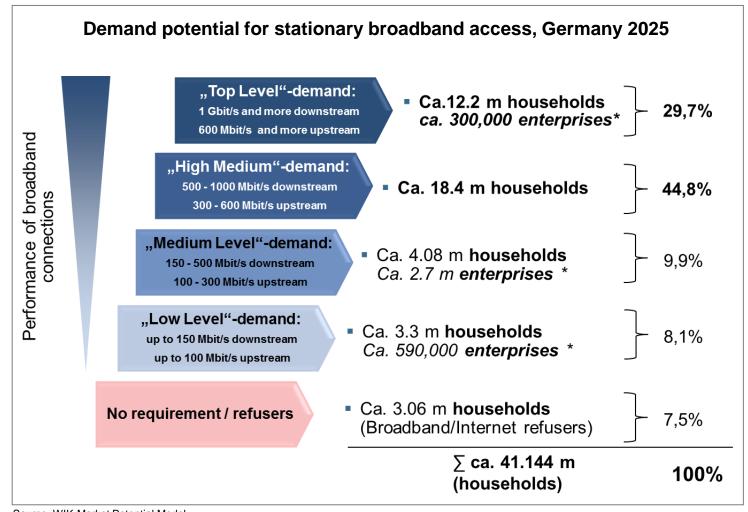
- Roland Berger: Until 2025 additional annual value added of 250 bn. € in Europe
- Cisco: Additional annual German growth of 2% in the next 10 years
- PwC: Investment plans of annually 31 bn. € for the next 5 years



Source: In accordance with PwC (2016).

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### **Potential Demand**

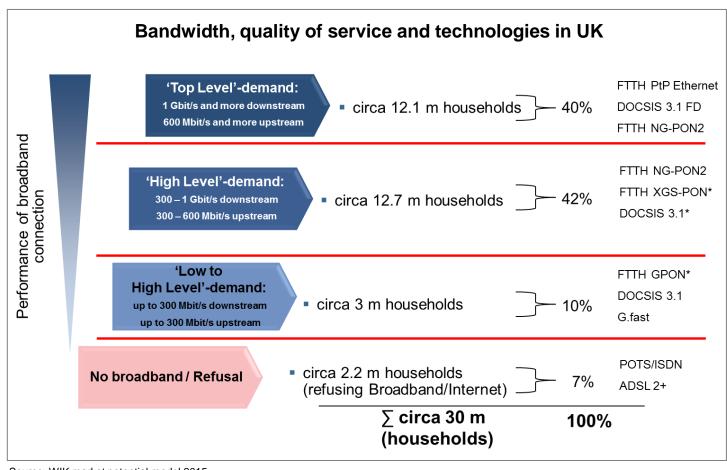


Source: WIK-Market Potential Model.

<sup>\*</sup> Demand estimates for business have not been updated, but have been integrated into the results of household updates without new calculations.

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### **Potential Demand**



Source: WIK market potential model 2015.

<sup>\*</sup> Capacity strongly depends on sharing/splitting factor and user behavior during busy hour.

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### **Potential Demand**

Representative survey of Swedish consumers conducted between 29 September 2017 and 2 October 2017

- FTTH users do more online:
  - On average FTTH users are 11% more active online
  - > +7% information
  - +15% entertainment
  - +15% social interaction
  - +10% local services
- FTTH users are more satisfied with their choice of infrastructure:
  - > 83% of FTTH users
  - but only 52% of DSL and 72% of cable users

### FTTH-deployment as a focus of politics:

- Boon or bane?
- Blessing or curse?

### Answer:

Yes and no!



### Sweden:

- Early political commitment to fibre in 2000
- Societal strategy

### Switzerland:

Organised compromise by NRA for fibre deployment model

### Australia:

- High flying government plans
- Intervention (structural separation) to realise a national broadband plan
- Failure



### German strategy:

- Late committment to fibre in the coalition agreement of 2018
  - Subsidies via a gigabit investment fund up to 12 bn € till 2021

### Caveat:

- Spending tax payers money
- Crowding out of private investment
- Risks to investors, as framework can change
- State driven technology mix as starting point (VDSL instead of fibre)
- Driving deployment cost inflation for subsidised and private investment



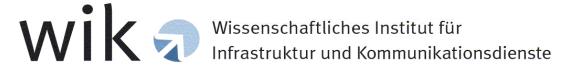




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### **Conclusions**

- Growing demand for very high capacity networks creates business chances
- State intervention no king's road to fibre
- Rural areas stay problematic
- Looking for an attractive environment for private investment:
  - Simple, understandable business cases (wholesale-only?)
  - Calculable risks (e.g. committment by regulators?)
  - Stable conditions over the entire term (open access?)
  - Pragmatic solutions (co-investment, cooperations without discrimination?)



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