Open Services Exchange Model

“fiber to all”

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Challenges for traditional Telecom Operators
„Big Data” – great for Society, a Threat for Incumbents

New revenues opportunity is a key driver to deploy new service model
Broadband Penetration

Fixed broadband subscription >256 kbit/s

Penetration (% of Households)
Public investments in telecommunications
OECD Council on Broadband Development

- Give open ICT infrastructure
- Contribute to grow and jobs
- Competition
- Reduce the civil works
The Open Services Exchange Model
Complete Ecosystem for the Service Innovation Economy

Passive Infrastructure Provider (PIP) taking advantage of right of way and utility economics.

Active Network

Open Services Exchange Network (OSEN): NGN symmetrical IP infrastructure providing connectivity and quality service delivery.

Open Services Exchange (OSE): Service innovation and governance ecosystem operated by an OSE Operator (OSEO).

eBay-type open economy in which customers can offer and purchase services on equal terms.

VSP - Open Services Market

PTT/ Cable TV

Open Services Exchange
Passive infrastructure

- Lease of fiber optic connection (dark fiber)
- Network open to all players on equal terms
- No technology limitation, high symmetrical bandwidth
- Long term investment - one time digging
Open Services Exchange System
Customer Portal
### User portal

**Maximum choice for customer**

<table>
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<tr>
<th>Leverantör</th>
<th>Månadskostnad</th>
<th>Startkostnad</th>
<th>Bindningstid</th>
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<tr>
<td>Bahnhof</td>
<td>449 kr</td>
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<td>TOP24</td>
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Open Services Exchange Model

Service Innovation

Promoting Internet-based innovation, competition and consumer choice
Follow the dollar example
10/10 Mbps Ethernet access

Customer pay
16 - 23 € incl. VAT
to VSP

VSP pay
15 € excl. VAT
to VE

VE pay
12 € excl. VAT
to Infrastructure provider

City Carrier
Local ISP

Active Network

Passive Infrastructure

Open Services Market

Open Services Exchange Operator

VSP - Open Services Market
Use case
Scandinavian experience of building open fiber networks
Example STOKAB – owned by City of Stockholm

Facts:
- Founded in 1994
- 100% owned by City of Stockholm
- This InfraCorp to build and own all fiber infrastructure
- Strictly neutral on the market - Lease fiber on equal terms and fair price
- 100 employes
- More that 1,200,000 km of fiber
- More than 5,500 km of cable
- Turnover 60 M EUR (2010)
- Profit margin last year was 30%
- 100% re-investment

Mission:
- Give Stockholm an open ICT-infrastructure
- Contribute to grow and jobs
- Reduce civil works

„Public service on commercial terms to create an information society for all.”
Local Gov Benefits of the „open access”

**Connectivity**
- One infrastructure for all
- Lease dark fiber to fair price (fixed price down town/ inner city)
- Create conditions needed for grow:
  - well developed digital infrastructure,
  - open access,
  - operator neutral fiber-optic network
- Promoting Internet-based innovation, competition and consumer choice

**Competition**
- New business opportunity - high competitive infrastructure for industry
- Lower threshold for new company entries, customer will not have high investment costs or costs of operations
- Service deliver time 2-6 weeks
- Customer can focus on core business

**Social benefits**
- Reduce civil work
- Smart City – Intelligent community
- Active purchaser of new public e-services to make live easier for citizens and make public service more efficient
- Build infrastructure once, no need for digging the ground
- New services coverage from day 1 – IP TV, Video conferencing, Security, e-Services
- Strategic partnership behind investments (EU founds)
OSE activities for PS in Poland

- Presentation to Mayor advisor of City of Poznan – January 2011
- Presentation to Mayor advisor of City of Wroclaw – February 2011
- Presentation to Polish Regulator (UKE) – March 2011
- Presentation on Broadband Forum in Warsaw – April 2011
- Presentation on MoI Conference in Lublin - June 2011
OSE activities and benefits for SP

Broadband penetration assumptions

- Rural – achieve 80% coverage in year 14
- Metro Low Density – achieve 80% coverage in year 7
- Metro High Density - achieve 80% coverage in year 8
Transformation Begins with a Vision…

- Enable a national infrastructure empowers citizens, government, and businesses
- Connecting the catalysts of a nation’s growth on a common intelligent information network
Open Services Exchange Operation in ICT Infrastructure
Implementation of OSEO

- Show Case
- OSEO
- CityCarrier
  Regional partners
  Real estate partners
- PPP Investment
  Roll out FTTx