Metrics for the UK altnet sector – autumn 2018

Scale and coverage update

October 2018

1.0

A Point Topic report for INCA

Point Topic Ltd
Innovation Warehouse
1 East Poultry Avenue
London
EC1A 9PT
Tel: +44 (0)20 3301 3303
oliver.johnson@point-topic.com
annelise.berendt@point-topic.com

1. In summary

Premises passed or addressed

• The UK's alternative broadband network operators are estimated to have passed or addressed well over one million homes and businesses with fixed superfast or ultrafast networks at the end September 2018[1]

• Totalling an estimated 1,091,000, the majority, but not all of this coverage, uses ultrafast fibre-to-the-premises or home (FTTP/H) and fibre-to-the-building (FTTB) technology

• This is a nine per cent increase in nine months, based on our end of 2017 estimates

• While more difficult to assess, we believe that altnets operating fixed wireless access (FWA) networks continue to cover an estimated two million premises[2]

• In total the UK's alternative broadband providers are estimated to pass or address 3.1 million premises.

Live connections

• Live connections to superfast and ultrafast fixed networks provided by altnets increased by over 13 per cent in the nine months to end September 2017

• There are 236,000 live connections to these fixed networks, up from 207,500 at the end of 2017

• Point Topic estimates live connections to altnets' FWA infrastructure stand at 105,000, up from 100,500 at the end of 2017

• In total, altnets accounted for an estimated 341,000 live connections, up from 308,000 live connections at the end of 2017.

Forecasts

• Fixed superfast or ultrafast infrastructure supplied by altnets is still expected to reach over 1.92 million premises at the end of 2019 with an estimated 554,700 live connections

• In 2025 these figures are expected to have risen to nearly 14.25 million[3] homes and business passed, with around 4.8 million live connections.

---

[1] Operators' reporting varies in terms of what constitutes 'passed' and 'addressed'; this total therefore includes some differences on the definition of premises passed and addressed.

[2] The fixed wireless access (FWA) market is more difficult to assess due to line of sight issues and fragmented supply in the sector.

[3] This total may include some double counting if and where networks overbuild one another.

2. Introduction

This report provides an updated view of the UK's alternative network operator sector at the end of September 2018. It builds on our previous report published in April 2018 produced in partnership between INCA – the Independent Networks Cooperative Association – and Point Topic.

In this update we have focused on scale and coverage of altnets. Altnet ambitions, financing and concerns covered by April's report have not been revised, but are expected to be updated in Spring 2019 when a full survey of both INCA members and non-members will be conducted.

Once again we cover both fixed and fixed wireless network operators.

Basis for research

In compiling this update, Point Topic has relied heavily on self-reporting by network operators. When numbers are unknown, we have used our own estimates including postcode data if available.

The report also draws on:

- Point Topic's joint working with industry news, analysis and evidence-based reporting provider Thinkbroadband, to determine altnet coverage and user numbers through our ThinkPoint service.
- Point Topic's continuing research programmes, including Broadband Geography and the Ultrafast & Superfast Broadband Report and Directory.

Research aims

By gathering information on coverage in terms of premises passed and premises addressed, live connection numbers, expansion plans and key concerns on an aggregated basis, it is hoped the altnet sector will be better able to demonstrate to policy makers, Ofcom, investors and the media, the role it is playing and advances it is making in bringing superfast and increasingly ultrafast broadband to UK homes and businesses. The aim is to ensure altnets continue to be recognised and supported.

Definitions

- Altnet – we define an alternative network operator as an organisation deploying broadband infrastructure for wholesale and/or retail use, which is not part of either of the UK's incumbent operators BT Group or KCOM in Kingston upon Hull, and that is not Virgin Media as the national cable operator. This includes community groups, not-for-profit organisations, and privately funded companies.
- Technologies – in terms of fixed networks, we cover fibre-based network deployments including fibre-to-the-cabinet (FTTC), fibre-to-the-premises or home (FTTP/H) and fibre-to-the-building (FTTB) with the exception of student and military accommodation. We also cover superfast cable infrastructure (Docsis 3.0). Fixed wireless access (FWA) deployments are included where we have been able to gain information. This report does not cover satellite, 4G, white space or leased line infrastructure.
- Bandwidth – the report covers next-generation broadband infrastructure capable of offering bandwidths of 30Mbps download or above. However, coverage of FWA technology includes sub-superfast bandwidth. The industry now widely refers to 100Mbps download and above as ultrafast. Ultrafast is defined as 100Mbps by the European Commission and the UK

Government. Ofcom however, defines ultrafast as 300Mbps or more – this is also Point Topic's preferred definition.
- Premises passed and addressed – Point Topic defines premises passed as those that can readily order a broadband service. However we recognise there are varying definitions and different terms. Premises addressed tends to be classed as a home or business located within x number of metres of a network.
- Connections – live connections we define as premises which have an active subscription/s to a broadband service. We include both residential and business, wholesale and retail but without double counting of these figures.

Next steps

We plan to update this report on a regular basis in order to follow changes in the market, track advances in coverage and scale, as well as understand new issues and concerns within the altnet community as they arise.

As mentioned above, we will repeat the survey of INCA members and non-members conducted in January to April 2018 in Spring 2019. The previous survey questions can be found at https://www.surveymonkey.co.uk/r/altnetsurveyJan2018.

We rely to a large extent on self-reported statistics to assess the scale of the altnet sector in terms of premises covered, live connections and aspirations. In order to increase the rigorousness of data we will continue to work with INCA and the industry to agree on metrics and outputs, including definitions.

The FWA market in particular requires further research in order to better assess coverage and customer base.

3. Key metrics

The following infographic provides a snapshot of the UK alternative network operator sector at the end of September 2018.

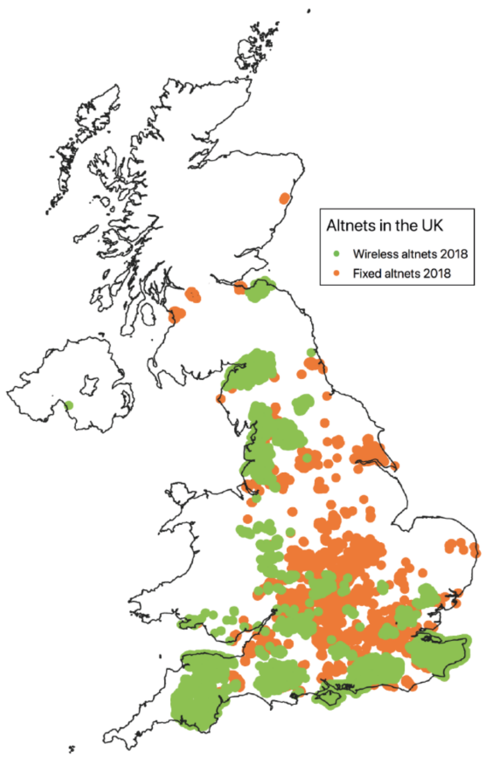
METRICS FOR THE UK ALTNET SECTOR

Estimates by Point Topic Ltd based on INCA survey data and Point Topic's own research

An overview of the UK's alternative network operator sector as of September 2018 including both fixed and wireless operators.

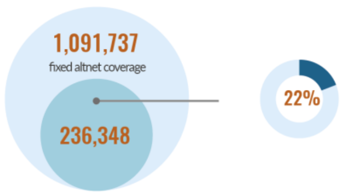
1 MILLION premises within reach of an **ultrafast** alternative broadband network today

Fixed and wireless altnets footprint as of 2018



ESTIMATES FOR UK'S FIXED ALTNETS AT THE END OF SEPTEMBER 2018

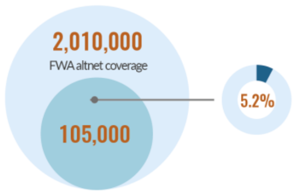
Number of premises passed or addressed, majority uses ultrafast **FTTP/H/B** technology



Live connections to **superfast/ultrafast** fixed networks provided by altnets

ESTIMATES FOR UK'S FIXED WIRELESS ACCESS (FWA) ALTNETS AT THE END OF SEPTEMBER 2018

UP TO 2 MILLION premises could be covered by **FWA** altnets



Live connections to **FWA** networks provided by altnets

4. Assessing scale and ambitions of the altnet sector

Point Topic has updated estimates of premises passed or addressed by the UK's altnets and live connections for the end of September 2018. We have split these into fixed and fixed wireless access infrastructure.

Our estimates are based on Point Topic research as outlined above, either reported to us by network operators or using our own estimates when actual numbers are unavailable.

Table 1 below contains estimated key metrics for the UK's alternative fixed superfast and ultrafast, and FWA broadband sectors.

Premises covered by fixed superfast and ultrafast networks
At the end of September 2018, the UK's alternative network operators are estimated to have passed or addressed over 1,091,000 premises with their fixed broadband infrastructure. This is residential and business broadband providers.

This compares with around 998,500 premises at the end of December 2017.

The vast majority uses ultrafast fibre-to-the-premises or home (FTTP/H) and fibre-to-the-building (FTTB) technology.

Without counting addressable premises, the altnet sector passes over 764,000 premises with fixed superfast and ultrafast infrastructure compared with 648,600 premises at the end of 2017.

Premises with superfast and ultrafast fixed connections
Live connections for alternative network operators stood at an estimated 236,000 at the end of September 2018, up from an estimated 207,500 at end-2017.

Premises passed by FWA networks
Alternative FWA infrastructure is estimated to cover around two million premises at the end of September 2018, with not much movement from December 2017.

This Point Topic estimate is based on a take-up assumption of 5.2 per cent, and includes residential and business providers.

Premises connected by FWA networks
Live connections over alternative network operators' FWA infrastructure were an estimated 105,000 at the end of September 2018, up from 100,500 at the end of 2017.

Total altnet coverage and connections
We estimate that the total altnet sector using fixed and FWA technologies in the UK accounted for 3.1 million premises passed or addressed at the end of September 2018, and over 2.77 million passed.

This compares with around 3.0 million premises addressed at the end of 2017, and 2.65 million premises passed.

Altnets between them had an estimated 341,000 live connections, up from 308,000 at the end of 2017.

Forecasts for end-2019

Back in Spring 2018 we asked altnets to provide an indication of how many premises passed and live connections they expected to have at end-December 2019. Our assumptions have not changed since then. Based on those who responded, combined with public announcements, we estimate there will be 1.92 million premises passed or addressed, and 554,700 connections at the end of 2019 for fixed superfast and ultrafast infrastructure.

However, this does not include all altnet players in the market, given several have not provided any indication of their plans formally or informally. It also does not take account of new players entering the sector.

Aspirations for 2025

We also asked altnets to give an idea of their aspirations for 2025 in terms of premises passed and live connections. We used public announcements and Point Topic research to arrive at estimates. These put premises passed at around 14.25 million and connections at 4.8 million for 2025 for fixed ultrafast infrastructure. This may include some double counting of premises where footprints overlap.

Again this is not based on the whole alternative network operator market but it does include the largest players.

Unfortunately there is still too little information available in the market for us to properly forecast the wireless altnet sector on this basis.

Table 1: Estimated key metrics for UK altnet sector

FIXED SUPERFAST & ULTRAFAST INFRASTRUCTURE		
Total for fixed superfast and ultrafast altnets	**Connections**	**Premises passed/addressed**
End-December 2017	207,539	998,531
End-September 2018	236,348	1,091,737
FIXED WIRELESS ACCESS INFRASTRUCTURE		
Total for FWA altnets	**Connections**	**Premises passed**
End-December 2017	100,500	2,010,000
End-September 2018	105,000	2,010,000
COMBINED ALTNET INFRASTRUCTURE		
Altnet sector fixed and FWA	**Connections**	**Premises passed/addressed**
End-December 2017	308,039	3,008,531
End-September 2018	341,348	3,101,737
FORECASTS (as provided in April 2018)		
FIXED SUPERFAST & ULTRAFAST INFRASTRUCTURE		
	Connections	**Premises passed/addressed**
End-December 2019	554,751	1,920,068
Aspirations for 2025	4,813,370	14,246,950

Source: INCA survey, Point Topic research and estimates

5. Altnet sector coverage mapping

Point Topic maps broadband provision throughout the UK, including the footprints of the country's alternative network operators.

As part of the INCA survey we asked altnets to provide their coverage details. We have also used our own research to provide a view of altnet infrastructure provision today, both for superfast and ultrafast fixed networks and FWA networks. In addition we provide some forecasting of future coverage. Figure 1 below summarises coverage, while the following Figures 2 to 11 provide more detail.

Figure 1: Altnet coverage today in the UK, both fixed and FWA

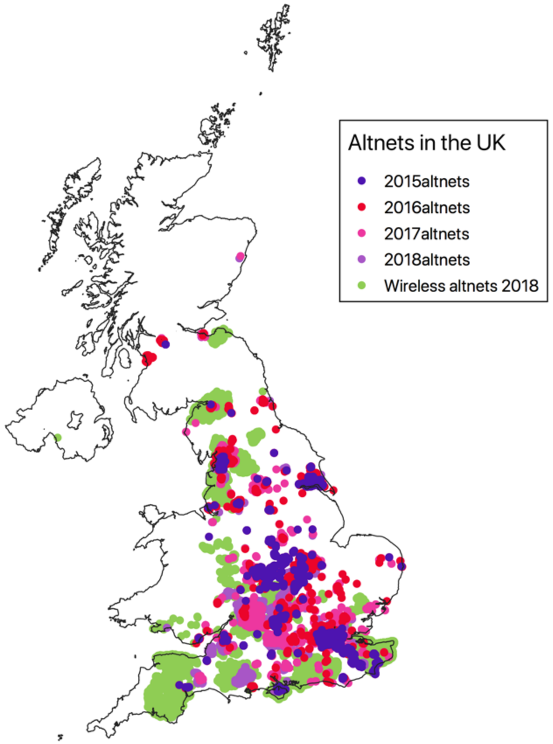
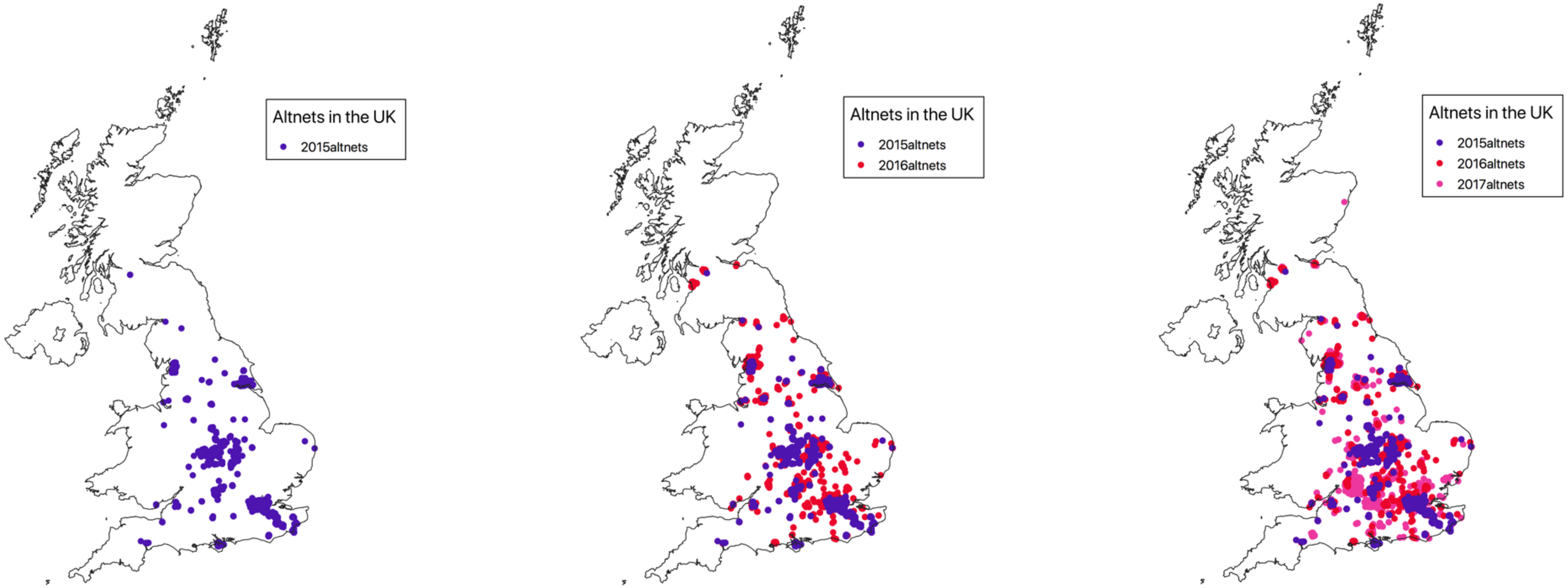
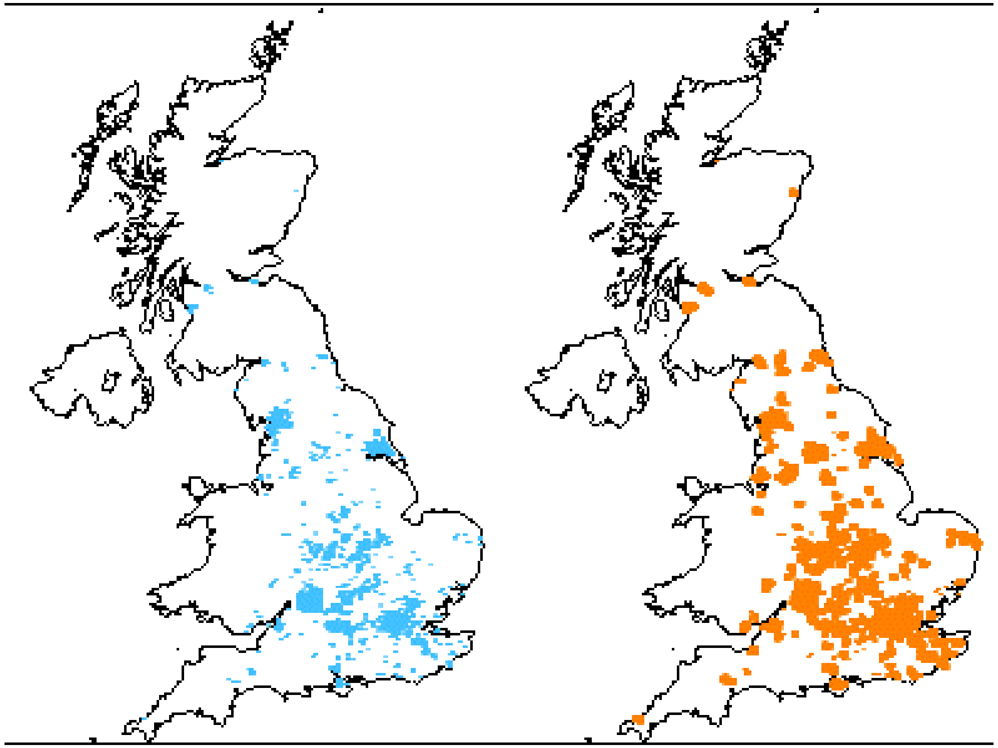


Figure 2: Altnet superfast and ultrafast coverage for fixed operators over past three years



2015 2016 2017

Figure 3: Fixed superfast and ultrafast altnet coverage April 2018 and forecasted for 2025



While the zoomed out country level view is useful it does obscure some of the progress. If we look more closely at London and surrounds we can see in more detail how altnet infrastructure is starting to develop, infill and spread.

Figure 4: Altnets in London and surrounds end-2015

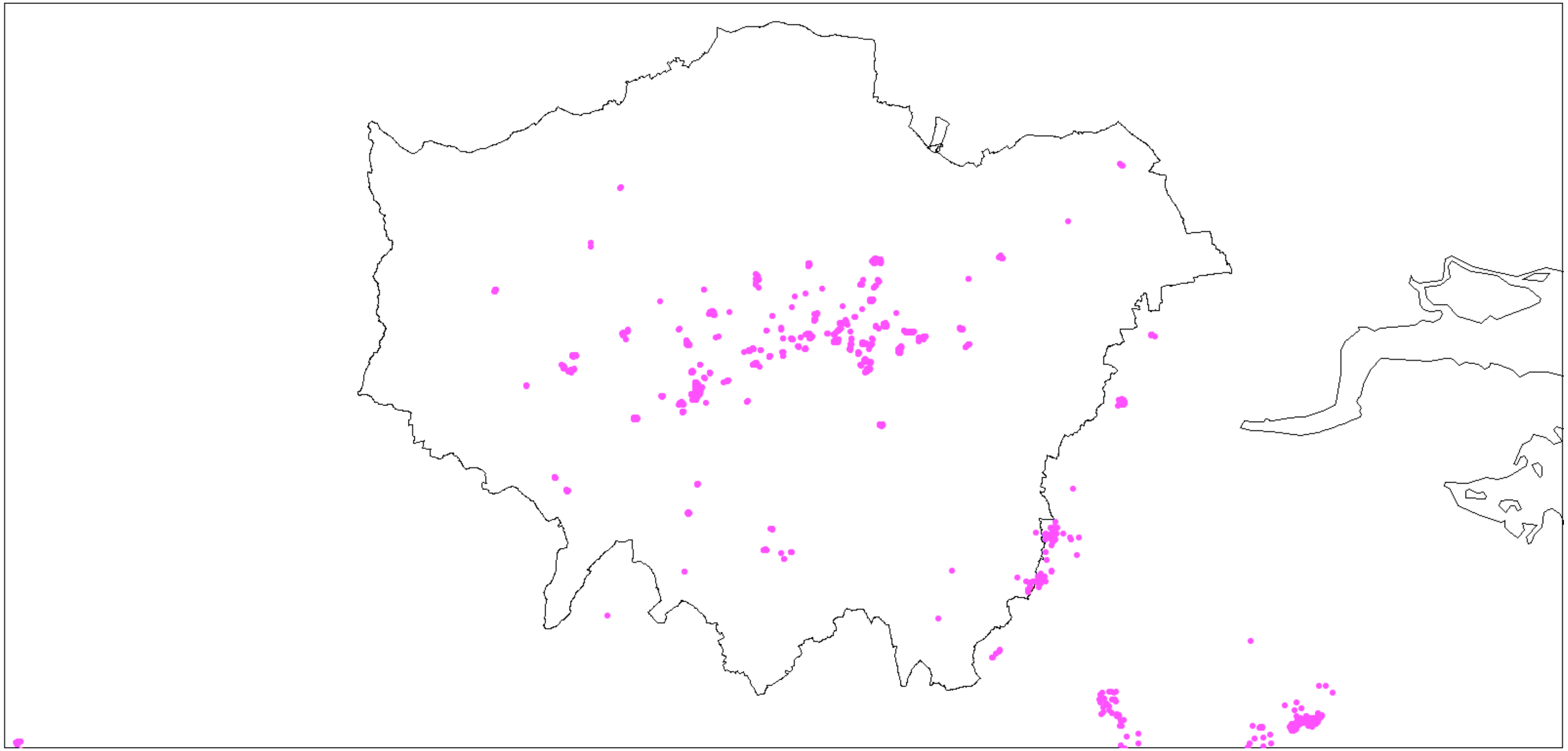


Figure 5: Altnets in London and surrounds end-2016

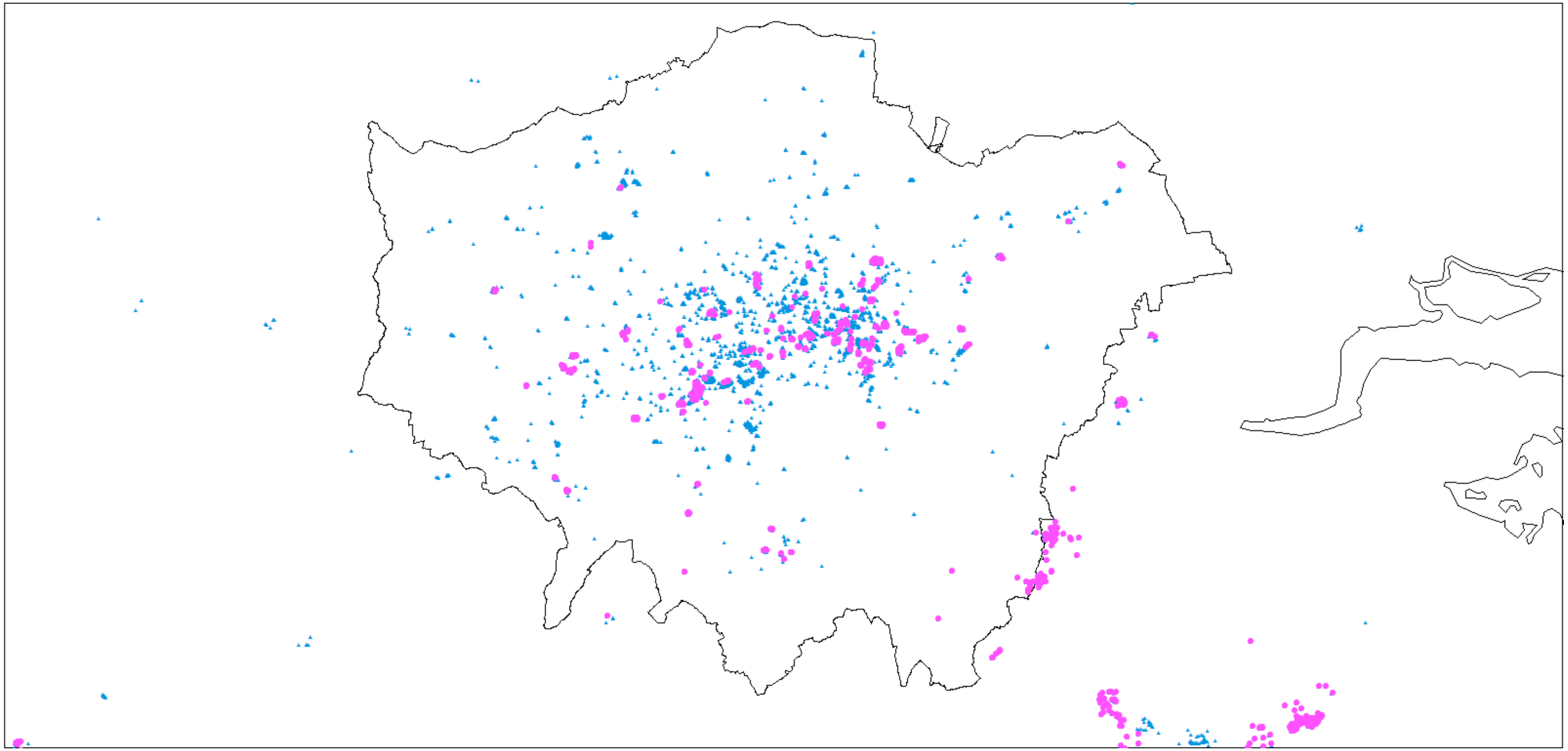


Figure 6: Altnets in London and surrounds end-2017

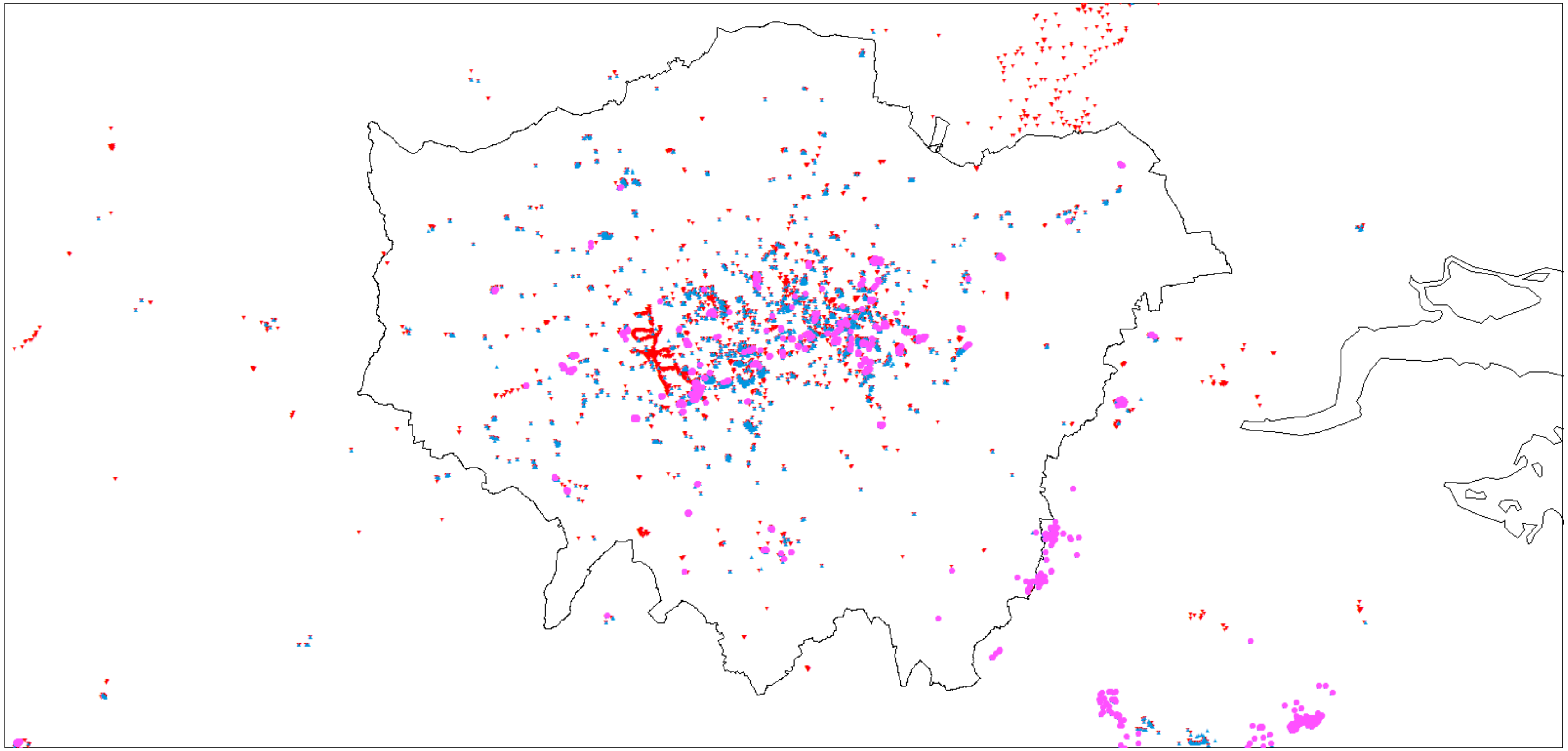


Figure 7: Altnets in London and surrounds June 2018

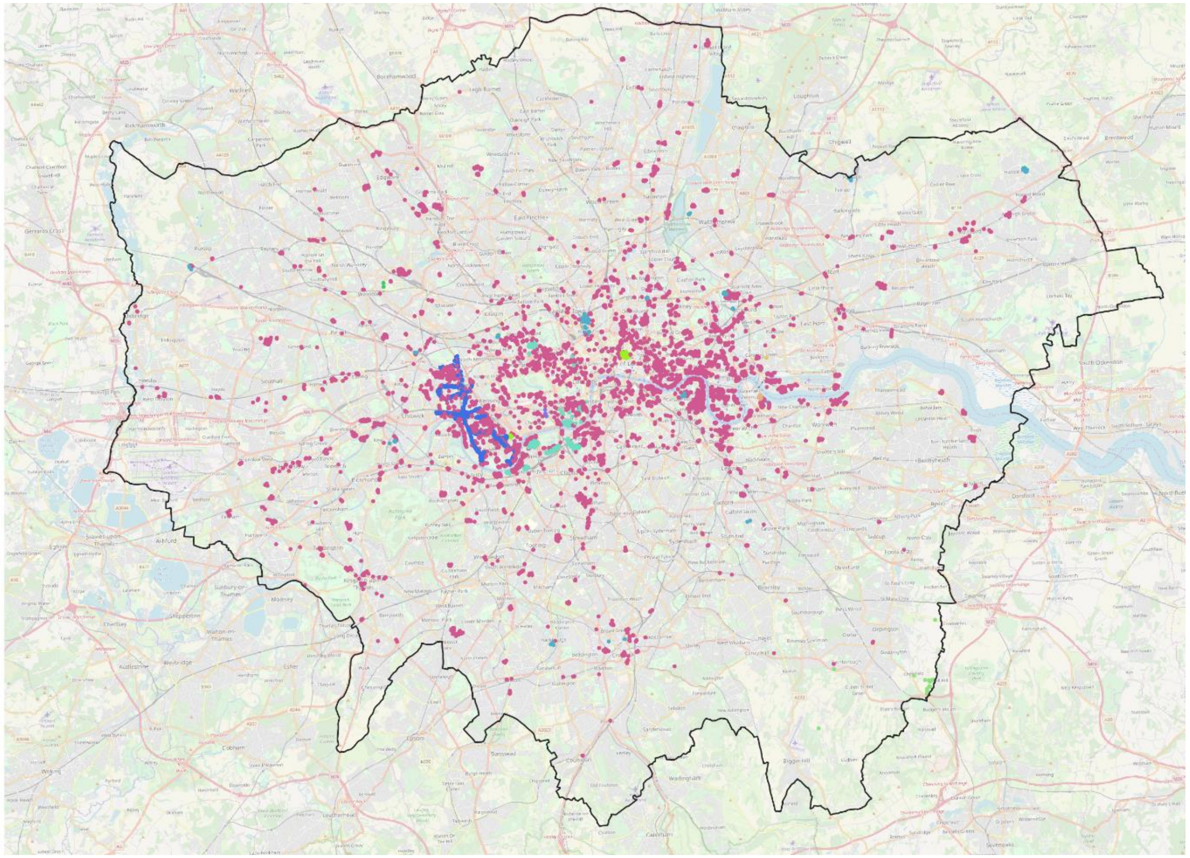


Figure 8: Fixed superfast and ultrafast altnet coverage in the UK, end-September 2018

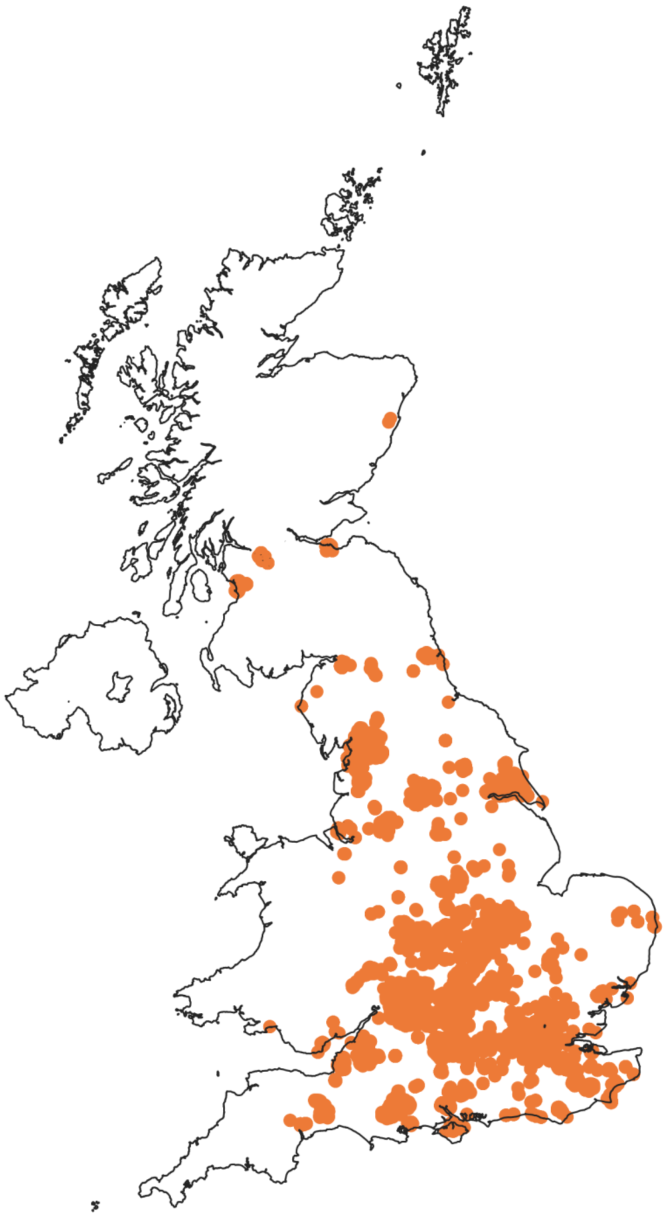


Figure 9: Altnet FWA infrastructure in the UK, end-September 2018

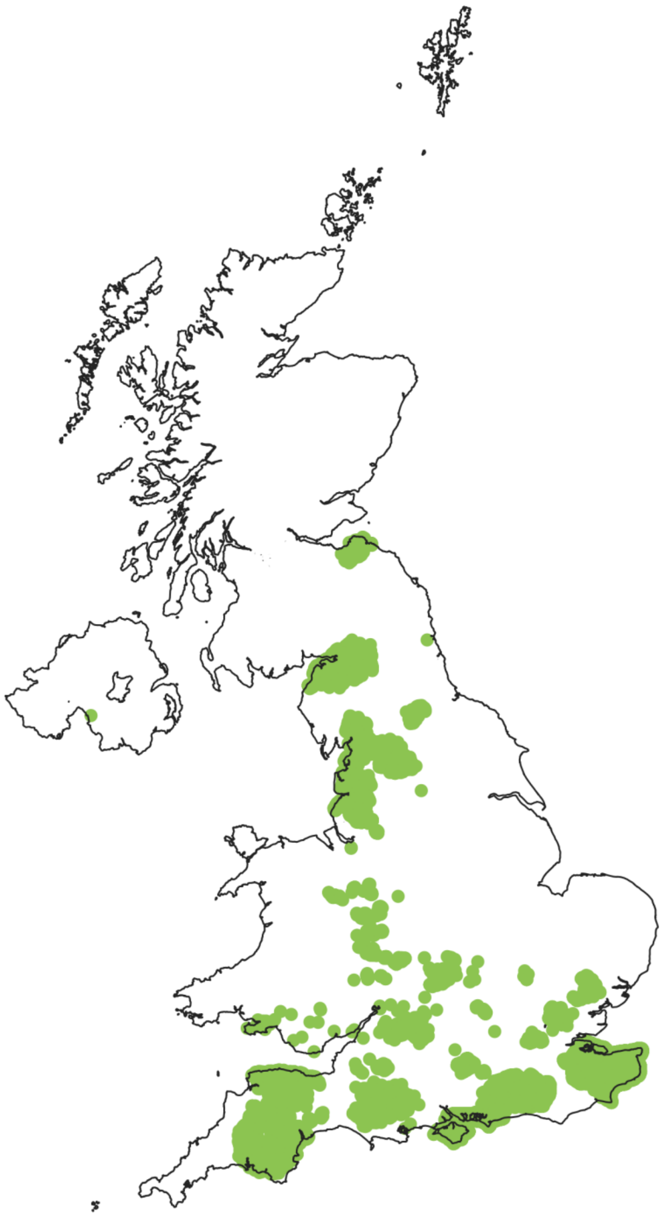
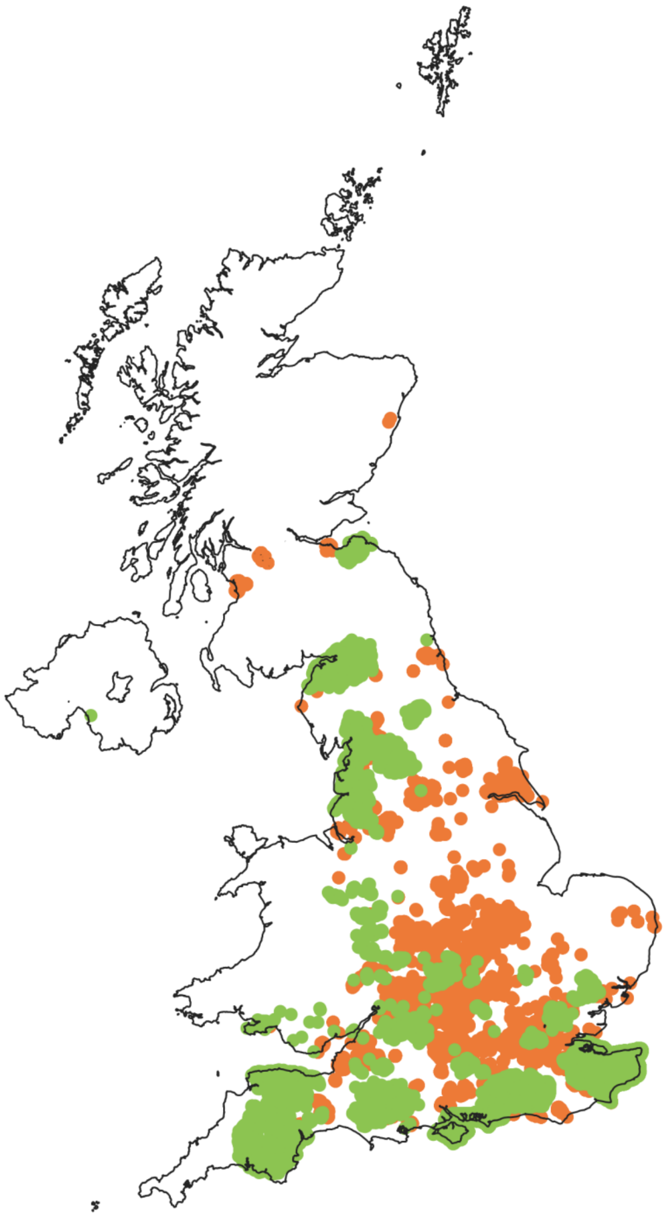


Figure 10: Altnet fixed and FWA infrastructure in the UK, end-September 2018



The number of premises where Openreach and Virgin Media infrastructure intersects with the altnets is increasing.

Figure 11: Overbuild and the altnets, September 2018

Openreach technology	Virgin Media not present	Virgin Media present	Total premises in altnet intersection
ADSL	58,472	182,120	240,592
FTTC	491,853	1,264,217	1,756,070
FTTP	26,273	8,708	34,981
G.fast	25,666	116,286	141,952

Source: Point Topic and Thinkbroadband