With each household having nearly three TV sets on average, the pay TV market in Portugal is extremely important for both cable and telecoms operators. PT had already launched IPTV services in 2007 over its upgraded DSL networks, but with cable operators starting to offer high-speed broadband and voice services in addition to TV, a more aggressive strategy was called for.

The answer was fibre-to-the-home. The high capacity and high reliability of optical fibre enable PT to deliver a robust TV offering with a wide range of TV channels and on-demand, personalised video services across multiple platforms (PC, TV and mobile). More choice and a better customer experience are obvious benefits. Although perhaps less obvious, the widespread availability of optical fibre in urban areas will make it easier and cheaper to roll out next-generation mobile networks using LTE, which require fibre connectivity to base stations.

PT’s decision to invest in FTTH was assisted by the early adoption of next-generation access (NGA) regulation. The national regulator, ANACOM, has adopted a segmented model: in urban areas where there is plenty of competition for broadband and telephone services, there is only light regulation, which means that PT is not forced to provide wholesale services to competitors.

Deployment of FTTH in urban areas started in 2008. “Fibre is not new to us, we have been doing fibre for more than ten years,” said Luis Alveirinho, director of network planning and implementation at PT. “But we are moving from thousands of connections with fibre to millions of connections – this is a totally new paradigm.”

Over a period of roughly 12 months PT has passed 1 million homes with FTTH – the operator only considers a home to be “passed” when fibre is available outside the customer’s door, not merely outside the building. Having identified a commercially attractive area for the deployment, PT first carries out a detailed site survey, which informs the technical design and optimisation of the network.

Some technical decisions, like the selection of GPON, were straightforward according to Alveirinho. The use of passive optical network technology relaxes the requirements for space in the central office, space in ducts, lowers energy requirements and reduces technical complexity, he says.

PT knew from the beginning that it would need to present signals to multiple TV sets in the same household in a cost effective way. This can be done using the broadcast

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**Portugal Telecom**

Incumbent gains competitive advantage with FTTH

Portugal has become one of the most active FTTH markets in Europe and the incumbent operator Portugal Telecom (PT) is at the centre of the action.

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breakfast, lunch and dinner,” Alveirinho quipped.

By optimising its processes and all support systems over a period of 15 weeks, the average installation time was reduced from 5—6 hours down to about 4 hours. The use of bend-insensitive fibre, strong technician training and strict technical procedures for installation were all critical to achieving fast, high-quality installation both inside the building and inside the customer’s apartment.

With strong competition from cable companies in the areas where PT is deploying fibre, good customer service is vital. In terms of attracting and retaining customers, Alveirinho believes an operator has two main choices: it can offer premium packages or offer unique services and content. PT says it is doing all of these things.

The “Meo” brand IPTV services come packaged with unlimited internet, unlimited voice and 100MB of free mobile broadband. PT is also trying out innovative new products – for example, a mobile app allows customers to access the electronic programme guide from their mobile phones, so they can set the set-top box to record a program when they are out of the house.

The strategy seems to be working. “Since the launch of the service in April 2008 we have collected 28.7% of the pay TV market and earlier this year we made the first event available in 3D in Portugal,” Alveirinho said. The operator is currently evaluating where and when to extend the coverage, and developing new IPTV products that will help to strengthen its position in the market.

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