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New Video Services Clogged Down by Aging Broadband Connections in Europe

With the growing popularity of streaming video services, such as Netflix, and increasingly higher video definition formats, the lack of sufficient bandwidth is becoming a significant problem for many consumers in Europe. Within the next five years, operators will have to offer consumers at least 30 Mbps guaranteed speeds. The problem is that in Europe, only 5 percent of consumers have connections of 30 Mbps or above.

Building the new connections can be very costly. Building fibre connections to all homes would provide sufficient speeds, but in a typical European apartment building, bringing fibre connections to people's homes is far too expensive. Recent research suggests that it costs between 2000-3000 euros to build a fibre connection to a single apartment. The main cost comes from the last tens or hundreds of meters close to home and inside the building. Just like in a plumbing renovation, the cost does not come from the plumbing itself, but from labour, which is a cost that is difficult to reduce. However, there is a simple solution: bringing fibre connections to apartment buildings and using existing coaxial TV cables for broadband connections.

By bringing fibre connections to an apartment building (FttB) and utilizing existing coaxial cables for connecting individual apartments, the cost of building fibre level broadband connections can be reduced to one fifth compared to using fibre all the way. This is achieved by Data over Coax technologies, which offer attractive options for building professional, standard based, next generation broadband networks. The base technologies exist already today or are coming in the immediate future.

Teleste has been pioneering in the field of Data over Coax technologies. First generation products and field deployments were launched in 2006-7 and the company is now planning its 2nd generation products which offer greatly improved performance as well as solid standards. We see that for the existing linear-TV services, DVB distribution remains the superior technology, due to both lower investment and operating costs and more reliable consumer experience. But for the new streaming video services, consumers need guaranteed subscriber line speeds from 30 Mbps to 100 Mbps. In Europe, utilizing the existing cables is by far the most economically viable choice.

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About Teleste

Teleste is an international technology group founded in 1954, specialised in broadband video and data communication systems and services. The group is active in two business segments, Video and Broadband Solutions and Network Services; in both fields, we are among the global leaders. Video is at the core of our business activities, with a focus on the processing, transmission and management of video and data for operators and public authorities who provide multiple video-related information, entertainment and security services to end-users. Video and Broadband Solutions business segment has the emphasis on product solutions for broadband access networks, video service platforms and video surveillance applications. Network Services segment deliver comprehensive network service solutions including new construction, rebuilding, upgrading, planning and maintenance services of cable networks. In 2011 the group's net sales totalled EUR 184 million and the group employed 1319 persons at the year-end. The company has approximately 30 offices world-wide and over 90% of Teleste's net sales are generated outside Finland. The company is listed on the NASDAQ OMX Helsinki Ltd. www.teleste.com *for more information.*