



The Fiber Future Is Here

A New Year's resolution for 2010:
Install more FTTH. Here are three good reasons to do it.

1. Demand for content is accelerating. Global IP traffic will increase by 44 percent this year, according to Cisco forecasts. Much of the growth that Cisco anticipates comes from "anywhere, anytime" viewing – Internet video delivered to the PC or the TV and video on demand delivered by cable companies and telcos. These video streams are growing not just in number but also in size: Nearly half of all U.S. households now have high-definition televisions, and 3DTV is coming soon.

Consumers are switching more of their news and entertainment viewing to the Internet, and their constant-bit-rate Internet use is destroying service providers' oversubscription models, which had worked for a decade. Worried about consumers' defecting from traditional cable TV, service providers are now responding aggressively – by offering a new over-the-top video model, TV Everywhere!

2. Demand for communication is accelerating even faster. "Content is not king," says Internet researcher Andrew Odlyzko. "Communication is king." His theory, based on historical analysis of both Internet and pre-Internet technologies, suggests that video's greatest potential is as a two-way communications medium. According to Yankee Group analyst Benoît Felten, service providers offering 15 Mbps to 20 Mbps symmetrical Internet access can easily provide high-definition, TV-based communications services to the mass market at very low cost. (For more details, see the article in the Broadband Apps section of this issue.) If Felten is correct, high-definition video communications could be the killer app for fiber to the home – and it's economically feasible today. Even more compelling video technologies, such as 4D immersive holographic spaces (think Star Trek's holodeck) are awaiting commercialization. Before long, we'll be able to walk through imaginary spaces with people halfway across the country.

3. Demand for mobile applications is accelerating fastest of all. Cisco forecasts that mobile data traffic will double every year through 2013. The iPhone, the Droid and their ilk have ushered in a new era of low-cost, easy-to-use mobile apps that consumers have embraced. The Kindle e-reader has become the "most gifted" product of all time on Amazon.com. Netbooks and similar devices have become enormously popular despite the recession, and industry analysts forecast rapid growth in this segment. These devices, like smartphones, are heavy users of wireless broadband.

What do mobile applications have to do with fiber to the home? The onslaught of wireless data is bogging down cellular networks, to the point where AT&T's head of mobility admitted at a recent investors' conference that the company's wireless service in New York City and San Francisco was substandard.

Cell tower operators are adding new towers at the rate of 18,000 per year to alleviate the problem, and wireless operators are upgrading to 4G technology. But every mobile data device must somehow connect to the wired network, and today the cell towers' Internet connections are mostly outdated, copper-based T1 lines. Part of the solution to wireless network congestion lies in connecting cell towers to the Internet via fiber. Telecom companies that have committed to doing this, such as CenturyLink, are discovering a new and lucrative revenue stream. They're also finding that once they bring fiber to cell towers, they can easily connect nearby homes and businesses as well, which makes FTTH in those neighborhoods a very attractive proposition.

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