

**BUSINESS SWEDEN**

# **WINDOW FOR EXPANSION OF FIBRE OPTICS TO NEW MARKETS**

**BUSINESS SWEDEN 2018**



**ULRIKA HOONK**  
Project Manager, Milan  
+39 3453975306  
ulrika.hoonk@business-sweden.se



**CHARLOTTA NYBERG**  
Market Area Director, Stockholm  
+46 8 588 660 00  
charlotta.nyberg@business-sweden.se

# WINDOW FOR EXPANSION OF FIBRE OPTICS TO NEW MARKETS

Swedish fibre optic companies are highly skilled and hold a vast experience compared to corresponding companies in most other countries. With ambitious targets set by the European Union, several countries need to improve fast within this area. This combination presents unique business opportunities for Swedish companies.

Fibre optics are the foundation for a future-proof digital infrastructure and will be necessary for desirable solutions such as 5G net and smart cities. EU countries are investing billions of Euros and Pounds over the next 3–5 years in order to catch up to more advanced countries world-wide.

## INVESTMENTS PER MARKET

Market	Investments	Target deadline
UK	£ 1 billion	2020
Germany	€ 12 billion	2021
Italy	€ 6,8 million	2020
Austria	€ 1 billion	2021

Sources:

Open Fiber, 2018  
[www.bundesfinanzministerium.de](http://www.bundesfinanzministerium.de)  
[www.bmvit.gv.at](http://www.bmvit.gv.at)  
[www.ofcom.org.uk](http://www.ofcom.org.uk)

## SWEDISH FIBRE COMPANIES SHOULD SEIZE OPPORTUNITIES

Swedish companies hold much experience which puts them well ahead of international competition. The highly competitive industry has shaped cost-efficient companies with strong technical skills and a solution-oriented attitude.

“ **The Swedish Government has given Business Sweden a mission to help Swedish companies in their entrance into Europe. Business Sweden is an excellent partner and their local presence, understanding of different cultures and connections with both enterprises and politicians shorten the time from start to business** ”

Mikael Ek, CEO, Swedish Local Fibre Alliance

While the market at home is starting to reach its limits, markets in Europe are accelerating to catch up. The chances of winning a contract or two are high. Swedish companies have the opportunity to enter the European market with a long-term perspective and to claim a strong presence by winning several contracts – but it needs to be done in a strategic manner. We encourage Swedish companies to be a part of this journey all the way – not only in the short term – in order to make use of their full potential.

Business Sweden, with a team of experts working specifically with this sector, can advise you on how to grow global sales, shorten the time to new markets and minimise risk in the European fibre optics industry.

## EUROPEAN MARKETS OF HIGH INTEREST

When looking at the potential in Europe, UK Italy and Germany are topping the list, but Austria and Spain are also providing several opportunities. The common thread is that these markets have a low FTTH penetration, are making large investments to meet EU targets for 2020, have governmental as well as private procurements for new business deals, as well as fibre optics being the prioritised option for new investments.

### FTTH PENETRATION

Market	Penetration	Speed
Sweden	80%	40 mbps
Germany	8,5%	15,3 mbps
Italy	5%	9 mbps
UK	5%	18,6 mbps
Austria	2%	14 mbps

Sources:

<https://maps.agcom.it>

[www.pts.se](http://www.pts.se)

[www.businesswire.com](http://www.businesswire.com)

[www.bmvi.de](http://www.bmvi.de)

[www.ofcom.org.uk](http://www.ofcom.org.uk)

[www.cable.co.uk/broadband/speed/](http://www.cable.co.uk/broadband/speed/)

[worldwide-speed-league/](http://worldwide-speed-league/)

Akamai Technologies

Akamai Intelligent Platform, 2018

Der standard: <https://tinyurl.com/yaneto8l>

## CREATE A GO TO MARKET STRATEGY

A solid plan makes success more likely. You need knowledge about the market you wish to enter to be able to make the right moves. There are important differences between countries which will affect your decision on what market(s) to go for, as well as your approach when doing so.

### *Local conditions*

To find the right market and business approach, you need information on e.g. approval processes, councils or road responsible authority, technical demands, the expansion pace of fibre infrastructure, current project plans and real status for these projects as well as for signs of logistics costs increasing, lack of raw fibre and currency instabilities.

Prerequisites vary between markets, and in some cases, they differ when it comes to fibre optics compared to other industries. As an example, Italy is usually a fragmented market with decisions made on local levels, but with one company (Open Fiber) responsible to meet targets, the fibre optics expansion is handled on a national level. In UK, on the other hand, governmental initiations are done but private actors invest more and are the owners of the infrastructure.

### *Partnerships*

Having partners can be very beneficial, and sometimes necessary. Your need for a partner and the kind of partner you need, can differ from one market to another. In Germany for example, you may need more than one since potential partner companies operate in local regions. If you are looking to approach the key players in the UK, you must be a larger supplier to stand a chance. Going without partners in Italy is likely to make your journey more troublesome.

### *Technological compatibility*

Different countries have different technical approaches. You need to have knowledge about the acceptance level of an open fibre model, local competencies available and find out how to build expert teams within Swedish fibre exports in the right places. Find answers to the following questions:

- What does the infrastructure look like today?
- To what degree are new investments made in fibre optics?
- How much of what is being built is using P2P?
- Are nets open or closed?

## BEFORE ENTERING A NEW MARKET

Once you decide to expand, you need to find a good market for you and have the right entrance strategy. Entering a market that plays to your strengths enhances the chances of success and making the correct entrance at the right time is crucial to build up a long-lasting presence.

With experience from helping Swedish companies grow global sales, a go to market approach that is tailor made for each market and experts working specifically with the fibre industry, we know how to help you succeed.

What steps and actions you need to take depend on your situation, the market choice and several other choices you make, but here is an overview of steps to consider:

### 1 *Evaluate the business opportunities*

To make the most out of opportunities, gathering knowledge is key. By analysing the markets, you get insights on business climate, competitors, rules and regulations. From looking at procurements you can make an estimation of business value and potential. This knowledge will help you decide what market(s) to enter.

### 2 *Set your business strategy*

Depending on the market you choose, and your own set-up, different strategies may be needed. Do you need a partner? Or would it be more beneficial to acquire existing companies?

### 3 *Look at procurement processes*

In some cases, participation in public procurement is a good, or needed, way in. In the fibre optics industry, there is often a mix of public and private procurement. Knowledge from both sectors can be needed.

### 4 *Winning deals and securing your growth*

To succeed, you must find and approach the right clients, build up a network and create lasting client relationships. The road to a business deal can look different in different countries and cultures. When you know the market, you can create offers to the right stakeholders in the right way. Some rules of thumb can be useful;

- Adjust your offer to technological maturity and fibre model of choice.
- Make an effort to create win-win business agreements.
- Keep participating in procurements and maintain dialogues with potential clients. Persistence and patience are often useful tools.

## EXTENSIVE PROJECTS CAN PROVIDE A CHALLENGE

The projects running in Europe now are much larger than what Swedish companies are used to and built for. On top of this, time frames are short. To be able to meet demand and make decision makers feel confident enough to select Swedish companies, finding ways to collaborate is essential.

Setting up collaborative business structure by forming consortia, can open the door to more opportunities. A consortium can be eligible in more procurement processes and send the signal of strength needed to convince decisions makers that enough resources are available to reach target deadlines.

## EXPERTISE IS AVAILABLE TO HELP YOU SUCCEED

Business Sweden helps Swedish companies grow global sales, and international companies to invest and expand in Sweden. With offices all over the world, we have a unique knowledge of local markets and the network needed to get access to important stakeholders such as net owners, politicians, trade organisations and media. We have strong knowledge from both public and private procurement and can guide through these processes.

We can help you through the steps to growing your global sales and challenge you when needed. Contact us to see how we can provide strategic advice, sales execution and operational support.



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**BUSINESS SWEDEN** Box 240, SE-101 24 Stockholm, Sweden  
World Trade Center, Klarabergsviadukten 70  
T +46 8 588 660 00 F +46 8 588 661 90  
info@business-sweden.se www.business-sweden.se

