Bern, 9 November 2022
media release

## *Competition authority paves the way for innovative fibre optic industry solution*

**Over the past few months, the Secretariat of the Competition Commission (COMCO) has been assessing the SFN shunting model developed by Swiss Fibre Net AG (SFN). It has checked whether the industry solution satisfies the competition law requirements for network access. The COMCO secretariat has now approved the proposal under antitrust law. The option of promoting the further expansion of the fibre optic networks with some 1.5 million new connections, based on the SFN patch model or using the conventional P2P architecture, represents an opportunity for telecom providers to compete fairly and to be involved in the expansion of the network. Consumers can then benefit from this improved FTTH coverage and better pricing. The solution is also helping to bring the ongoing COMCO investigation into Swisscom to a swift conclusion. In late 2020, COMCO banned Swisscom from denying competitors access to end-to-end lines (layer 1) in the further expansion of the fibre optic network as a precautionary measure.**

In March 2022, SFN explained (see media release of March 29, 2022) why telecom providers including energy suppliers and cable network operators, are currently at a disadvantage because of the technology used by Swisscom for the expansion of the fibre optic network: in areas where it is driving the expansion on its own, Swisscom is utilising a technology that, contrary to the established industry standard (P2P[1] ), does not allow its competitors direct access (layer 1) to the glass fibre (P2MP architecture[2] ).
SFN is calling for the further expansion of FTTH networks to be based on a cooperative approach using either P2P or P2MP. Energy suppliers and cable network operators can contribute their infrastructure to the joint network expansion based on the principles of efficiency and effectiveness. It is a win-win situation. In the SFN marshalling model based on the P2MP design, Layer1 network access is ensured by the marshalling compatibility of the glass fibre in the local distribution systems of the cable network operators[3].
The SFN shunting model based on P2MP combines the best of both solutions: Thanks to the P2MP-L1 design, it has been proven that it can be built around 30% more cost-effectively[4] and passive Layer 1 access is still possible.

Andreas Waber, CEO of Swiss Fibre Net AG, explains*: "Over the last few months, we have been working intensively with various stakeholders in the industry to specify the SFN patching model. The challenge was to find a model that combines the cost-effective approach of P2MP networks with the openness and Layer 1 accessibility of P2P. This has now been achieved and has been accepted by the competition*

[1] With the P2P (point-to-point) architecture, each household is connected to the local exchange using its own fibre optics
[2] With the P2MP (point-to-multipoint) architecture, the fibre optics from different households are bundled into one fibre from the local distribution point to the exchange.
[3] Marshalling is carried out by the cable network operator's local distribution points, which are accessible above ground. This means that Swisscom's underground street distribution points could remain unmanageable
[4] Significantly fewer optical fibres have to be available in what is known as the feeder between the local control centre and the local distribution point fibre, which reduces capacity bottlenecks in the relevant routes ('pipes'). Four fibres are available per connection in what is known as the drop from the local distribution point and within the house to the end customer fibres, as in the P2P system

*authority. I am very pleased that we can contribute to the fact that infrastructure operators can finally build FTTH networks again without reservations under antitrust law".*

**SFN model is a fast, cost-effective solution - especially in underserved areas**

The concept is very attractive in terms of supply technology and offers secure, rapid access to all telecom providers in communities and regions that have not yet been provided with an FTTH fibre optic network in relation to their telecom infrastructure. The conclusion of the authority assessment is significant for SFN and the other telecom providers. The P2MP-L1 industry standard aimed at in the SFN shunting model offers a wide range of real benefits: far fewer trenches have to be dug for the fibre optic connections and fewer coverings need to be restored. This significantly reduces disruption during the construction phase. As a rule, the existing installations from cable network companies can be used and this underlines the sustainability of the model. The SFN shunting model is currently the most economical and the fastest possible expansion option. It can also be easily combined with P2P networks in cooperation projects.

Underserved, rural areas in particular can be developed more quickly and cost-effectively thanks to the use of the P2MP-L1 model, which will make a significant contribution to overcoming the digital divide between urban and rural areas.

The SFN routing model is also of particular importance for the 400,000 connections that have already been built by Swisscom but cannot be marketed due to COMCO's decision of December 14, 2020[5]. The SFN shunting model could also be implemented quickly, cost-effectively and in compliance with competition law in these cases too, and this in the interests of all market stakeholders, especially the end customers.

The solution, which has now been approved under competition law, is also in line with the political direction desired: parliament has thus far refrained from regulating fibre optic technology for the last mile. However, real, non-discriminatory fibre optic access (layer 1) must be guaranteed in all cases. This principle is guaranteed with the SFN model. In conjunction with institutional investors, SFN will take part in in FTTH construction projects across Switzerland, thus facilitating FTTH expansion in Switzerland.

**Swiss Fibre Net AG**

Swiss Fibre Net AG is a joint venture between local energy suppliers and cable network operators in Switzerland. It connects the local fibre optic networks of its network partners to form the extensive, standardised and open "Swiss Fibre Net" and offers this for use by national telecom providers for use on a non-discriminatory basis. This means that Swiss Fibre Net AG is the guarantor of competition within the telecommunications market

[5] Confirmed by the Federal Administrative Court by a decision dated September 30, 2021, currently pending at the Federal Court

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