

FTTR+X will help operators to maximize their FTTR business strategy

Publication date:

September 2023

Author(s):

Mariana Zamoszczyk, Principal Analyst, Smart Home Services

In the gigabit era, Fiber-to-the-Room (FTTR) offers customers the ultimate experience in terms of in-home broadband connectivity. As more operators are expected to expand their gigabit broadband service portfolio, investment in FTTR offers an opportunity to accelerate the digital transformation in the home by allowing customers to enjoy an optimal gigabit Wi-Fi experience in every room with enhanced speed, latency, coverage, and device roaming.

In China, which has by far the largest deployment of FTTR to date, a growing number of operators have not only managed to improve the customer's quality of experience but have also been able to monetize different smart home value-added services that require a strong and reliable connectivity to run smoothly. These value-added services consist of popular digital life applications for the home such as education, livestreaming, gaming, remote working, home security, and elderly care. All these services constitute important elements of modern life and are helping homes to gradually become the epicenter of remote working, education, and entertainment activities. To date, 0.5 million subscribers are buying these special packages of FTTR with smart home value-added services (FTTR+X). This represents 8.3% of the total FTTR subscriber base in the country.

In this scenario, the specific connectivity requirements of each value-added service offer operators a strategic opportunity to promote FTTR+X services as an attractive commercial proposition for consumers interested in a more comprehensive digital transformation of their homes. Deals like FTTR + home security, FTTR + E-learning or any other potential combinations can help operators to provide

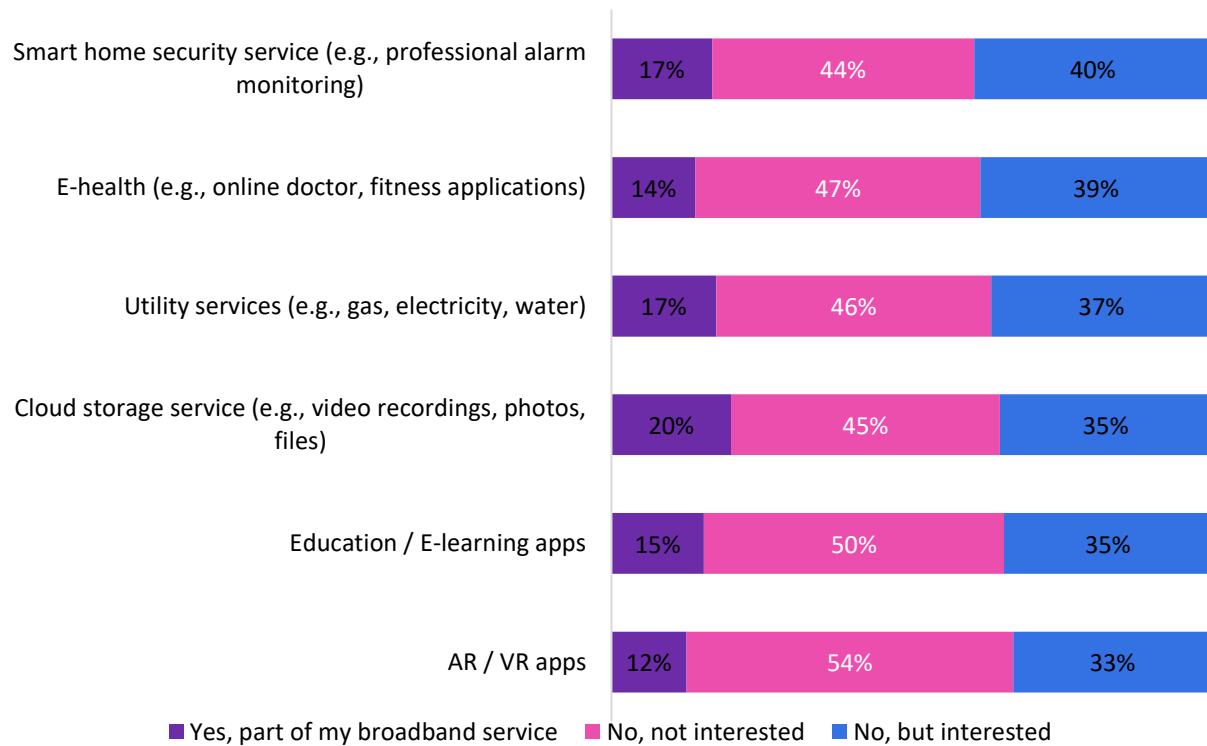
premium services for the smart home that can elevate customer satisfaction levels, while creating further stickiness.

One important consideration for FTTR is that it requires professional installation by qualified engineers, with high levels of personalization depending on the home configuration, all of which is costly for the operator. This can be a growth inhibitor, especially in markets where labor costs are high. Therefore, operators and vendors in this space are working hard to minimize these costs by making the installation process as quick and efficient as possible.

Due to the cost, there is potential for important professional installation economies of scale when FTTR and FTTR+X services are combined. Many of the value-added services in question require support from experts to be deployed. For example, many alarm monitoring systems available in the market are hard to deploy and require professional installation support to work as expected. The same applies to the case of medical alert systems for seniors that also include integration with healthcare services to provide support in case of emergency. Operators looking to maximize their FTTR plans by investing in FTTR+X should pay attention to the synergies that derive from professional installation and make the most of engineers' visits to create efficiencies, reduce costs and maximize upsell opportunities.

Meanwhile, consumers have started to question the merits of traditional broadband packages and are more receptive to new types of deals. According to *Omdia's Digital Consumer Insights 2022: Smart Home* survey, consumers are increasingly looking beyond traditional broadband bundles that mostly revolve around TV and mobile services, searching instead for other types of promotional packages that include more varied services for their homes and well-being. As **Figure 1** shows, there is growing interest among broadband customers to buy value-added services such as smart home security, E-health, and E-learning, among others. This is because consumers trust and value the credentials offered by broadband service providers when it comes to the delivery of digital services for the home.

Figure 1: Do you also take any of the following services/applications as part of your broadband services?



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Source: Omdia

Omdia believes FTTR+X has become an integral part of the FTTR market opportunity and will be a key driving force moving forward, especially as the demand for more advanced home broadband networks intensifies. By 2030, Omdia predicts there will be more than 190m residential FTTR customers, equivalent to 12% of consumer broadband subscriptions.

Operators looking to market premium-quality broadband services should take full advantage of the FTTR+X market opportunity when crafting their FTTR Wi-Fi network strategy plans. They should also streamline their existing service packages by including more digital value-added services, while leveraging the potential of adjacent services such as professional installation, cybersecurity, premium tech support, and device protection that are also expected to enjoy healthy grow rates in the future. Finally, the need to develop a high-touch commercial approach for FTTR+X with high customization levels will be imperative to stand out and gain greater competitiveness in the gigabit era.



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