

The Case for Smart City Communications Operators

Introduction



Ventura Next, designs, builds and manages incredibly efficient and profitable telecom operations for fibre owners who lack the time, expertise or confidence to exploit their own passive asset.

Our team has the systems and skills to deliver state-of-the-art FTTH solutions building on our Swedish heritage in delivering FTTH networks since 1999.



Since its inception in 1995, Middle East Fiber Cable Manufacturing Co. (MEFC) has established itself as a leader in manufacturing optical fiber cables for telecommunications and industrial sectors.

SMART Buildings / Cities Need Neutral Open Fibre

- Compared to the overall cost of real estate construction, telecoms, entertainment and smart city systems need relatively little investment.
- However, they add significant value and attractiveness to a development and can materially increase sale values, occupancy and / or yields.
- Several studies in different countries have found that there is a **premium for a property with fibre connectivity ranging between 2% and 4% of the value** of the property.



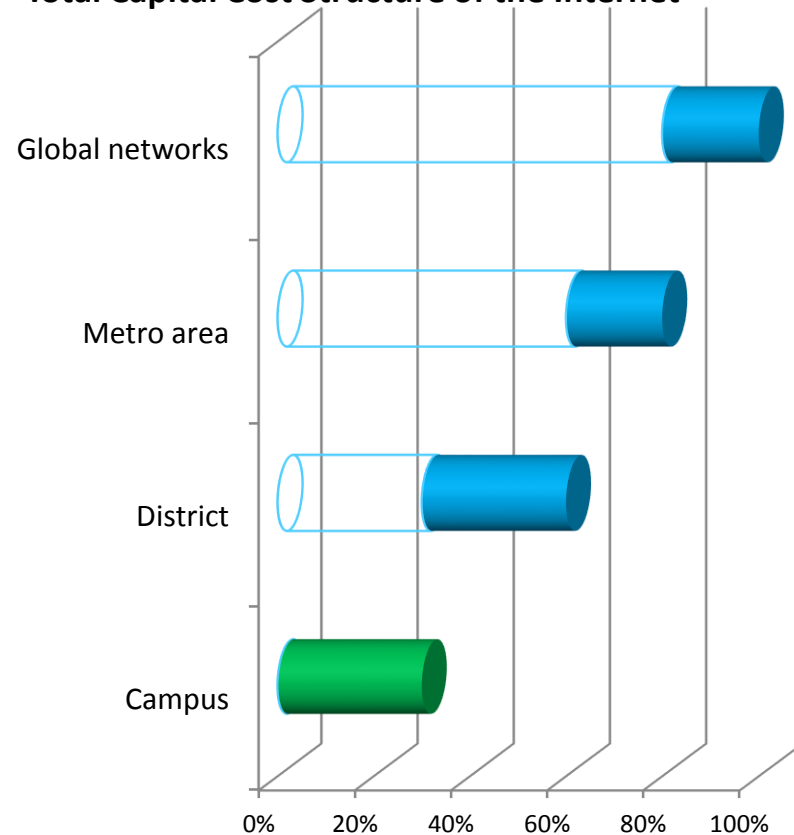
<http://blog.ideas4all.com/2013/01/30/our-cities-are-becoming-intelligent-and-you-can-become-part-of-the-brain/>

The contribution made by developers that install fibre in their developments (coloured green) is significant

Despite your contribution, unfortunately the traditional telecom monopolies often disadvantage real estate owners / managers:

- Weak negotiating position due to operator monopoly –unable to take a revenue share;
- No motivation for operator to ‘do better’ or even meet reasonable service standards;
- Limited innovation due to lack of competition;
- Difficult for property owner to ‘add’ in their own value-added services such as surveillance, access control etc.;
- Poor reputation for the development’s communications –not the fault of the developer but –ve impact anyway

Real Estate Local Network Contribution to the Basic Total Capital Cost Structure of the Internet



Typical Range of Services on an Open Local Network

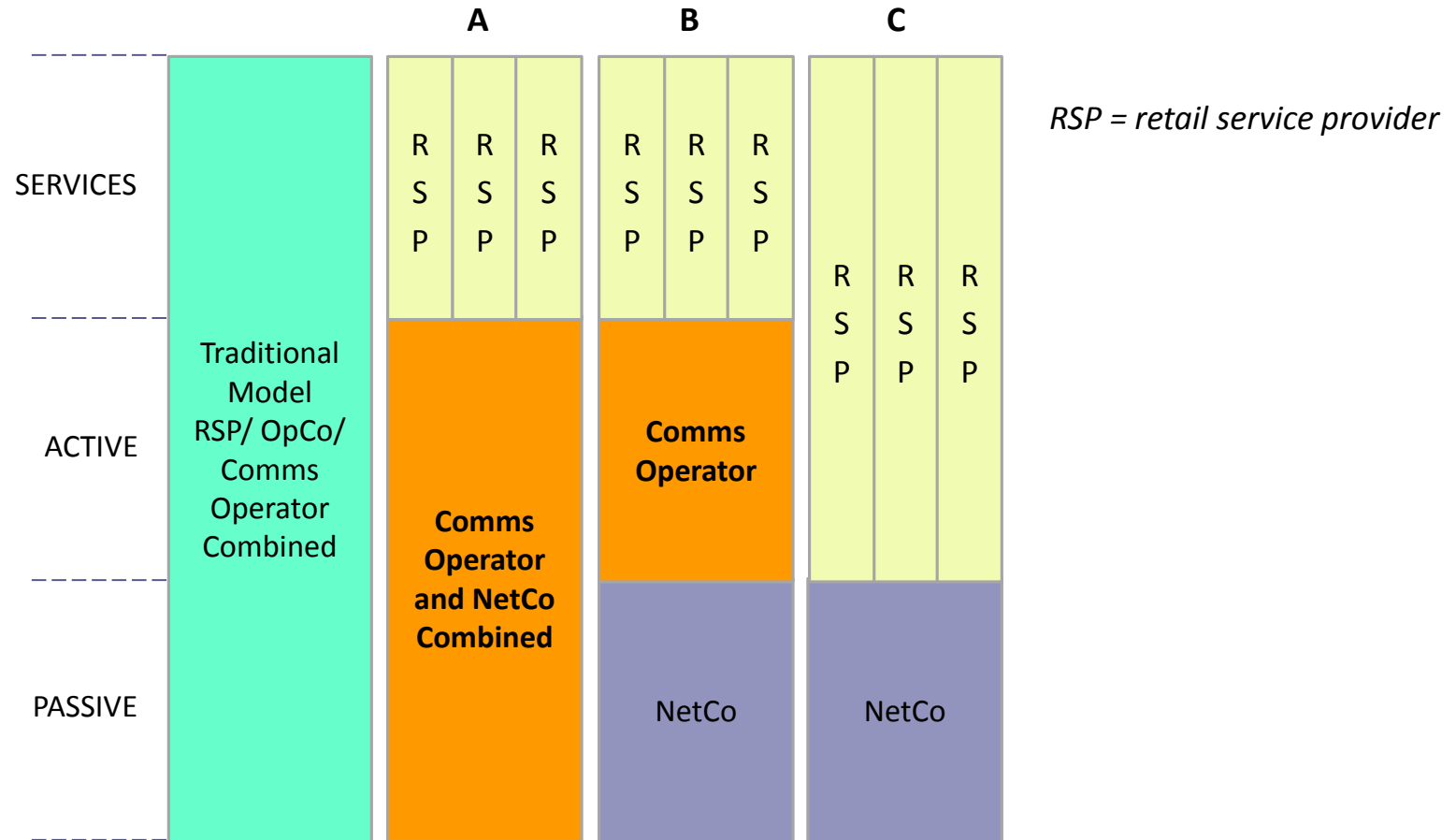
Services for Residents

- Choice of fast broadband provider
- Choice of over-the-air or Cable TV
- Choice of Cable TV operator
- Choice of telephone provider
- Integrated HD quality video entry phone
- Remote climate / lighting control
- In-home secure video or motion sensors to keep tabs on the elderly for example

Estate Management Services

- Monitoring climate control, lighting
- Building information gathered in real time
- Surveillance, security and alarms
- Recording of HD video of doors and entry phone use
- Remote meter reading
- Occupants can check utilisation of common facilities like garages, tennis courts or laundry rooms using live local video

Concept and alternative models for open fibre

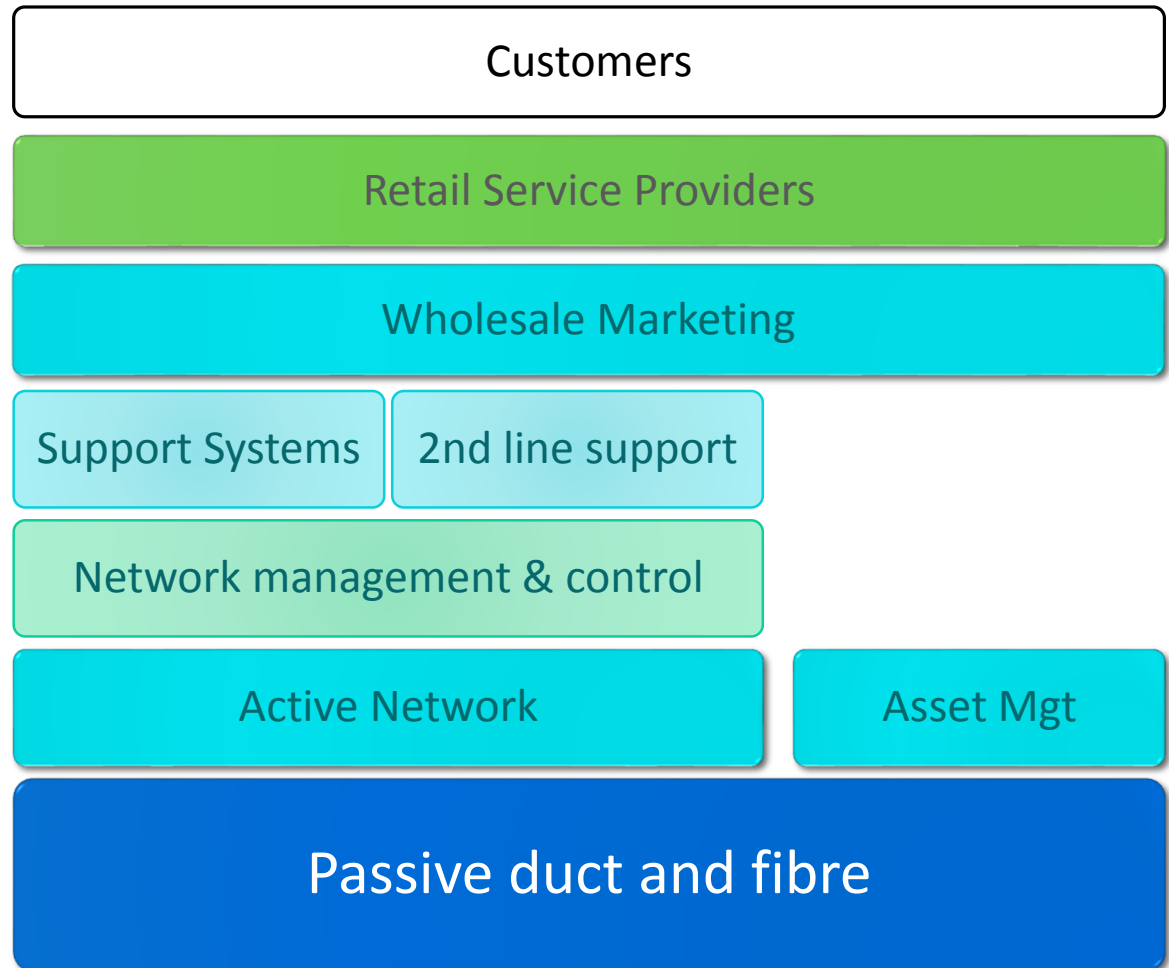


Who does what....

Shows Value Chain of a Typical Local Fibre Project

The Communications Operator generally delivers the activities shown in light blue / green

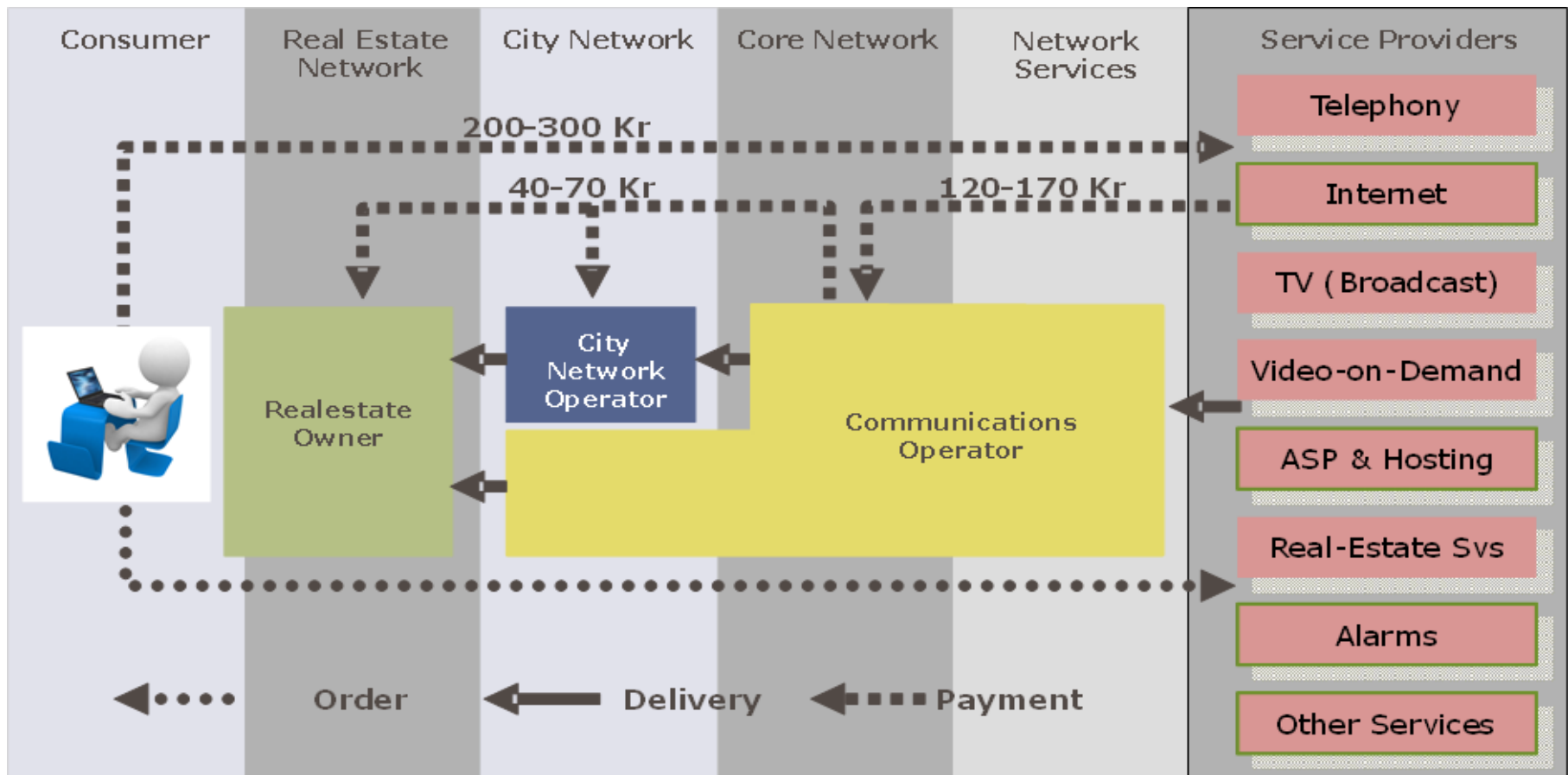
This is in a contractual arrangement with the fibre owner (dark blue) based on either revenue share or fixed periodic rental



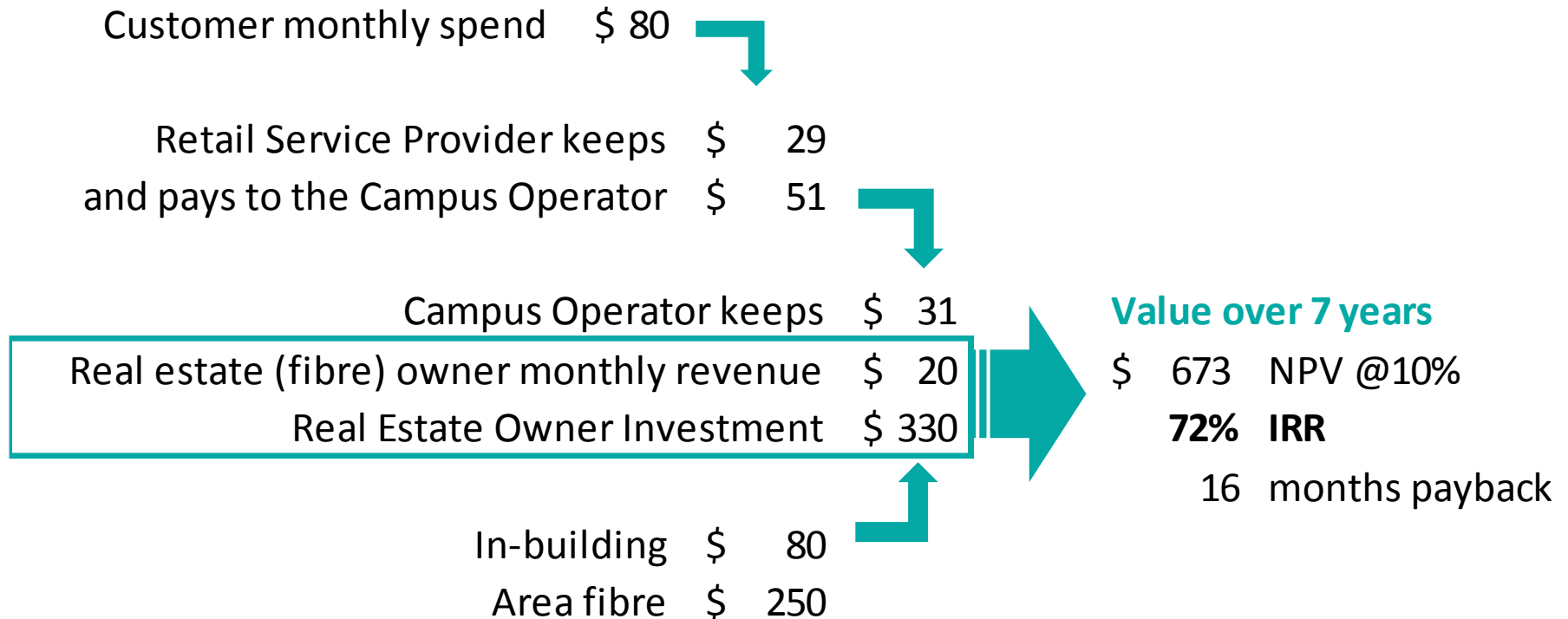
Economic and financial characteristics

Layers	Characteristics	Asset Life (years)	EBITDA Margin
Telecom services, cable TV, Apps	These are services. Focus on content, branding, customer service and pricing.	<5	15%-20%
Wholesale	One company provides and operates the active equipment so ensuring the lowest cost for all.	7	20%-25%
Optical fibre	Optical fibre & ducts are best built-in during the construction. Usually remain the property of the building owner, although the owner may use the wholesale operator as an asset manager.	Fibre 25	97%
Ducts & trenches		Ducts 40+	

Typical Revenue Shares in a Swedish Open Access Network



GCC Region Possible "Waterfall" of Revenue Shares



Benefits for the real estate developer

Attractiveness

- Ultra-fast broadband and communications "ready to go" are very popular and a great selling point
- Has been shown to add 2%-4% to property value
- Units rent faster leading to higher occupancy rates
- State of the art security and building services provide a sense of safety and wellbeing

Efficiency

- Smart controls and monitoring can reduce energy use - for example by detecting problems such as doors left open that drive up aircon costs
- Improved security reduces degradation
- Early management interventions tend to cost less and prevent problems escalating

Financial

- Has been shown to add 2%-4% to property value
- Monthly income (yield) on the fibre
- Fewer separate cable types mean lower costs
- Landlord portal reduces ongoing costs whilst also enabling a better relationship with occupants

Benefits for all

Gains the most through 2%-4% increase in sale value (or equivalent in yield) - the ultra-fast premium

Developer

Perceives the benefit to be at least the ultra-fast premium they pay the developer and probably more

Occupant

Greater efficiency in managing an estate
Higher levels of customer satisfaction resulting in improved yields

Estate Mgr

An expensive part of the access network is provided for no capital outlay

Operators

Ultra-fast broadband fuelled productivity gains
Energy savings

Society

Contacts



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