

Spend, spend, spend

Technology Reseller meets Andy Wilson, Head of Wholesale at CityFibre, to find out more about the company, its operations, its culture, its ambitions and why it is currently in the running for 11 separate industry awards for its network, marketing activities and channel support. As the title of our Business Basics series suggests – and our first question proves – no question is too basic to ask as we seek to discover more about the UK's third digital infrastructure platform

Technology Reseller (TR):

We hear a lot about full fibre roll-out. What exactly does that entail?

Andy Wilson, CityFibre (AW): Our roll-out programme is literally about laying in fresh fibre. We are the UK's third digital infrastructure platform. If you go into any city where we are putting in infrastructure, you will see CityFibre's appointed contractors effectively building the network, digging new narrow trenches and putting new ducting and new fibre in the ground. We have our own fibre exchanges in each of these cities to serve consumers and businesses, and which our big carriers or local partners can interconnect into.

TR: What are the challenges you face on that side of your business and are there things other parties like the Government could be doing to make things easier for you?

AW: There are two sets of challenges. In a construction project, you are always going to have physical challenges because you are building among existing infrastructure. And you've got civils challenges and wayleave challenges, especially when you go to main highways and main thoroughways.

Then there are PR challenges. During lockdown, when it made sense for us to continue to lay fibre because people weren't on the roads or moving around towns, there were some concerns from a small number of local residents. However, we reacted really quickly to reassure them that we had full Government backing and were essentially key workers because the

DCMS and the Government see a better connected Britain as vital to our recovery. All of our staff had key worker vests and we engaged thoroughly with local communities in each of our towns and cities.

TR: You mention there not being vehicles and people on the street. Did your productivity go up during that period?

AW: There was a small delay in building in a few towns and cities in Scotland at the time, where Scotland's temporary restrictions differed from those in England, but we otherwise maintained or increased productivity. Our productivity is rising month on month anyway, as part of our game plan. Our whole raison d'être is to build quickly and thoroughly; we want to be quick at what we do so we can give the public and businesses what they need.

TR: Do you think we will hit the 2025 target for full fibre?

AW: 2025 is very do-able, yes. At the moment, we are financed to 66 cities. But there is a lot more work we are already doing, and we are currently working on a number of other initiatives so you will see that number increase.

TR: I think you have already announced that you plan to increase your investment to £4 billion and roll out a full fibre infrastructure to 100 towns and cities, in the process helping to create an additional 10,000 jobs within your pool of network construction partners.

AW: That's right. We don't own the spades in the ground and are reliant on contractor



Andrew Wilson

relationships for the full fibre network roll-out. We couldn't scale fast enough without using third parties and civils companies that can go in and put more spades in the ground simultaneously. Between ourselves and other infrastructure builders, we are creating more demand in the jobs market and will continue to create more opportunities for people.

TR: How do you decide which towns and cities to include in your roll-out?

AW: It's all part of a business plan, as you'd imagine. We are funded by two significant infrastructure investment firms (Antin Infrastructure Partners and West Street Infrastructure Partners, a fund managed by Goldman Sachs) and that private investment hinges on a business plan with pre-defined cities based on the density of homes/businesses and other factors.

For example, we decided not to go into London because it is already well covered, choosing instead to go into the likes of Leeds, Bristol, Nottingham and Derby – larger towns and cities that don't jump off the page as a first choice like Manchester or London but which have an absolute need for this infrastructure.

It is worth adding that when we go into a new city or into a city in which we had an established business-focused network that we are now expanding, we take a whole city approach, which means building a network once for everyone in that city

– residents and businesses. CityFibre doesn't just cherry pick certain parts of the city, which others have done in the past, but floods the whole city with full fibre. (Ed – CityFibre has an existing Metro network in around 30 towns and cities in the UK today, offering full fibre ethernet services for partners to sell to businesses. At the same time, it is rolling out a 1Gbps Fibre to the Premise network to an additional 36 towns and cities, as well as existing areas.)

TR: That must be more expensive than cherry-picking.

AW: You're right, if you only look at one city in isolation. But if you blend the whole business case together, it makes sense to do it all.

From our CEO Greg Mesch down, CityFibre has a culture of genuinely wanting to make a difference, and to live by that belief system you need to commit in full. Greg has always maintained that he wants to make sure we are not just infilling but are delivering full fibre to everything from the macrocell site all the way to the carrier partners.

TR: Once you have built your infrastructure, how do you make money from it?

AW: It's a very well timed game; we are monetising the network even before it is built. We do big PSN (Public Services Network) public sector framework agreements, where we work with local authorities and councils to make it happen commercially for both parties. We know there is demand from a public sector perspective, so we work closely with most of the PSN contracts in the UK and are successful at it.

We are a channel-only business and off the back of that we work with key strategic partners nationally – big ISPs like TalkTalk and Vodafone – to deliver both consumer and business connections.

We also have a local programme. When we know which cities we are going to be in we go to the local partner community and say 'How do you want to grow your business with your customer base using full fibre'. It's a really nice message because it enables those small to medium-sized IT and telecoms resellers to get on the front foot. We are not live in Derby yet, but when we are, we will know who to onboard.

The fibre infrastructure in the UK is grossly under-developed and partners and consumers know that, so, if anything, it is a case of partners saying to us when will

you be coming to our city, not the other way around. We are the white knights in that sense.

TR: What are resellers looking for and how does CityFibre differ from the competition. Is it just geographic availability or are there service elements as well?

AW: There are three things: geographic availability – are we available in areas where customers need connectivity?; the commercials – does our cost base give partners a differentiator?; and massive investment in systems and IT architecture to ensure that as we continue to scale our partners get an automated experience, so that it is easy for them to quote, order and track sales. That is a big mantra – it doesn't come overnight, but making sure we are easy to do business with is front

and centre of our strategy.

TR: Where does Entanet, a CityFibre company fit into your go-to-market strategy?

AW: I have three routes to market: carrier and national – the big scale national players; a regional team that works with partners to roll out business locally; and then a Business Partners team – the result of our Entanet acquisition – offering on and off-net services. So, we do also sell other suppliers' services, such as BT Wholesale, Virgin, Sky and TalkTalk Business etc. (our off-net services). While our network is in build mode it makes sense to help partners win business in areas we currently don't have on-net coverage, enabling them to deliver everything through us rather than having to use multiple suppliers.



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TR: How do you measure your success?

AW: The business KPIs and metrics are very much hinged on numbers of businesses passed and numbers of consumers passed. It is all about ready for service (RFS) data, because that is the segue into commercialising your network. If you have very small numbers of RFS businesses and consumers, you won't sell a lot, so all of our efforts and our finances are hinged on building network, getting businesses and consumers ready for service and the IT stack. It's all about spend, spend, spend at the moment.

TR: How much do you collaborate with your competitors? There must be times when the industry presents a united front. Where does cooperation end and competition begin?

AW: Greg often sits alongside other senior heads from Openreach, Virgin, TalkTalk and other larger providers when we are lobbying Government. One challenge for the entire industry is wayleave. Wayleave is an obstacle to us getting as much fibre in the ground as possible because you have third parties in the middle making decisions on whether you can or can't dig up that street or go into that building and how much it is going to cost.

For me, the right thing for the Government to do is make access more of an easement, a legal requirement, like we do for water, gas and electricity, because full fibre is so vital to the UK's economic recovery. My peers and competitors are all on the same page and we do work collaboratively on those big ticket issues.

Where the competition begins is in

things like overbuild. None of us wants to be putting all this investment in the same place. For example, if we all chased Derby, it could risk serving customers in other towns and cities across the UK. We have been very open about where we are going, and it doesn't do anybody any good if a competitor decides to follow us or try to get there quicker. That said, you will always get an element of competition because people want to monetise things quickly and most of the areas we go into are lucrative for obvious reasons.

TR: Does DCMS control who has rights to a particular area?

AW: No, they don't currently dictate that, but there are conversations and recommendations and I am sure they advise and coordinate to support bills and programmes like the DCMS rural programme, looking at how to enhance coverage in the countryside and village locations.

With Covid, we have all become more regionalised. My small village is becoming more like a bustling town, and the town I live near is becoming a lot quieter because everyone is staying locally and shopping at the local farm shop or butcher. Village communities and small town communities are bustling and that is putting more demand on infrastructure in those rural areas.

So, it makes sense for us have a rural programme. We have just announced a trial in the villages of Hollins Green and Rixton off the back of Gigabit Broadband vouchers under the Government's Rural Gigabit Connectivity (RGC) programme. We are doing that through the physical infrastructure access (PIA) route, using

Openreach's existing cable ducts to deliver it. In the cities, in the main, our infrastructure build is based upon digging our own channels, but in some areas it makes sense to use existing cable ducts so that we don't have to dig up the road.

Our build programme evolves all the time to be as efficient as possible. If using third party infrastructure is the right thing to do in a particular location, we will do it. The game plan is not about the civils, but about ready for service. So, it's a question of looking at the most efficient way of doing it.

TR: Is 5G a threat or an opportunity?

AW: We are fully supportive of the 5G roll-out in terms of the mobile infrastructure - we recently announced a big deal with 3. We don't see it as a replacement service for fibre to the premises. It will just form part of how we use connectivity. If we were going to switch over fully to 5G, demand would be too big for the infrastructure.

The important thing for someone like CityFibre is that the 5G roll-out needs a higher density deployment of small cells in a town or city. The fact that CityFibre has a full city approach allows us to enable so many more of those small sites in households, lamp posts, traffic lights, buildings. That's a key reason for the relationship with 3.

The other thing is backhaul. To be able to run a 5G network at such high capacity and higher speeds, you need the backhaul infrastructure to be in place. That is exactly what full fibre gives them.

TR: Is there anything that could make your working life easier?

AW: We're following a really clear plan and are building at a rapid pace. Ideally, I'd have a completely built network to offer our channel partners because the demand is there, but our progress is excellent and we're meeting that need. The timing is so good for the channel, with the copper switch-off by BT and new fibre infrastructure going into the ground. There is so much opportunity - every time we release a new city, it means more opportunity for ourselves and more opportunity for our channel. During Covid, we actually launched a new city to the channel, Plymouth, so we could send messages to our partners saying 'Great news guys; here's more opportunity and more people for you to talk to in this area with new connectivity and new infrastructure'. I felt really good about that. It's the gift that keeps giving in that sense.