

Going where other telcos fear to tread, Faroese Telecom is attempting to bring its expertise in advanced terrestrial digital video broadcast and wireless internet technologies to remote, underserved markets with a focus on eventual voice, data and video convergence.

WHILE OTHER telcos are searching for ways to salvage sales and increase traditional telco market share, a small experiment has proven to be the catalyst for an emerging international focus and thoughtful investment in emerging and potentially lucrative technology by Faroese Telecom (FT). The small experiment has grown into a full-fledged company known as Televarpið. The unique and commercially successful subsidiary of FT utilizes advanced terrestrial digital video broadcast (DVB-T) technology to deliver a variety of television channels to its Faroese subscribers.

As part of a recent corporate reorganization, the management of FT established a new division, Faroese Telecom International (FTI). Corporate management wanted to build on the financial success of Televarpið and to seize the potential of the proprietary subscriber management software (SMS) that is the heart and soul of the Televarpið system. As all telcos, FT faces the unrelenting challenge of diminishing revenue from fixed line telephony in the face of expanding mobile usage and broadband voice over Internet Protocol (VoIP). It was felt that the new division could directly impact the bottom-line of FT by engaging in the worldwide export of its SMS software, as well as foreign direct investment in telecommunications innovation abroad, including co-managed or co-owned DVB-T operations, an area of special FT expertise.



TRIPLE PLAY IN TRICKY PLACES

The DVB-T system of Televarpið was designed especially to meet the needs and challenges of operating a digital television service in the limited market of the Faroes with its mountainous environment. Because the rugged terrain of the Faroes would of necessity increase equipment costs, the small group of 'intrapreneurs' within FT responsible for the development of Televarpið recognized early on that for Televarpið to be profitable quickly they needed not only to carefully select and integrate the equipment needed, but also to manage subscriber payment and distribution of content in the simplest, most efficient manner possible with the

least number of employees—in essence, a virtual company.

The group literally searched the world for such a cost-effective subscriber management system, only to realize that it did not exist.

Turning to local Faroese software designers, they had a system developed that was not only totally web-based, but also had the potential to be scalable and marketable worldwide. FTI is in the final stages of a total re-build and upgrading of its original SMS. Known as PULSLogic, it now accommodates a whole range of payment options and content delivery, scalable to meet the needs of any community.

Telco innovators worldwide know that the future of global communications will feature the convergence of voice, data and video—known as 'triple play'—into a single, high-speed Internet Protocol connection. Fiber optic cable will, of course, carry some of this global traffic. But, everything is going wireless and innovators are exploiting the potential of advanced wireless technologies, such as WiMAX, an emerging technology that looks destined to revolutionize telecoms, enabling transmission of high-speed signal upwards of 100 km or 60 miles. Depending on the topography, a central mast or tower equipped with a WiMAX device could cover an entire town.

FT International core values include boldness, simplicity and good humour. Group vice president and head of FTI Tróndur Djurhuus, centered, with team members—from left Cesar Bardo Rios and Brian Rosendahl, and from the right John Eikkólm, manager, Business Strategy, and Edvard S. Joensen, manager, ICT.

It was the build out of such advanced technology in the southeast of England that recently caught the attention of FTI and prompted its purchase of a share in Telabria Ltd, a company that provides WiMAX-based services for both commercial and residential subscribers. Recognizing the expertise that FTI could offer, Telebria welcomed Tróndur Djurhuus, head of FTI, on its Board of Directors.

"Part of our mandate at FTI is to seek out and place international investment in potentially lucrative, leading-edge telecommunication operations," noted Mr Djurhuus, who was part of the team that deployed Televarpið.

"The lessons learned from this mutual collaboration," Mr Djurhuus continued, "will undoubtedly serve to stimulate other international alliances with companies providing advanced telecommunications services."

The initial success of FTI has not gone unnoticed by the world at large. Demand for the PULSLogic software has grown exponentially and a consortium of high-tech business leaders recently welcomed the participation of FTI in a potentially rewarding international project focused on developing a simple and cost-effective 'triple play' WiMAX-based solution for underserved markets worldwide—a project that would appear to be fully in line with the long-range vision of FTI.

"These underserved markets often have challenging topography and demographics similar to the Faroes,"

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Division of Faroese Telecom
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Group Vice President and Head of FTI:
Tróndur Djurhuus

Provider of cost-effective solutions for Digital Video Broadcast – Terrestrial (DVB-T).
Developer of highly robust and scalable Subscriber Management Software – PULSLogic. Primary focus on wireless connectivity, especially emerging technologies such as WiMAX.

Investigates and facilitates investment by parent company in emerging high-tech companies around the world.

Faroese Telecom:
Leading provider of telecommunications services in the Faroe Islands.
Fixed and mobile telephony.
ISP services: ADSL and dial-up.
Transmission solutions and networks.
Enterprise telecommunications solutions.
Consumer 'tele-shops' located nationwide.
Hosting environment and 24-hour support center. International linkages via satellite and undersea cable.
Publisher of white and yellow page directories (print and web-based).
Digital television distribution via DVB-T subsidiary company, Televarpið.

Mr Djurhuus added. "These areas are generally much too daunting for larger telecommunication companies who have limited or no experience working in such markets."

Faroese Telecom, of course, has a long tradition of operating in such a challenging market. That tradition, plus the expertise FTI has developed through its establishment of Televarpið and its development of the PULSLogic system, may enable it to enter into challenging markets along with local partners and quickly realize a profit while at the same time bringing needed advanced telecommunication services to otherwise overlooked or underserved communities.