



## **IWB and Swisscom sign preliminary agreement concerning joint expansion of fibre-optic network**

**Swisscom and IWB (Industrielle Werke Basel) have agreed on the main principles governing how the fibre-optic network in Basel is to be built and which parties will bear which costs. Carsten Schloter, CEO of Swisscom, and David Thiel, Chairman of the Executive Board of IWB, have signed a corresponding preliminary agreement setting out the key parameters for cooperating on full-scale expansion of the fibre-optic network in the city of Basel. The governing bodies now face the question of financing, in particular on the part of IWB. The IWB Board of Directors will address the issue between now and April. Pending approval by the Board of Directors, IWB will submit a recommendation to the cantonal council of Basel-Stadt and the cantonal parliament.**

Full renewal of supply networks occurs every 30 to 50 years. A comprehensive fibre-optic network in Basel would give the city a clear locational advantage and thus also serve the public interest. During the negotiations IWB and Swisscom underlined that the network should be cost-effective in terms of construction and operation. The agreement will also ensure customers benefit from genuine competition. Cooperation will enable the network to be built at significantly lower cost by exploiting synergies in the existing networks of both companies and utilising the electricity and energy infrastructure of IWB. The preliminary agreement has still to be approved by the IWB Board of Directors, the cantonal council and subsequently the cantonal parliament of Basel-Stadt. In particular they need to check whether the negotiated financing proposal is in the public interest.

IWB and Swisscom intend to cooperate in construction and operation of the whole network, from the exchange to the fibre-optic socket in the households of the users. Four fibres will be laid to each household (apartment, house or commercial property). This multi-fibre model is designed to ensure the Basel fibre-optic network remains competitive over the long term.

The fibre-optic cables already laid by Swisscom and IWB in Basel and the existing duct infrastructure of both partners will be used in the course of the cooperation. This will substantially reduce the amount of excavation work required in Basel. IWB plans to set up a fully-owned subsidiary, which will conclude a



cooperation agreement with Swisscom for construction of the fibre-optic network based on the preliminary agreement.

### **Investment shares**

Under the terms of the preliminary agreement, Swisscom will share 60 per cent of the total investment of around CHF 170 million, IWB 40 per cent. This is contingent on network usage of each party also being on the same scale. A compensation mechanism has been agreed in the event that actual network usage of a partner exceeds the investment share. This way all residents of Basel will have non-discriminatory use of the Basel fibre-optic network, i.e. a level playing field will exist.

### **Ownership structure and conditions of use**

The cables in the core network, the so-called feeder section, will be fully owned by Swisscom. IWB will own the access network cables up to the buildings and apartments. Both parties mutually agree to the Indefeasible Right of Use (IRU) to one fibre per utilisation unit for a period of 30 years.

IWB will be responsible for overall coordination of construction and operation. Joint planning bodies will ensure that the network is built at minimal cost.

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