Surging data consumption and demand for high bandwidth services have given an impetus to the wired broadband market. Atria Convergence Technologies [ACT] Fibernet has leveraged this growth opportunity to emerge as the third largest internet service provider (ISP) in the wired broadband space. ACT offers retail users services using optic fibre cable (OFC) and speeds of up to 1 Gbps. It is reportedly planning to launch its initial public offering (IPO) and has filed its draft red herring prospectus with the Securities and Exchange Board of India. Prasanna Gokhale, chief technology officer, ACT Fibernet, talks about the company's strengths, key challenges and the future roadmap…

What is ACT's strategy to tap the opportunities offered by the wired broadband market?

We are well positioned to meet the under-served and growing demand for wired broadband internet services in India. ACT Fibernet has an extensive fibre broadband network, which, as of September 30, 2017, covered more than 5.4 million residential homes in its markets of operations. This network comprises last-mile distribution switches across India, including over 2,500 km of underground network infrastructure. As on December 31, 2017, all our residential homes and enterprise customer premises were provided with network devices that can support up to 100 Mbps speeds, with minimal modifications to our existing infrastructure. We intend to enhance our market position by improving our share in the areas covered by our fibre broadband network. However, our services have not yet been widely adopted. As on December 31, 2017, ACT had approximately 1.28 million wired broadband internet customers, representing a customer penetration rate of about 23.14 per cent of the homes covered by our broadband network.

We intend to continue identifying other cities and towns that have a high potential for wired broadband internet and expand our business into those markets. However, we will continue to divide our focus between driving revenue growth and expanding our business with a disciplined approach towards cost management and capital investments.

What is your competitive strength vis-à-vis other players in the segment?

ACT Fibernet is the largest fibre-focused wired broadband ISP in India in terms of number of fibre broadband subscribers, and the third largest wired broadband ISP in India. According to Media Partners Asia's (MPA) estimates, ACT had a market share of 6.9 per cent of the pan-Indian wired broadband internet market as on September 30, 2017. Also, as of December 31, 2017, ACT operated in 12 cities and towns across Tamil Nadu, Andhra Pradesh and Telangana, Delhi and Karnataka, which represent four of India's five largest wired broadband markets in terms of number of internet users. Moreover, we are the market leader in Bengaluru and Hyderabad, as per MPA.

What are the emerging trends in terms of data speeds?

According to Akamai's State of the Internet Report, the average fixed internet speeds in India have improved in recent years, increasing more than fivefold from 1.2 Mbps in December 2012 to 6.5 Mbps in March 2017. However, India still lags behind most global markets in terms of fixed internet speeds.

ACT has recently launched 1 Gbps broadband plans in Hyderabad and Bengaluru. How has the customer response been? Which other cities are in the pipeline?

We were one of the first ISPs to offer wired broadband services with access speeds of up to 1 Gbps to retail consumers in Bengaluru and Hyderabad, which are among the largest wired broadband markets in India. The customer response has been positive and with demand for internet data growing rapidly, we believe that our presence in these key markets will continue to be a steady source of revenue.

What is your outlook for the fixed broadband market, particularly in light of surging mobile data uptake? What are the growth drivers?

With only 6-7 per cent wired broadband penetration in India, there is enough opportunity for both mobile and fixed broadband operators to grow. Consumers view wireless broadband as a complementary service rather than as a substitute for fixed broadband, because of the several inherent benefits of wired broadband. These include:

• Network speed: Wired broadband offers faster network speeds as compared to wireless broadband. While moderate speeds may be sufficient for less data-intensive applications such as emails, social media and messaging, they are not ideal for bandwidth-intensive applications such as video streaming, video calls and online gaming.

• Data allowances: Fixed broadband plans usually provide more data than mobile broadband at greater speeds.

• Network latency: Wired broadband networks provide lower latency compared to mobile broadband. Lower latency enhances the user experience in applications such as audio and video calls, and online gaming.

• Network coverage and reliability: In a densely populated country such as India, mobile connections are likely to suffer from network congestion as well as signal degradation owing to obstructions such as buildings, walls and floors.

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