Reliance Ventures into Optical Fibre Services

What is the issue?

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- With a rapidly expanding digital footprint, our wireless networks are likely to prove inadequate to handle the load.
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- “Optical Fibre Technology” is a promising prospect and Reliance Jio’s proposed foray into the sector is likely to disrupt the market.
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What is present scenario in India’s digital landscape?

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- **Change -** The growth in consumption of video and online content has been exponential over the last two years.
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- The tectonic shift from an analogue world to a digital future is clearly perceptible across all aspects of life.
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- At the centre of this transition, is the availability of a reliable and affordable data network, which was previously eluding the Indian masses.
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- **Trigger -** Until recently mobile operators were adopting a piecemeal approach in establishing a high speed broadband infrastructure.
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- The scenario changed in 2016 after Reliance Jio launched its 4G services at price points that were drastically lower than the prevailing tariffs.
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- Since then data consumption has shot through the roof to 1,945 MB per user per month in 2017 from just 123 MB in 2015.
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- **Challenges -** However, with only 400 million users having access to broadband, we are still scratching the surface when it comes to data usage.
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- When one billion-plus Indians get online and start consuming data, the

existing wireless networks will not be enough to support that demand.
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- In this context, Reliance Jio’s move to start optical fibre-based broadband service is a disruptive move which is critical for India’s digital dream.
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What is the significance of Jio’s Optical Fibre Foray?

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- **Optical Fibre Network -** These are wired connections established for ushering in broadband services at high speeds.
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- It has the capability to carry much more data than a wireless network because the latter is dependent on the quantum of radio spectrum.
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- Spectrum being a finite resource can only be useful for carrying applications that do not require large bandwidth.
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- Mission critical applications such as healthcare and education can proliferate only when there is a robust optical fibre broadband backbone.
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- **Reliance’s Venture -** Jio’s move into optional fibre network is a game changer as it is likely to position India as one of the biggest digital market.
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- This will further disrupt consumer behaviour as it would open broad bandwidth services to areas that have not been serviced till now.
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- Notably, large incumbent optic fibre operators, despite being in operation for over two decades, have network only across 100 cities.
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- On the contrast, Reliance’s blueprint of 1,100 cities and hopefully, at radically lower price points promises to be massive in coverage.
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- **Implications -** All this augurs well for users, but the ensuing cut-throat competition will force existing players to alter their business model or exit.
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- Jio’s cheaply priced mobile internet has already caused considerable damage to the wireless technology based telcos, most of which are now in huge debt.
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- Now, its foray into fibre optics transmission is likely to worsen this further.
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What is the way ahead?

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- Selling wireless bandwidth seems over and telecom market is shifting towards building and monetising services on top of the broadband network.
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- Further, linear TV faces the risk of losing viewership as audience are likely to shift towards online streaming platforms for entertainment.
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- In due course, this is likely to make cable TV and DTH players irrelevant – and incumbent players have to get innovative to survive these disruptions.
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Source: Business Line

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