

FROM THE INDUSTRY

Connected:

INTERVIEW WITH XAVIER RENARD ACOME GROUP

BY MELISSA COGAVIN

ACOME GROUP'S HIGH-TECH CABLES, DUCTS AND CONNECTIVITY ARE A FAMILIAR FEATURE IN OUR SECTOR WITH AN IMPRESSIVE MARKET SHARE ACROSS EUROPE AND AMBITIOUS PLANS FOR THE FUTURE. WITH THE RECENT ACQUISITION OF DENMARK'S LYNDDAHL TELECOM, THE COOPERATIVE, 100% OWNED BY ITS EMPLOYEES HAS SET AGGRESSIVE NET ZERO TARGETS AND TAKES ITS SUSTAINABILITY COMMITMENTS SERIOUSLY. MELISSA COGAVIN TALKED TO MARKETING DIRECTOR AND FTTH BOARD MEMBER XAVIER RENARD AT THE FTTH CONFERENCE IN BERLIN IN MARCH TO FIND OUT MORE.



TELL ME A LITTLE ABOUT ACOME GROUP.

We specialise in high-tech cables, ducts, connectivity and we're based in Normandy, with factories in Brittany. In January this year we acquired Lynndahl Telecom, based in Denmark, which is good for our European focus. They are quite a young company; they only started in 2020 and they were looking for someone to maintain their growth, especially in Europe. They have a presence in the US and Germany as well so it was a great fit for us all round.

WHAT SETS ACOME APART, IN YOUR VIEW?

As a cooperative company, I find it's a really good business model, and a big part of why I joined four years ago. We elect our board and then the CEO among the employees. Of course, as a result of this set up we sustain the company and jobs, but we're also very committed to sustainability. That's also part of my role here at FTTH Council; I'm also on the board pushing for this. So looking at the environment, globally speaking, especially with this recent acquisition, is a big priority for us.

DO YOU HAVE NET ZERO TARGETS THAT YOU'RE STICKING TO?

Yes, we have been very committed to this since the nineties. In 2006 we performed our first lifecycle assessment. Three years later we co-created with other major industry players our own EPD called PEP Ecopassport. It has now become an international programme across Europe. We have been using this tool to ecodesign our products, demonstrating significant carbon reduction in several of the countries where we sell. For example, a year ago we launched a new technology called Nanomodule, that contributes significantly to our carbon reduction efforts.

Today, regarding the PEP Ecopassport, there are more than 3000 EPDs available online.

THAT'S VERY IMPRESSIVE!

Although we are doing a lot at ACOME to reduce our carbon footprint, those actions and our targets were not yet monitored through the SBTi third party (Science Based Target initiative). We committed

in 2023 and provided our planned trajectory last December. Cautiously, I'm waiting for the feedback from SBTi before announcing our plans.

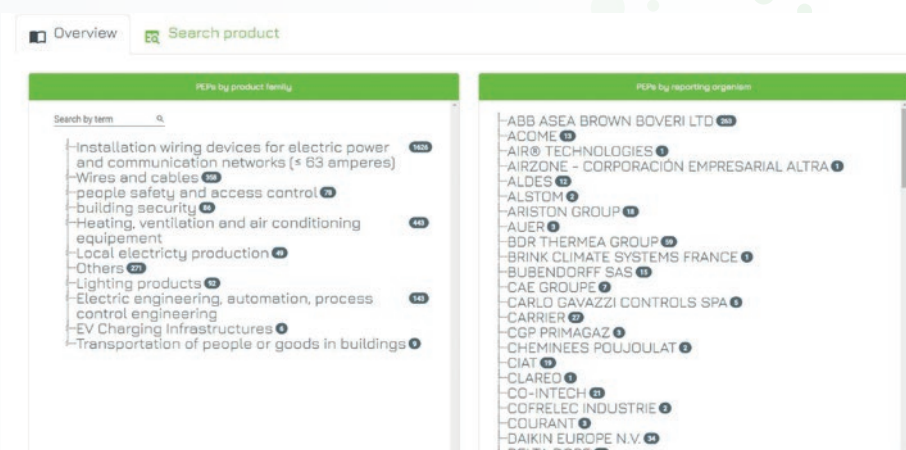
We are working every day to decarbonise our manufacturing, eg, lower carbonised materials, improved industrial and energy efficiency, and we are doing the same with our technology. We mix different things together, but usually everything is connected. The innovation I was just telling you about is participating. Nanomodule technology is revolutionising the optical cable industry, offering up to 30% reduction in carbon footprint. This directly contributes to the carbon reduction objectives set by operators, helping them make tangible progress towards their sustainability goals. By incorporating these advanced nanomodules, ACOME Group also lowers the environmental impact of optical cable manufacturing, allowing it to achieve its own carbon reduction targets.

WHAT'S YOUR STRATEGY?

ACOME is positioned across two main markets; the automotive market with electrical vehicles and the telecom market with optical fibres. Both markets are what I call avoided emission markets.

When you manufacture, for the sake of argument, single-use products (like cutlery), you know that each new manufactured product will contribute to consume a bit more of the "carbon budget" that mankind has available before a temperature rise of 2° becomes inevitable. For fibre, it's very different. The technology is inherently low carbon: fibre is the greenest telecom technology. Each time a fibre is produced, especially FTTH, it will replace an old copper transmission technology, which emits at least 3 times more carbon than fibre. So fibre technology is avoiding future

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carbon emissions, therefore preserving our “carbon budget”. Same for new energy vehicles. Each time an electrical car is produced, we know that (after a given number of miles) we will avoid future carbon emissions and we are heading in the right direction.

In 2023, ACOME SA emissions totalled 190,000 tons of CO2 equivalent. With the CSRD (Corporate Sustainability Reporting Directive), it is a requirement for large European companies to assess and report the carbon emissions of their organisation. There is a methodology to convert an activity into carbon emissions. The more you produce, everything else being equal otherwise, the more carbon you produce too.

So for us, a way to be compliant with the Paris Agreement and work towards net zero is to switch from a cable technology to something else.

BASICALLY FOR THE SAME VOLUME YOU CAN DECREASE YOUR FOOTPRINT.

Exactly.

AND HOW DOES THE NANOMODULE CONTRIBUTE TO THAT FOR ACOME?

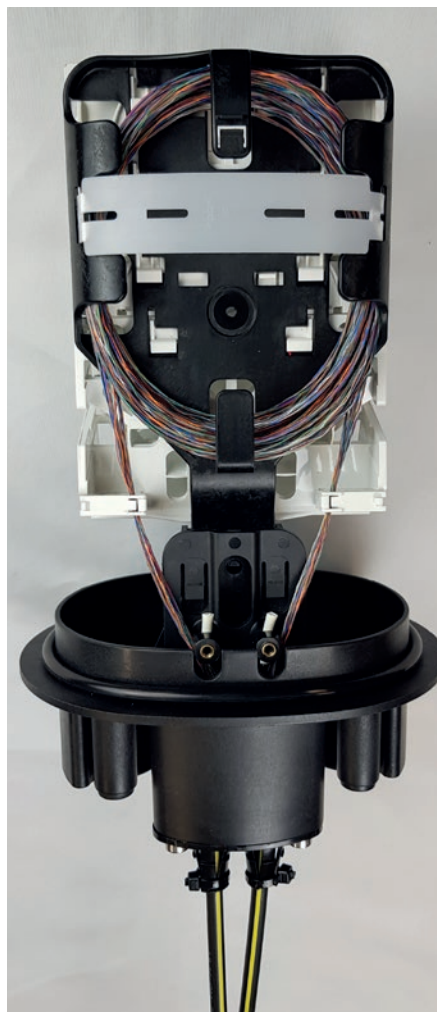
We have reinvented the way we manufacture an optical cable, with a new patented technological brick called Nanomodule. A cable is made with an outer jacket. Inside you'll find modules and inside the modules you'll find the fibres. The way ACOME installs the cables are installed with a so called mid-span technique, meaning that we will not cut all the cable, just remove the sheath. A module is selected and then cut, enabling the needed fibres to be spliced. Let's say only four fibres are needed to be spliced towards a building, in a module of 12 fibres, it means that, what do you do with the other eight fibres? Either they are wasted, which is not the goal, or, the only other way around is to be spliced on themselves.

Nanomodule technology uncovers a waste that is now called non-value-added splices. Some splices made in the field are done to resolve a technical problem, but have no other value than this. Thanks to ACOME's breakaway technology, if a single fibre needs to be spliced, only one fibre will be removed from the Nanomodule without the need to cut

the others. In this extreme example, 11 splices are avoided. We demonstrate that this technology saves up to 65% in the number of splices. At the local level, this represents hundreds of millions of euros in savings and several million nationally.

HOW DOES NANOMODULE TECHNOLOGY REALLY TACKLE MARKET ISSUES?

In most of the countries where FTTH is rolled out, there is a pressure on skilled labour. In France, when the peak of the roll out was reached, with 6.9M Homes Passed a year, 33,000 technicians were employed. It takes a lot of time to get enough trained people as a lot of different skills are required and the more technical they are, the more difficult to source, train and pay for. The cost-of-living crisis sees a demand for higher salaries which impacts on the cost of deployment. With the Nanomodule technology, much fewer splicers are required. We built a model to calculate the saved full-time equivalent workers. For a million Homes Passed, this can represent up to 300 saved FTE.



HOW DOES THAT TIE IN WITH OUR CARBON FOOTPRINT?

Indeed, those savings go together with lower carbon impacts. With this technology, the traditional petroleum-based module is replaced by a textile thread which surrounds the fibres. Less oil means less carbon for sure, but less material around the fibres also means less clutter and as a consequence a smaller diameter for the outer jacket.

But disrupting technology can be difficult. Incremental innovation is easy because you don't change much as you go along. You make small savings without any big changes.

We work with people all along the supply chain because this has to be seen as a whole, in order to see the value of it. The installer can work faster, can be more competitive, or can take on more business or can be more profitable. It's a win-win situation between the operator, the installer and ACOME. But we need to convince people this is normal practice. We've been operating on this basis for a year now. We have already commercial successes with Altnets. They are usually more able to make quick decisions. The real challenge is with the market leaders.

IT'S ABOUT OVERCOMING A CERTAIN MINDSET. HOW DOES THIS AFFECT YOUR OVERALL OUTLOOK?

In the UK, our innovations have been well received and trials are underway. The market is quite dynamic; the roll out of 4.7M Homes Passed between Sept. 2022 and 2023 according to the Market Panorama from the FTTH Council is impressive. Germany was in second place, with the roll out of 4.4M Homes Passed, but also has a larger population. Germany is still lagging behind with less than 40% coverage. The work of what we call 'conviction for innovation' usually takes more time. France, Ireland and Portugal are now close to the end. ACOME had a significant market share in those countries. All these markets have a majority deployment of aerial cables in common - an area in which we have a recognised level of expertise.

Europe has now achieved roughly 70% coverage. We note two different trends: the construction was 10% less than the year before, while connection (fibre adoption) had been 20% more

than the year before, demonstrating the European appetite for fibre technology. The construction market momentum is quite closely related to interest rates, at over 3.5% for months now. When money is tight, it is human nature to approach things differently. Germany may want to accelerate the adoption of disruptive technologies.

ESPECIALLY AS OUR CONSUMPTION IS ONLY GOING UP.

Yes, according to AD Little, in France and in Germany on average a household is consuming 200Gb per month. That's expected to grow to 1,000Gb by 2030. ETNO showed in a recent study that around 70% of traffic is video streaming.

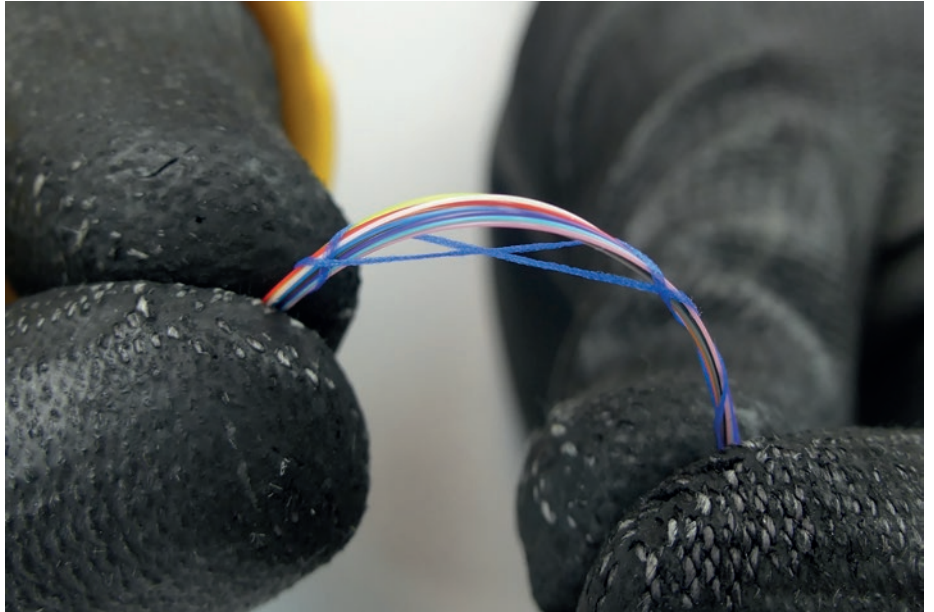
That's a good thing for the industry but the demand might increase quicker than the decarbonisation offered by fibre, leading to higher carbon emissions. This is known as the rebound effect. In a study from the Shift Project, carbon emissions from digital occupies around between 3% and 4% of worldwide emissions, increasing by 6% to 8% per year, putting huge pressure on energy consumption, also questioning the use of digital altogether.

SUSTAINABILITY TARGETS MUST SURELY BE SQUEEZED AS A RESULT OF ALL THIS.

I've been on the board of the FTTH Council for a year; I've led an initiative to encourage our member companies to produce their own carbon assessment. We built a model that ensured the data remained confidential, we aggregated the data and built a model for the entire sector. The results have been published in a white paper, 'FTTH Carbon Footprint Project - A Reporting Model for the Whole Sector', available now. [And available for you to read on page 94 - Ed.]

THAT KIND OF WORK STANDS TO BENEFIT EVERYONE.

Absolutely; as a result, we have extended this out to the whole industry, beyond just FTTH members. We just launched the "FTTH Council Carbon footprint cooperative platform" which aims to provide a peer space to either collectively train to assess an organisation's carbon emissions, or share and get sector data to accelerate its own assessment.



CAN YOU PREDICT WHAT THE SITUATION WILL BE LIKE IN FIVE YEARS' TIME?

Difficult to say. I would only comment the work ongoing by the European Commission, and the white paper recently released "How to master Europe's digital infrastructure needs?"

What are the key levers that still need to be pulled to reach a Digital and sustainable Gigabit society by 2030? I see mostly two:

First, the need for a clear frame and agenda for the copper switch-off. As any other large investment, as it is for infrastructures, visibility is definitely an incentive for investment.

Secondly, although fibre is proven to be the greenest telecom technology, it is not yet in the EU taxonomy for green investment. According to SBTi, Digital has the capability to decrease the carbon emission of the industry by 15%, but this would be even more efficient, if fibre technology was seen by all players as a strategic green technology. Hopefully to become the first neutral continent by 2050!

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