

Martin Bouygues: "I am declaring war in the fixed broadband market"

After a challenging year, Bouygues Telecom is retaking the offensive in the 4G mobile phone and fixed broadband markets.

The Bouygues group Chairman & CEO is going on the attack. He is determined to slash fixed broadband prices, just as Free did in the mobile phone segment in January 2012. Bouygues Telecom is promising to save consumers €150 a year.

LE FIGARO. – What conclusions can you draw, just over two months after the launch of your 4G service?

Martin BOUYGUES. – It has been a great success for Bouygues Telecom. We will be passing the million-customer mark in a few days' time. We have been widening access to 4G since 1 October, with the aim of providing it to as many people as possible. We now have the most extensive network in France, covering over 63% of the population, amounting to some 40 million people. We have 5,600 base stations and are the only operator to work on three different frequencies; 800, 1800 and 2600 MHz.

All our non-capped 3G plans were switched to 4G on 9 December and we have just opened up 4G to B&You customers at no extra cost in order to promote the development of mobile 4G usage. The latter now have plans at €19.99/month with 3GB of data. Altogether, we have already spent €1.5 billion on 4G to date, for our licences and our network. In a fiercely competitive environment, we felt it was essential to offer 4G at the same price as 3G.

4G has brought us new customers, it's working well and that's what's making Free worried. Its business model in the mobile market is non-existent given the scale of investment required. This means the party's now over in fixed broadband.

Will you take the price war into fixed broadband?

In fixed broadband, operators charge for services that customers can't actually use. They pay for triple play (Internet, fixed phone and TV) when they are only eligible for double play (Internet and fixed phone). That's why we launched the B&You home gateway ("la Box Internet") at €15.99/month, which has been a great success.

I am declaring war in the fixed broadband market. We have been working on this for over a year and Bouygues Telecom will be breaking new ground in the fixed broadband market in 2014, offering new technologies and innovative services. We will be saving fixed broadband subscribers who choose the service €150 a year, which makes a saving of €12.50 a month. Who can beat that? Let Xavier Niel do the same if he can!

What do you think about the offering on the 4G market?

Xavier Niel has done a U-turn. Two weeks after saying 90% of French people weren't interested in 4G he was falling over himself to launch a 4G service, even though he had only 700 base stations covering a small proportion of the population. You need 500 to cover a city like Paris. And he's wrong when he says that Bouygues Telecom only has 530. He has already been found guilty of disparaging us. He is only counting the 2600 MHz 4G base stations, forgetting about the 800 and 1800 MHz base stations. Xavier Niel didn't stump up the cash to acquire 800 MHz frequencies, the so-called "golden frequencies". He and his customers will suffer the consequences.

What did you think about Arnaud Montebourg's comments on the subject?

I should like to pay tribute to Arnaud Montebourg and Fleur Pellerin. They reacted very promptly to the problem in the telecoms industry by referring the matter to the Competition Authority. The latter issued a very detailed opinion in March 2013 which takes very important positions on roaming and network sharing. But I am surprised at the deafening silence from Arcep, the French telecoms regulator.

What do you say to Free, which wants to join the network sharing agreement between Bouygues Telecom and SFR?

The aim of this project is to offer users the best network in France and to make substantial savings. Free has taken a headline-grabbing stance on the issue which actually makes no sense. Xavier Niel has tried to scare our employees but the project does not include any job losses. In any case, we have made this commitment to our social partners.

What conclusions do you draw from the arrival of a fourth operator?

It's been a disaster. I said what would happen and even wrote to François Fillon, the prime minister at the time, to tell him so. The conditions for the arrival of a fourth operator destabilised the market, causing a deep crisis and destroying thousands of direct and indirect jobs. They have led to a shortfall of several billion euros in tax revenue for the government and are making it very difficult for operators to maintain the level of investment that the country needs.

Of course we are in favour of competition, provided it is fair and balanced. But the telecoms market has suffered the effects of a ridiculously unlevel playing field. The chairman of Arcep said himself that no study of the impact on the sector and jobs had been carried out before the fourth licence was awarded. Free promised us a feast of innovations and new services in the mobile segment. All we got was a low-cost offering on the back of a roaming agreement with Orange. We're still waiting for the technological innovations.

And yet Free argues that its rivals have just become less rich.

Bouygues, which has five business areas and 134,000 employees in 80 countries, should not be confused with Bouygues Telecom, which made a loss in 2012 for the first time in 12 years. We recapitalised Bouygues Telecom to the tune of €700 million and introduced a savings plan which led, amongst other things, to the loss of 541 jobs at the operator. Our margins are below 20%, whereas his are over 40% in the fixed broadband segment. Finally, between 2010 and 2013 Xavier Niel's fortune, estimated by *Challenge*, rose from three billion euros to six, putting him in tenth place – so who's kidding who?

Xavier Niel accuses you of being born with a silver spoon and using TF1 news as a mouthpiece...

My inheritance is the spirit of enterprise and a modern and innovative workforce relations policy. Our employees are our largest shareholder, a fact of which I am very proud. They own 24.9% of the capital of Bouygues, and my brother and I together own 20.8%. Xavier Niel owns 55% of Iliad (Free's parent company, Ed.) and very few of his employees are shareholders. Is he also willing to share his wealth with his employees? His remarks about TF1 are quite simply libellous. Never in 26 years has the CSA (the French broadcasting authority) made any such charge against me. It wasn't me but Xavier Niel who said "When journalists piss me off, I buy a stake in their paper and then they leave me alone". It wasn't me but Xavier Niel who said "I have a model writ ready and waiting, all I need to do is fill in the journalist's name". That's a strange conception of press freedom and not one I share. He has no lessons to teach anyone about press freedom.

How do you see Bouygues Telecom's future now?

I am confident and optimistic about Bouygues Telecom's future. A great effort has been made to cut costs, and this was prepared for by all our people as early as late 2011/start of 2012. We have done great work in 4G.

With Free's roaming on Orange coming to an end, meaning that Free will have to have a full network, and with our fixed broadband offensive, the conditions for normal competition will at last be restored.

Interview by Elsa Bembaron and Enguerand Renault.