

ALTNET
CONFIDENCE
INDEX
2025

CONFIDENT CHALLENGERS

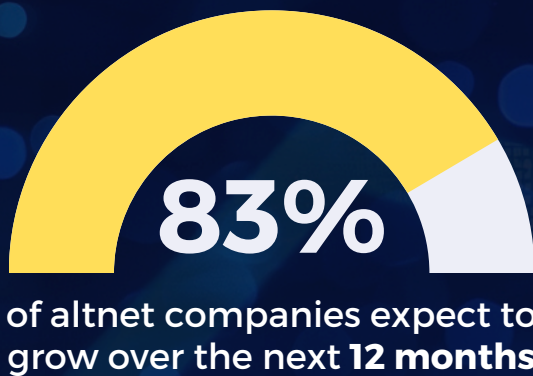


**PROACTIVE
INTERNATIONAL PR**

ALTNET CONFIDENCE INDEX 2025

The Altnet Confidence Index surveyed 300 decision-makers across the UK fibre market earlier this year, providing a comprehensive, market-wide perspective on the sector.

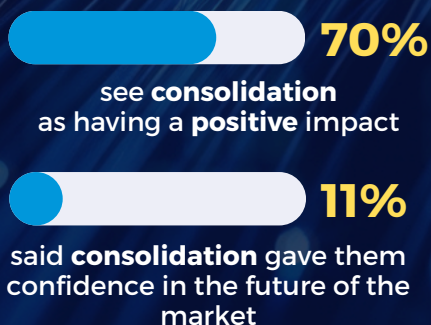
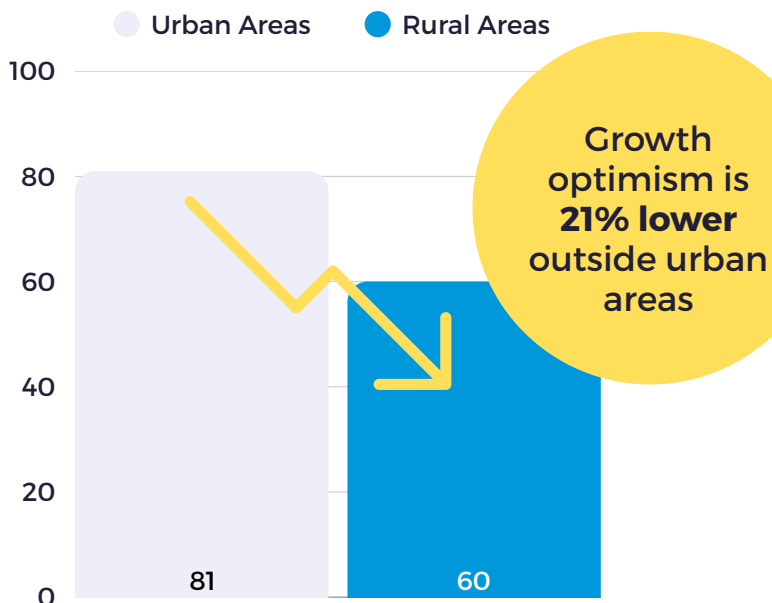
KEY INSIGHTS



Sustainability
is the **key area** for investment



Key concerns
are customer churn, regulation and consolidation



There is little interest in AI and network automation investment



Convergence
with other access technologies will be key to growth



FOREWORD

The altnets now cover almost half of the UK's premises with fibre, thanks to ambitious network builds and confident investment in the sector. Yet the sector collectively lost more than £1bn in 2023 and has struggled to increase customer take-ups and prove its self-sustainability.

At this crucial phase towards the market's maturity, how confident are its decision makers in the altnet sector's ability to grow? What are the factors increasing (or decreasing) its optimism? Where does the sector plan to focus its investment? And what does it really think about consolidation?

With high interest rates, technological progress, and the regulator's Telecoms Access Review (TAR) poised to shape the sector's future, Proactive International PR, in partnership with Censuswide, offers this report to answer those questions and more.

The Altnet Confidence Index captures the attitudes of 300 altnet decision makers, including ISPs, network operators, and equipment and technology vendors to get a market-wide view of the sector. The biggest opportunities and pain points for companies are revealed, providing a clearer picture on the long-term sustainability of the sector.

Despite publicly declared worries from both within the sector and from Government that companies could collapse – the sector is optimistic about its future. Overall, 83 percent of respondents are confident of growth. This confidence is backed up by a bullishness to invest more money.

Where that investment is intended for reveals interesting questions about altnet companies' strategies to grow networks and add more customers to them. Sustainability is the key area of investment, ahead of 'growing network reach' or builds and technologies such as AI or network automation. It is far ahead of customer acquisition and marketing.

The view from the sector on consolidation is also noteworthy. While consolidation has had an overwhelmingly positive effect on their companies (70 percent said either very or somewhat so), decision makers are concerned about its overall effect on the long-term sustainability of the sector. Operational costs and regulatory pressures give cause for concern, but technological advancements and more capital from private investors give confidence in their companies' growth over the next five years.

Overall, the sector certainly feels confident in its ability to grow and continue to challenge the incumbent operator by offering a viable and sustainable alternative for customers. It is hard to ignore the predictions that there is a bubble waiting to burst and it remains to be seen how damaging an impact the sector's concerns, such as expenditures and regulatory pressures, will have. On the other hand, the success of the sector's investment and its predictions will no doubt be measured over the coming year – as will whether its confidence is dented or emboldened in 12 months' time.


James Page
CEO
Proactive International PR

CONTENTS

05 | **CONFIDENCE IN FUTURE GROWTH IS HIGH**
But in some areas more than others

06 | **TECHNOLOGY DRIVEN GROWTH**
And other reasons to be optimistic

07 | **CAUSES FOR CONCERN**
Three clear areas

08 | **CONSOLIDATION**
Good for business, bad for the market?

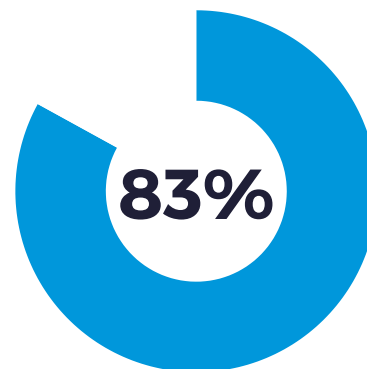
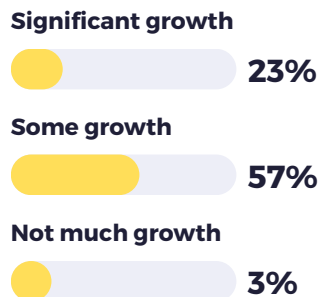
09 | **INVESTMENT LIKELY TO INCREASE**
With bulk of spend earmarked for sustainability

10 | **TECH INNOVATION & CONVERGENCE**
Long-term confidence drivers

CONFIDENCE IN FUTURE GROWTH IS HIGH

But in some areas more than others

The altnet sector is overwhelmingly optimistic in its attitude towards growth in the sector. Of the decision makers surveyed, 83 percent believe their company will grow in the next 12 months. 23 percent of that number expect to see significant growth.

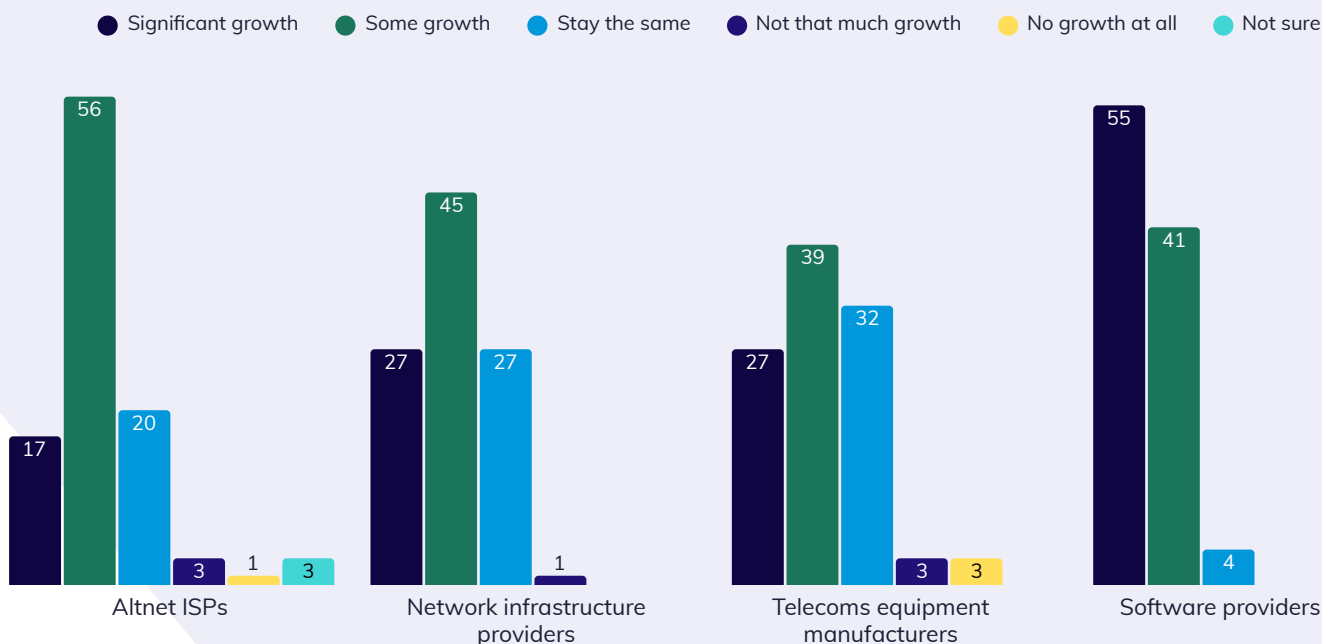


This optimism is more prominent in urban or suburban areas (81 and 83 percent, respectively). In rural areas, the expectation for growth drops to 60 percent. This reflects the market conditions of the different areas. The business incentive to build in rural areas isn't as great as in urban or suburban areas, owing to factors such as the lower density of potential customers – hence the founding of Project Gigabit to improve broadband access for hard-to-reach areas. There are also other issues such as skills shortages, limited existing infrastructure, and regulatory challenges that hamper investment and therefore growth potential.

The results also show a large split in the attitudes between wholesale providers and retail providers/ISPs. Wholesale providers have higher expectations for growth, with 90.67 percent expecting to see their business grow in the next year, compared to just 65.33 percent of retail providers and ISPs. The latter groups face a challenging and competitive market to increase subscriber numbers. ISPs that do not own their own network are typically backed by less capital which may also explain the lower confidence.

EXPECTED GROWTH LEVELS

What level of growth do you expect your company to see over the next 5 years, if any?



When talking about the level of expected growth over five years, the altnet sector remains optimistic. Overall, 77 percent of respondents expect their companies to see some form of growth, while 31 percent expect significant growth over the same time period.

TECHNOLOGY DRIVEN GROWTH

And other reasons to be optimistic

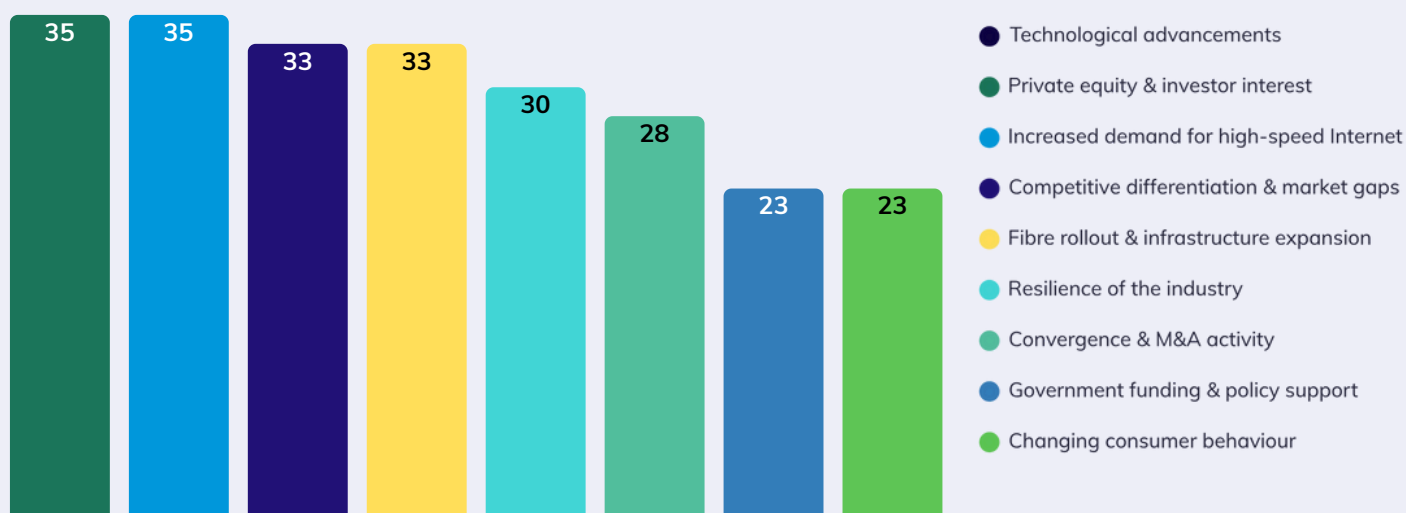
The reasons behind the mostly high expectations for growth over the next five years are varied but technological advancements stand out as the top reason to be optimistic for all company types surveyed (ISPs, software providers, network infrastructure providers, and equipment vendors).

This could be due to a variety of factors, from progress to both physical and software technology. For example, on the physical side, PON advancements are unlocking higher gigabit speeds for customers, allowing ISPs to sell more advanced broadband packages and increase Average Revenue Per User (ARPU).

48

EXPECTED BUSINESS GROWTH DRIVERS

For what reasons, if any, do you expect your business to grow over the next 5 years? (Select all that apply)



That type of advancement also increases the growth potential for equipment vendors who can develop, produce and sell advanced Optical Network Units (ONU) or Optical Network Terminals (ONT) for networks of 25G or even 50G speeds. The same logic can be applied to the network infrastructure builders who will be able to upgrade their networks, passing on the costs to the ISPs who, as mentioned, can then sell more expensive broadband packages.

It was software companies that answered most emphatically that technological advancements would be the biggest reason for growth over the next five years. Advancements in Artificial Intelligence (AI) and network automation are likely to give technology vendors (as well as network managers) reason to be optimistic as operators seek more advanced software. Technologies such as Software Defined Networking (SDN) and edge networking have also seen interest and growth for their ability to enable networks to operate more efficiently.

Less than a quarter of respondents said that government funding and policy support were reasons to be optimistic.

CAUSES FOR CONCERN

Three clear areas

There are three clear areas of concern for the sector: rising operational costs, increased regulatory pressures and consolidation.

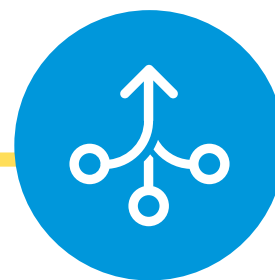
This is likely to reflect factors such as high interest rates, the copper network shutdown, and high-profile takeovers of smaller altnets which have all been recurrent talking points over the past year or two in the sector. When it comes to regulatory pressures, Ofcom's Telecoms Access Review 2026 might be a cause of discomfort for some – it has been reported that the altnet industry perceives it as giving preferential treatment of BT Openreach.



Rising operational costs



Increased regulatory pressures



Consolidation

ALTNET MARKET'S BIGGEST CONCERNS

What are the biggest concerns for your company in the current altnet market? (Select up to 2)



The main concern varies across the sector though. ISPs are most worried about customer churn. One Touch Switching, despite its bumpy introduction, has made it easier for consumers to move to one broadband provider from another. On the other hand, Wholesalers are most concerned about investment. For software providers, the most prominent worries are competition and regulation.

The rural and suburban/urban divide is evident here too. Rural firms are naturally more worried about costs and regulatory pressures than their sub/urban counterparts. It is costly to build in rural areas and the burden of regulatory compliance is often felt more keenly by rural operators which have different challenges – such as permits, local regulations and environmental factors – compared to their urban counterparts.

- Rising operational costs
- Increased regulatory pressures
- Consolidation of smaller players reducing opportunities
- Competition from larger technology players
- Subscriber acquisition & churn
- Access to investment for expansion
- Supply chain issues and procurement challenges

CONSOLIDATION

Good for business, bad for the market?

In response to being asked about causes for concern, respondents do worry about the general effect of consolidation on the overall market. Job losses, overbuild challenges, slower innovation or development, and a loss of regional focus or expertise caused by fewer smaller companies are all risks associated with consolidation.

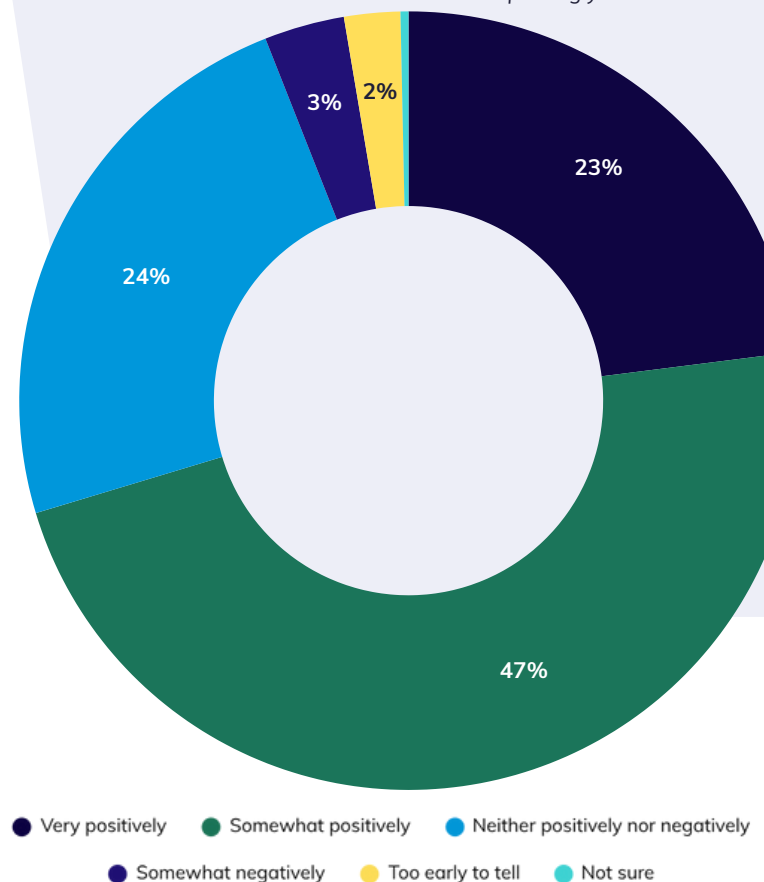
On the one hand, consolidation is viewed as a key trend that will allow the altnet sector to keep pace with and truly challenge the incumbents. On the other, it is likely to bring a less diverse market and fewer choices for customers as smaller operators are swallowed up. But how has it impacted individual altnet businesses?

A significant majority says consolidation has been good for their own companies, with 70 percent saying it was either 'very' or 'somewhat' positive. Network expansion, increased investor confidence, and streamlined operations are some of the potential benefits. In fact, only 3.33 percent said consolidation had been bad for their company.

With Neos Networks claiming earlier this year that a whopping 96 percent of the market's alternative networks are considering mergers, partnerships and acquisitions with other providers, consolidation shows no sign of slowing down. The market has also seen high-profile mergers such as 2024's Netomnia and Brsk deal to form the third-largest UK altnet, with a footprint of 1.5 million homes.

THE IMPACT OF MARKET CONSOLIDATION

How positively or negatively is market consolidation currently impacting your business?



And while companies in the sector have experienced benefits, there is still uncertainty about how consolidation will play out. Only 11 percent said successful market consolidation gave them confidence about the future of the market and more than a quarter (28%) identified it as the biggest risk to the sector overall.



However, when looking at the biggest risk to the sector as a whole, consolidation came behind 'supply chain & infrastructure deployment delays,' with 33.6 percent of respondents identifying this as the primary threat. Other potential perils for the industry included 'competition from larger incumbents,' 'lack of consumer awareness and subscriber growth,' and 'fixed wireless access.'

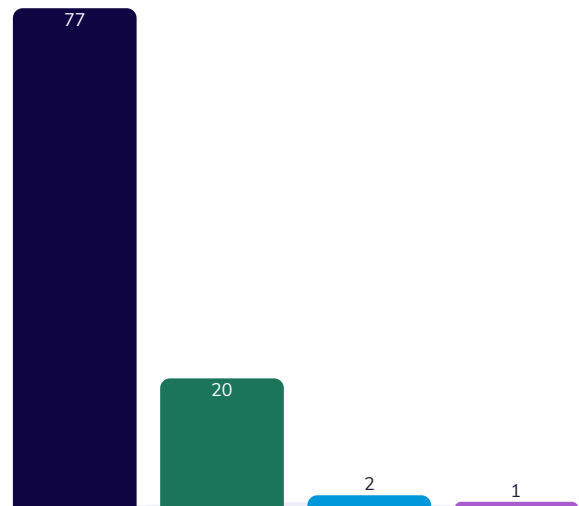
INVESTMENT LIKELY TO INCREASE

With bulk of spend earmarked for sustainability

The majority of the altnet sector plans to increase its investment over the next 12 months, with 77 percent of respondents saying their company planned to spend more. Of that, 20 percent said spending would increase significantly. Only two percent said spending would decrease.

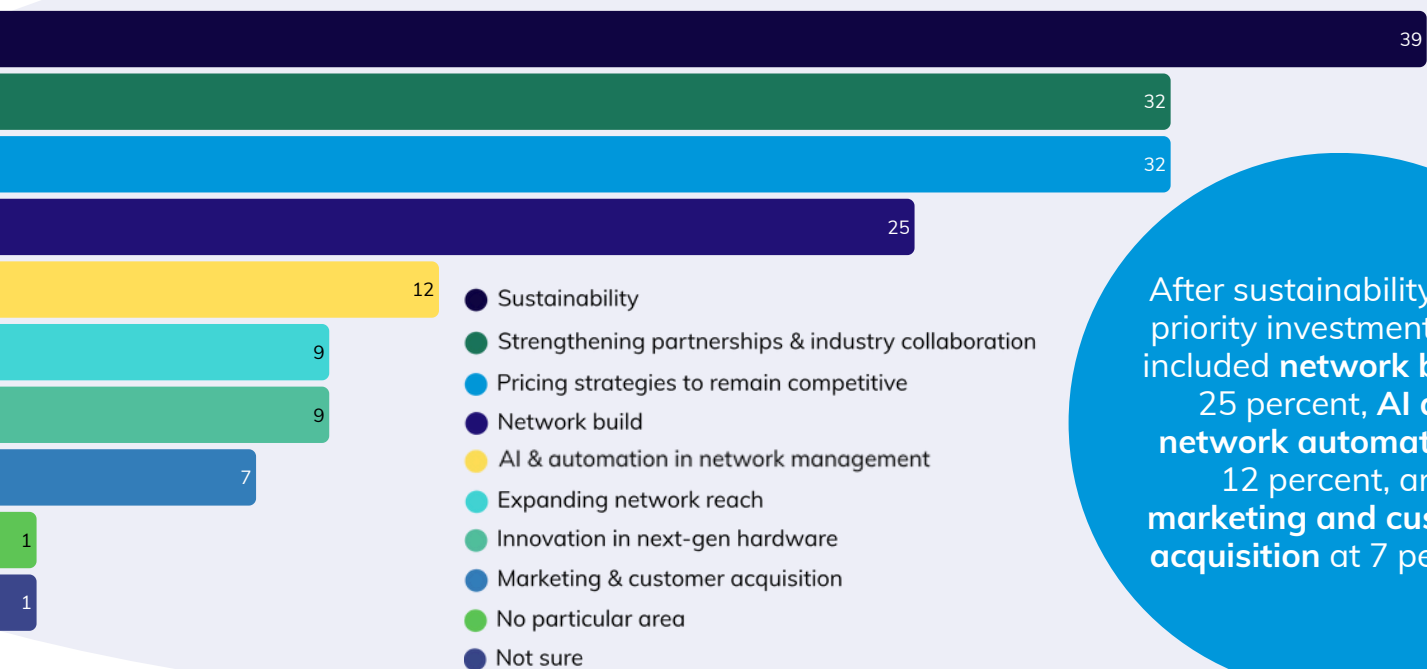
The main priority for investment is not expanding networks, AI or automation, or increasing customer awareness – but sustainability. This was listed as a key investment focus by 39 percent of respondents. In the past year, there has been greater pressure from operators on the supply chain to increase their efforts towards carbon reduction across the telecom landscape.

● Increase ● Stay the same ● Decrease ● Not sure



INVESTMENT PRIORITIES

Which, if any, areas of your business are you prioritising investment in over the next 12 months (Select up to 2)



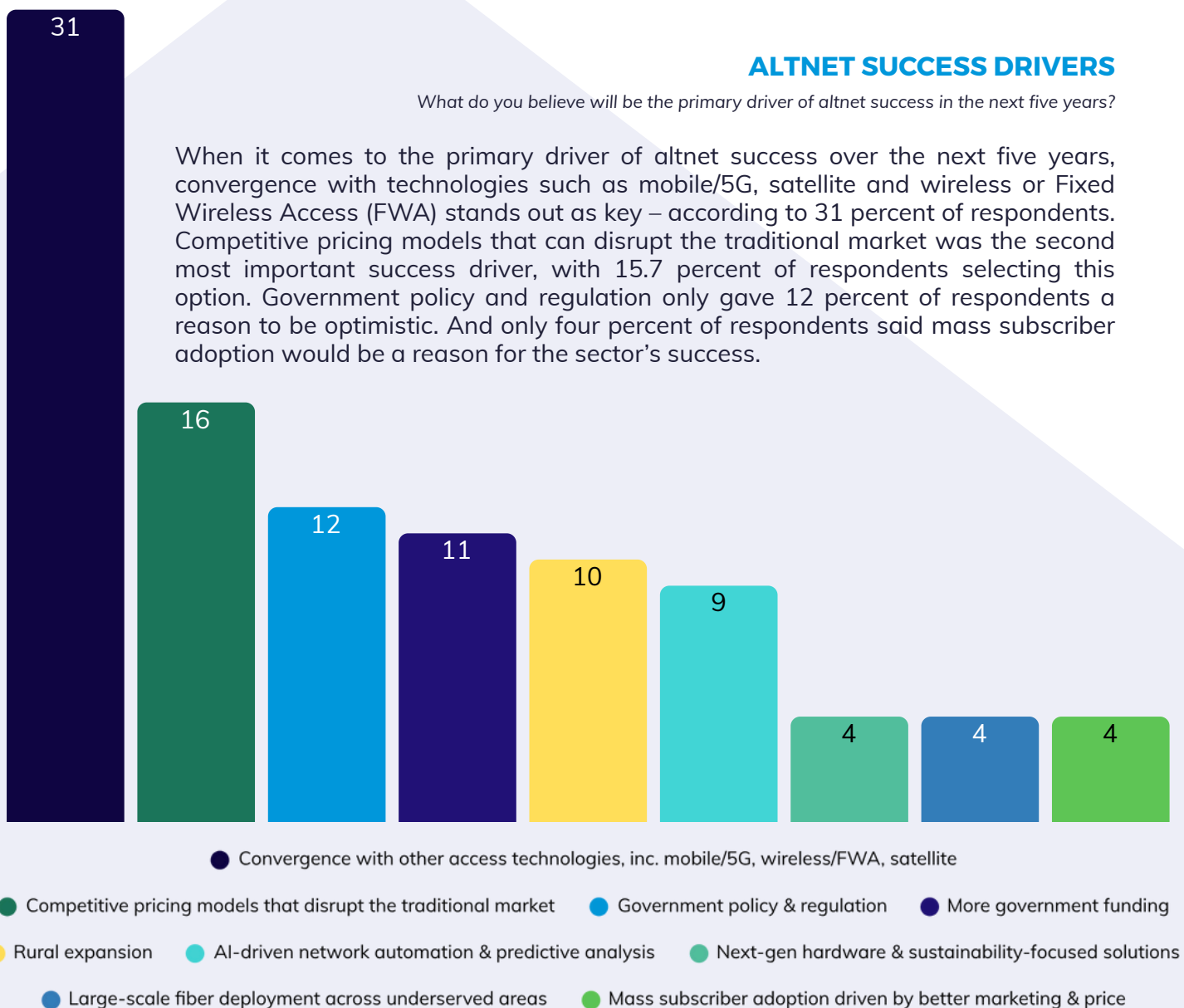
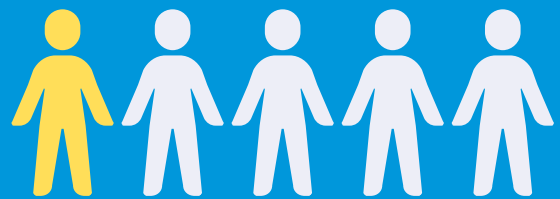
After sustainability, other priority investment areas included **network build** at 25 percent, **AI and network automation** at 12 percent, and **marketing and customer acquisition** at 7 percent.

Surprisingly, not the ISPs, nor infrastructure providers, nor the equipment manufacturers identified AI and automation as a priority investment area. That does seem to contradict public pledges and reports from larger companies operating in the UK, such as Nokia investing £2.5 billion (\$3 billion) over the next three years in AI infrastructure for the UK, including a data centre in Essex. Likewise, BT's CEO has said that the company will cut jobs by 55,000 as a result of its investment in AI. This could be as a result of challenges more likely to affect altnet companies, such as cost and complexity, lack of data readiness and vendor maturity.

When it comes to the factors giving the most confidence in the altnet sector's long-term success, innovation in infrastructure and software solutions is seen as the biggest.

This is despite only nine percent of respondents saying their business is prioritising spending on 'innovation in next-gen hardware' and only 12 percent identifying 'AI and automation in network management' as an area of future investment. This begs the question of where that innovation will come from. Perhaps companies are expecting their suppliers to provide them with the advancements that they feel will help the sector.

Similarly, one in five respondents said they would draw the most confidence about the future of the sector from 'stronger consumer demand,' yet this area wasn't seen as an investment priority.





ABOUT PROACTIVE INTERNATIONAL PR

Proactive International PR is a specialist B2B PR and marketing services agency for telecoms, data networking and technology brands. Its experienced core teams, based in Nottinghamshire, have been providing unparalleled advice, consultancy and communications services since 2010.

Combining deep technical knowledge and a unique global perspective with a 'proactive' approach, Proactive PR delivers world-class services, having been recognised as one of the top 50 PR consultancies for technology in the UK, according to PR Week's Top 150 2025.

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ALTNET
CONFIDENCE
INDEX
2025