

4.2.4 FINANCIAL CONSIDERATIONS

The financing of the network can often be the greatest obstacle even with a sound business case. This depends very much on the overall cost, the expected payback period and the relative degree of risk inherent in the project.

In some instances, particularly with the provision of municipal services where the intention is to replace existing services from an incumbent carrier with a more cost effective solution, local Governments normally have no problems in justifying financing these initiatives out of existing budgets. This has become more common with the increasing sophistication and lower cost of broadband wireless systems coupled with the relative ease and speed of deployment. The financing becomes a much more complicated issue when the business case requires a multi-million dollar expenditure on a FTTP (Fibre to the Premises) system with a payback period that is normally in excess of ten years and where there is a degree of uncertainty about the overall financial viability.

The whole issue of financing and the various different financial models that have been used and are being considered for current local access networks today are dealt with in more detail in [Chapter 5](#).

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