

A fast-emerging brand in Denmark's fibre-access sector

FTTH company Wao! is one of the leading names in Denmark's rapidly developing superfast broadband market.

Wao! was established in 2010 as a product and marketing house on the fibre-access networks of 15 (two of which today have merged to one) of Denmark's largest energy companies. Wao! is now a well-recognized brand up and around the country, the constituent networks together reaching more than one in three Danish homes with superfast fibre-based Internet, television and IP-telephony services.

General Information

Infrastructure owner:

The FTTH networks managed and marketed by Wao! are all still owned by the utility companies that built them.

Location:

Various locations around Denmark, particularly concentrated in Jutland, Funen, North and South Zealand, Lolland and Falster.

"By the end 2013 there will be around 2 million households in our coverage area, and we have passed nearly 900,000 of these with fibre," says Wao! CEO Joergen Stensgaard. "We have around 300,000 households actively using the network, and the number is still growing fast."



Wao!'s main role is developing and marketing products to run on the combined networks of the 14 utilities, a job formerly managed by three different companies. Since 2010 Wao! has been operating its own FTTH network in Copenhagen, but in 2012, Wao! transferred the network to one of the utility companies – thereby closing a three year streamlining process – and it is now completely focused on wholesale to the utility companies.

"We have established a brand and streamlined our operations across three main product types – TV, VoIP



and Internet," says Stensgaard. "In this process we have had to unify three different systems. The result has been cost reductions and improvements in quality. Calculated as revenue generating units, we expect to end this year with 550,000 RGUs on TV, Internet and IP-telephony. We have been moving fast, and we have been able to expand customer numbers because of the effectiveness of having one brand and one portfolio. That has had a significant impact and has made it possible for us to reduce the cost per product by 64%."

Business Case

Investment:

No public subsidy for the deployment, with all infrastructure paid for by network owners.

Number of years to ROI:

Each network-operating utility has its own business case.

Business model:

Wao! is a product and marketing service provider. The networks it manages are owned by utility companies that buy services from Wao!.

Continuing its aggressive strategy, Wao! has reached out for new market segments by launching successful triple play products to the strong Danish housing associations, which holds a potential of some 700,000 households.

Another reason for Wao!'s speedy headway in a competitive market, explains Stensgaard, has been the competitive pricing of its services, particularly against non-fibre alternatives. "Our lowest speed of connection is a symmetrical 50Mbps offer, starting at the equivalent of 24 Euro a month," he says. "This is a good price compared to other services on the market, positioning us as having not so much the cheapest broadband on offer but certainly the best quality, the highest upload and best price performance in terms of price per megabit."

“In addition to this we are the only Danish content provider to offer a speed warranty on our entire Internet portfolio. Our customers always get at least the speed they pay for. We deliver the best quality of broadband service in Denmark, and for the second year in a row that position has been documented by an independent survey among 3,000 Danish broadband costumers. The message is clear: Waoo! is the undisputed leader on stability, price-value and satisfaction on expected delivery of speed.

Deployment

- **Network availability:** By the end of 2013 the networks together will pass more than a third of Danish households, nearly 900,000 out of 2 million in their joint catchment area. Today there are a total of 2.6 million households in Denmark.
- **Penetration:** Around 300,000 households are actively using the network.
- **Technology/architecture:** FTTH in either a PON or point-to-point configuration, depending on the utility operating the network.

Stensgaard says Waoo!’s competition includes ADSL from Danish incumbent telco TDC, which reaches 80% of Danish households, as well as coax networks from the country’s cable companies, which cover around half the population: “We offer way better speeds than these, and can’t be matched at all by DSL,” he says.



The future development of the physical network remains the responsibility of the individual utility companies, he explains: “These are owned by Danish citizens, in other words the consumers of the services,” he says. “The aggressiveness of future rollouts will depend on the individual region in question.”

Stensgaard says there are elements to the Waoo! set up that mark it out from many other FTTH deployments: “No public money has been put into the rollout, only investment from private business,” he explains. “Another major



advantage we enjoy is being owned by utility companies. They are accustomed to investment plans that run over a long period. A long-term approach to return on investment is important to the success of this type of operation.”

End-user Services

Services:

Most subscribers take a triple-play bundle of TV, telephony and Internet services. Waoo! is Denmark’s largest IPTV service provider.

Pricing:

Basic Internet connectivity starts from a lowest speed of 50 Mbps for the equivalent of € 24 a month. The highest speed of connection is 1 Gbps – accessible as part of projects in the northern part of Jutland, where complete villages have been chosen as test grounds for digital living.

So what happens next? Stensgaard says he expects continued rollout of the networks, increased penetration of services and the development of more products, but also more competition: “Our Danish competitors have finally understood the need for higher speeds and quality. But our Internet product is still unchallenged, the best on the market, and the still-increasing use of high-quality streaming will give us a huge advantage. For instance, this fall we launched a partnership with Netflix – one of the first of its kind – to provide super high-quality Internet TV from Netflix on our TV box and the fibre-network. We have put significant efforts into developing our services according to the new demands for à la carte television and On Demand and Web TV for all our broadband customers. This service means that all our customers can choose to get their television entertainment directly over the Internet without having to buy a cable TV package,” he says. “Thus, our effort is continuously to improve the quality of our main products while developing a more personalized service offer in the line of waoo.tv. I see the future as exciting for us, but I would not say necessarily easy. At least our services are based on a future-proof endgame technology.”

Written in May 2011 / Updated in December 2013
Photos provided by Waoo! and Danish Energy Association
Contact us on info@ftthcouncil.eu