FTTH COUNCIL EUROPE – CEO INTERVIEW

Interview with Axel Sihn, CEO of WISI, 14 January 2014

WISI is highly active in Central and Eastern Europe. Can you name some specific aspects of these markets in terms of FTTH, and tell us how WISI is positioned there?

The Eastern European and Central European markets can't be compared directly, as the economic preconditions are very different. Eastern Europe is deploying FTTH at a faster pace, owing to lower labour costs and other economic advantages. Where possible, pragmatic aerial installations are used, for example. Central Europe has a far stronger focus on professional installations, higher equipment quality and underground infrastructures. In general, this is rewarded by higher ARPU rates.

In Central European markets, we also are seeing different types of FTTH deployment stimulation, depending on the country or region. Purely market-driven countries have reasonable broadband coverage thanks to ADSL and cable infrastructures, while FTTH infrastructures only play a niche role. However, in other Central European countries national and regional governments are supporting or subsidising roll-out of FTTH in various ways, basically enforcing fibre.

WISI, an established, experienced full solution provider for the implementation and extension of fibre and coaxial broadband networks in Central and Eastern Europe, has a focus on video services. We offer new and existing operators full solutions, ranging from the video headend over the transmission network to in-house installation.

WISI products cover a broad range of telecommunication networks including Cable TV. What role do you see for cable TV operators in the further roll out of FTTH in Europe?

FTTH is not in the main focus for most cable TV operators, but it might be playing a far more important role in coming years. At the moment, cable operators are concentrating on extending their installed HFC infrastructure, thereby increasing bandwidth, efficiency and performance. We are seeing a trend towards implementation of so-called 'fibre deep' architectures, which bring fibre closer to the customer. Technologies such as RF over Glass have allowed TV operators to reuse their existing back-office infrastructure, as well as established technologies like DOCSIS and DVB.

Some experts see mobile and fixed-line as competing industries, but there seems to be a trend towards the view that mobile and fibre access are in fact complementary and even mutually supportive. How do you see this?

Mobile and fixed-line communication are indeed complementary, and both are currently facing enormous growth in bandwidth consumption. There's a very strong trend, driven by mobile devices, for consumers to want access to all services, anytime and anywhere. Consumers don't differentiate between fixed-line and mobile networks. They simply want easy, affordable access to services. Operators that manage to combine their offers with, for example, WiFi at home and mobile broadband over LTE or 3G, have a clear advantage in keeping customers on board.

Another trend is controlling the 'first screen' at home with apps running on mobile devices. The most important question is whether the bandwidth appetite of data-intensive services (such as HD and - in the future - Ultra HD content) can be satisfied by mobile infrastructure alone. Mobile is smart and convenient, but its capacity will always be inferior to that of fixed-line networks, making it more limited and/or costly. We will probably see many more combinations of pure mobile with WLAN infrastructure powered by a fixed line.

"Converging media" is a buzzword that has been used now for several years. Do you think that it will remain a buzzword, or will convergence change the telecommunication market in the next few years?

Convergence is a reality and will definitely change today's telecommunication markets. However, we need to differentiate between network convergence and service convergence. Incumbents continue to use their ADSL/VDSL networks, whereas cable operators rely on their HFC infrastructure, yet both are currently offering triple play services. Incumbents launched TV services to extend their business range and improve margins some years ago, whilst cable network operators introduced data and voice services and became very successful with these. The signals pointing to ongoing convergence of networks are very clear. Telcos are taking over cable

networks, whilst cable network operators are merging with mobile operators or becoming the target of friendly and hostile take-overs.

On the content side, HbbTV and Smart TV technologies are driving convergence of multimedia services. IP is bringing content to flat screens at home and mobile end-devices everywhere. With the ongoing standardisation and the convergence of networks, operators have an increasing need to supply their customers with innovative triple play services on every device, at every time, everywhere. This allows them to remain competitive and consolidate their market positions.

Innovation is very important to WISI. Can you explain how WISI is benefitting from ongoing innovation? Is Europe a good region for innovation?
For almost nine decades, constant innovation has been a key success factor for us. These innovations might be small, improving products and services incrementally - for example, by adding new functions or using better components. Innovation can also be powerful, introducing revolutionary technologies that create new products, new markets and new demand. One of our company philosophies is to listen closely to the market and improve products and solutions in close cooperation with our customers. WISI has a long history of creating innovations and bringing them to market. For us, Europe is an excellent region with a strong base for innovation driven by leading universities, technology research facilities and a broad base of highly educated engineers. Furthermore, Europe is a good place to live and to work. However, we are well aware of the worldwide competition for the brightest brains. Personally, I believe we have to open up and do more to attract smart people from outside of Europe, too!