

Enablence raises \$90 million in three years in bid to dominate fiber-to-the-home market

Angel capital investment of \$5.5 million followed by TSX Venture Exchange IPO in 2007 is ample evidence of Enablence's tech excellence and Ottawa as an optical technology powerhouse

Fast facts

Corporate profile

Enablence Technologies Inc. is a publicly-traded company that designs and manufactures optical components using its proprietary Planar Lightwave Circuit (PLC) "Dispersion Bridge" platform for the Fiber-to-the-Home (FTTH) market. Enablence products are used in optical modems located inside consumers' homes for the delivery of high-speed data/voice/video.

Why Ottawa

Enablence chose to establish its headquarters in Ottawa based on the city's reputation as a world-class technology centre. The city features world-class telecommunications research, development and manufacturing talent, and close proximity to key US and Canadian capital and technology markets.

Business advantage

Enablence has converted bulk optics onto a compact optical chip (Planar Lightwave Circuit) used in current Fiber-to-the-Home transceivers. Asian markets are enthusiastic about Enablence's PLC solution which costs one-third less than the current transceiver in the market.

Enablence Technologies Inc. (TSXV: ENA) designs and manufactures optical components using its proprietary Planar Lightwave Circuit (PLC) "Dispersion Bridge" platform, for the Fiber-to-the-Home (FTTH) market. Enablence products are used in optical modems located inside consumers' homes for the delivery of high-speed data/voice/video. Enablence's integrated optical chip is rapidly replacing the current bulk optic technology in the North American and Asian markets.



Enablence has raised \$90 million to date, including \$57.5 million in October 2007, in a public offering on the TSX Venture Exchange. Prior to Enablence's public listing, Enablence raised \$18.5 million, including \$5.5 million from angel investors.

Enablence began operations in 2004 and employs 80 people. In addition to its Ottawa headquarters, the company also has a photodiode manufacturing facility in Zurich, Switzerland. As part of its ongoing vertical integration strategy, Enablence acquired ANDevices Inc., a secure wafer fabrication facility for Fiber-to-the-Home transceivers in California, US in January 2008.

Enablence's awards include: OCRI's 2007 Financial Deal of the Year Award; Deloitte's Technology Fast 50 Company to Watch; and One of Broadband Properties Magazine Top 100 Companies in 2006 and 2007.

Why Ottawa

Arvind Chhatbar, Enablence's CEO, believes that the investment community's recognition of Ottawa as a high tech hotbed has played a significant role in the early success of his company.

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Enablence credits Ottawa's reputation as a high tech hotbed for \$90 million in support from the investment community. The company can now focus its expert team on volume production to meet market demand first in Japan and Korea, then throughout the world.

Enablence was founded a few years after the high tech meltdown in 2001 when fiber optic companies were disposing of their fiber optics businesses and equipment for pennies on the dollar. Enablence chose to establish its headquarters in Ottawa primarily because of the intellectual capital that was available to build its technology. Enablence hired many skilled people who had been laid off and took advantage of the low cost of equipment that companies were unloading. Ottawa's telecom sector has since roared back and continues as a leading international technology centre boasting world-class strength in telecommunications research, development and manufacturing.

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Being located in a smaller city minimizes problems typically found in larger urban centres. With the concentration of high-tech companies in the Kanata area, people can live in close proximity to where they work. Enablence employees enjoy the many outdoor activities and festivals offered in Ottawa while being relatively close to the larger city centres of Montreal and Toronto. Meanwhile, the company is located close to key US and Canadian capital and technology markets.

Business advantage

FTTH transceivers have traditionally been built using lenses, mirrors and filters – a technology known as bulk optics. Enablence has converted bulk optics onto an optical chip (Planar Lightwave Circuit) – essentially producing a transceiver which converts an optical signal into an electrical signal – eliminating the need for the bulk optics used in current FTTH transceivers. Enablence's PLC solution for a transceiver is one-third the cost of the current transceiver in the market. As FTTH transceiver prices continue to fall and volumes exceed several million units per year, the business of optical components is moving from a low-volume/high-margin arena to one of very low cost/high volume that will benefit both Enablence and its customers.

In recent years, FTTH installations have been realized in many parts of Asia, and the technology is now spurring new markets in North America and Europe. Japan alone has more than six million FTTH subscribers online, and in 2006 became the first country to connect more new FTTH customers than digital-subscriber-line (DSL) customers. Japanese carrier Nippon Telephone and Telegraph expects to have 30 million FTTH subscribers by 2010.

Future Growth Plans

At present, Enablence's biggest challenge is supplying the large market demand for its products. Its primary markets are currently Korea, Japan and the United States. Enablence's customers build the networks in these countries and they are very receptive to Enablence's solution. For this reason, Enablence's prime focus is to get to volume production of its transceivers.

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