Trends in the Fixed and Mobile Industry





consulting ----&---research

Contents

Analysys profile

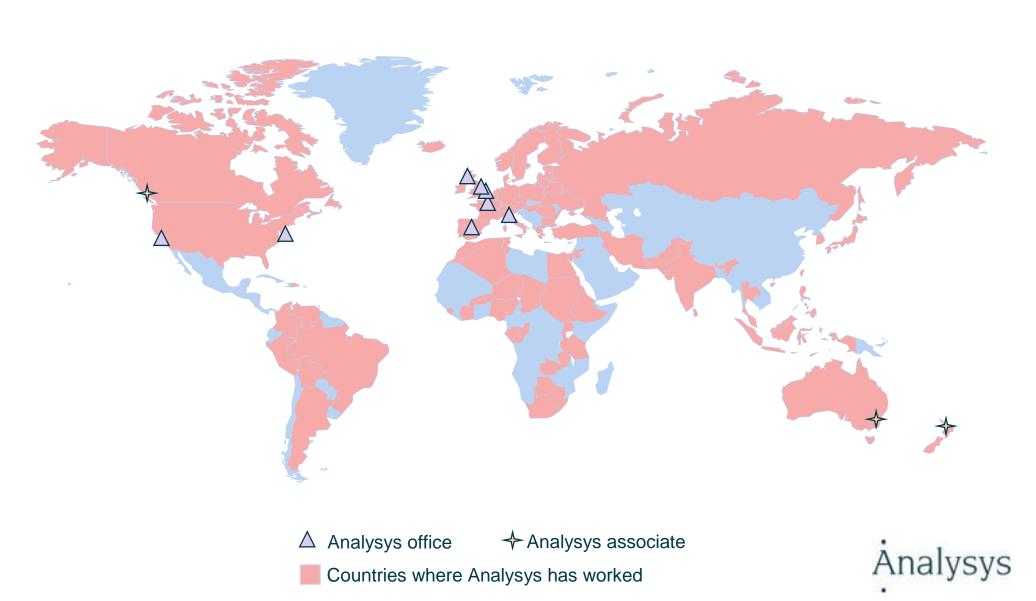
Global Overview

Key issues in the mobile industry

Key issues in the fixed industry



Analysys provides expert advice on telecoms markets across the world



Contents

Analysys profile

Global Overview

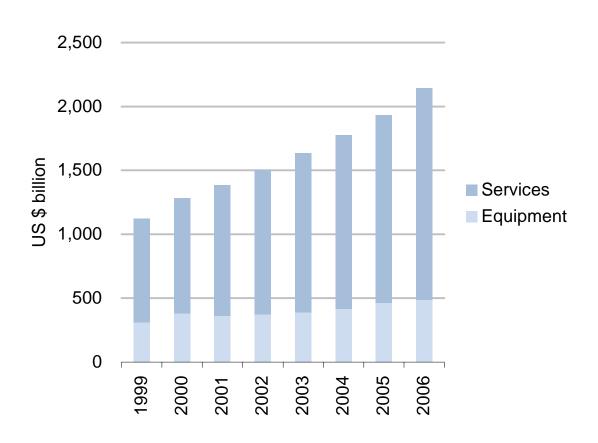
Key issues in the mobile industry

Key issues in the fixed industry



Service revenues are increasing ...

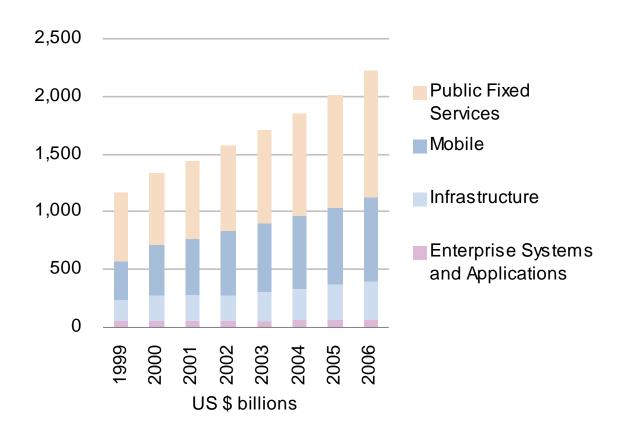






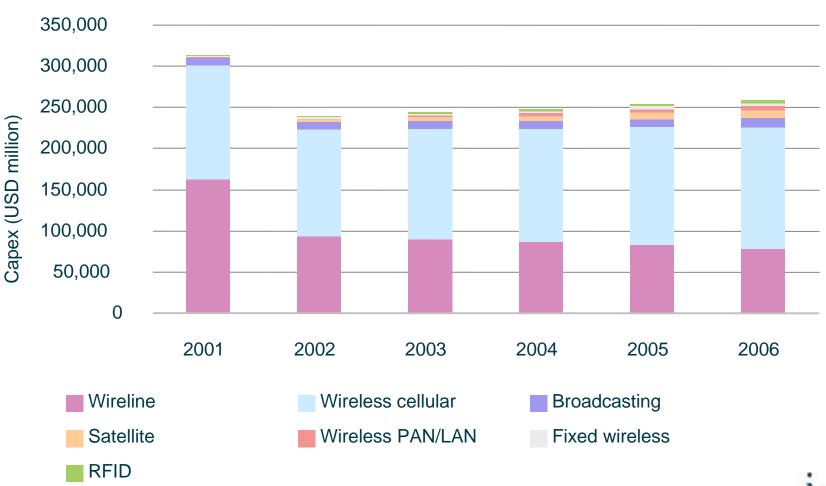
... particularly in fixed and mobile ...

Global Market Revenues by Sector





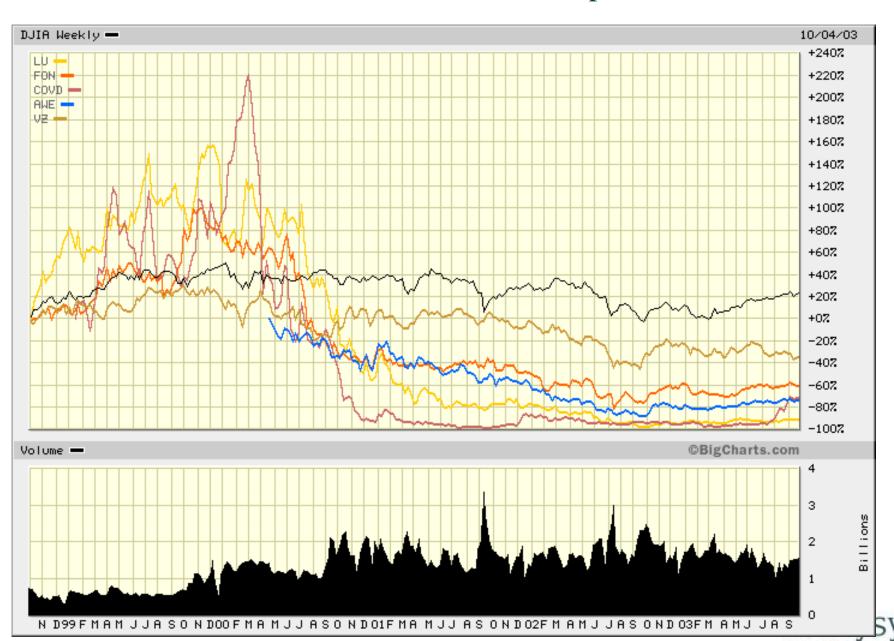
... while capital expenditures recover slowly ...





8

... but overall the sector still underperforms.



Contents

Analysys profile

Global Overview

Key issues in the mobile industry

Key issues in the fixed industry

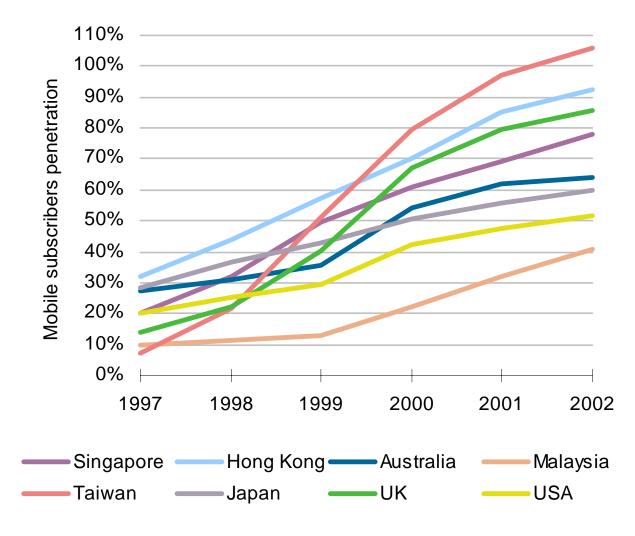


Market saturation/ top line growth

Technology

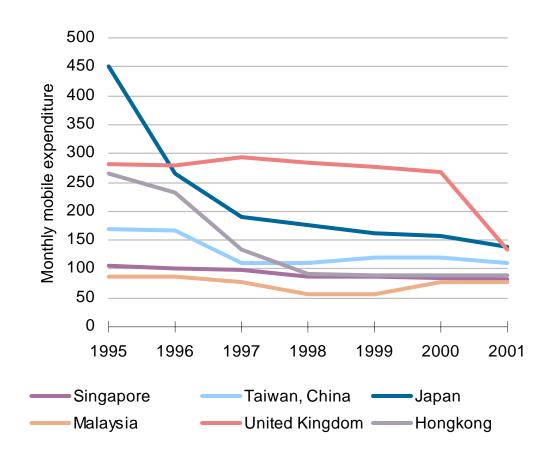


The mobile market is near saturation in most developed countries





Rapid penetration growth in the 1990s was accompanied by steep tariff decline



- Significant decreases in many countries for subscription and calling rates
- Penetration achieved at the expense of dilution
 - move from business to mass market
 - recent growth almost entirely in low-value subscribers



Operators are responding to market saturation with three measures to improve average revenue per user (ARPU)

Profitability

- Modified sales and marketing
- Stabilize pricing
- Reducing Churn reduction

Market saturation/ Top-line growth Focus on ARPU

New Services

- Data as much as 20% for some operators
- Blackberry (mainly US)

Fixed Subst.

- Tariff initiatives
- Difficult to achieve given pricing/profit objectives
- Some network quality issues



Technology focus is shifting from infrastructure to applications

3G(FDD) implementation

- Many operators are content to delay while technology matures
- Current generation of terminals not regarded as viable by many operators
- Significant opportunities in improving FDD performance

Technology

Shift in focus

Applications

- ARPU growth is perceived as being driven by application technologies
 - Considerable operator attention on platforms and middleware
 - ...but a very crowded space

WLAN

- Seen by many operators as necessary, but not compelling
- Complement and not replacement to mobile



Contents

Analysys profile

Global Overview

Key issues in the mobile industry

Key issues in the fixed industry



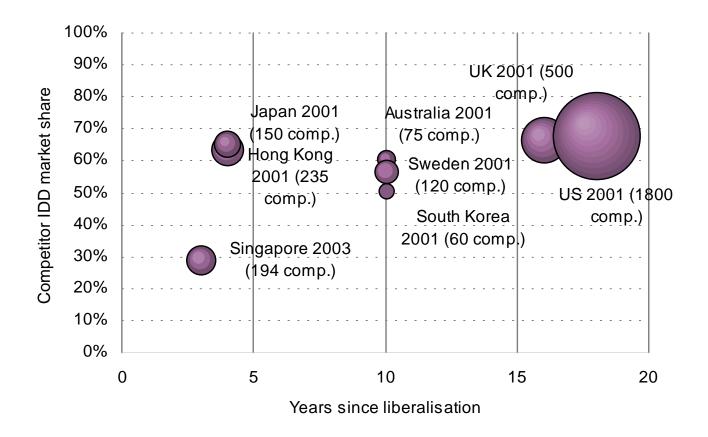
Key trends dominating the fixed market today

- Competition in long distance/international services
- Natural barriers to local competition
- Possible competitive impact of convergence



Competitive pressures increase in long distance/international service markets over time

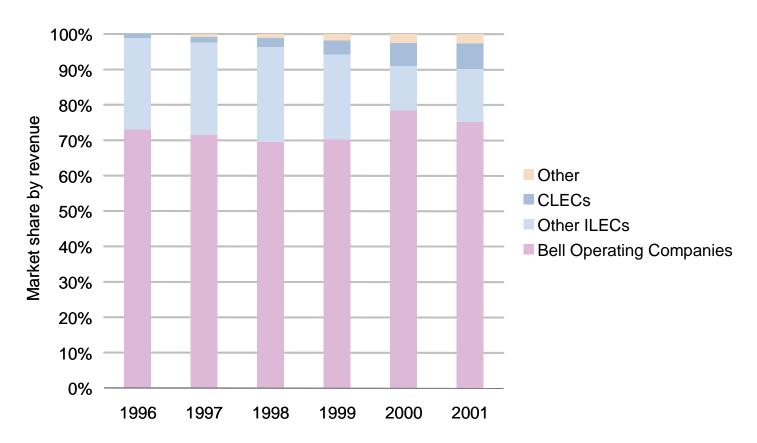
17





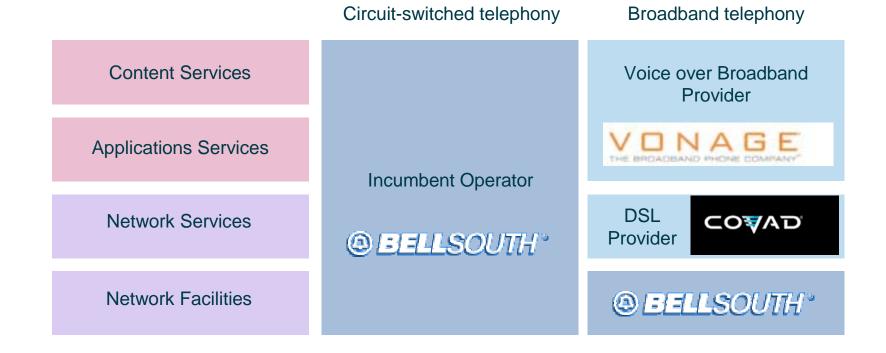
Competition in the last mile has been difficult to achieve in many countries

Market share in the United States by operator type



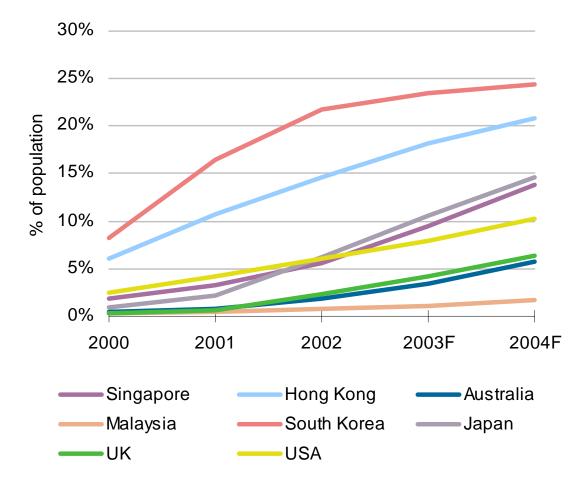


Convergence is beginning to "dis-integrate" the telephony value chain





As broadband penetration increases...





... voice will begin to shift to VoIP and increase competitive pressures

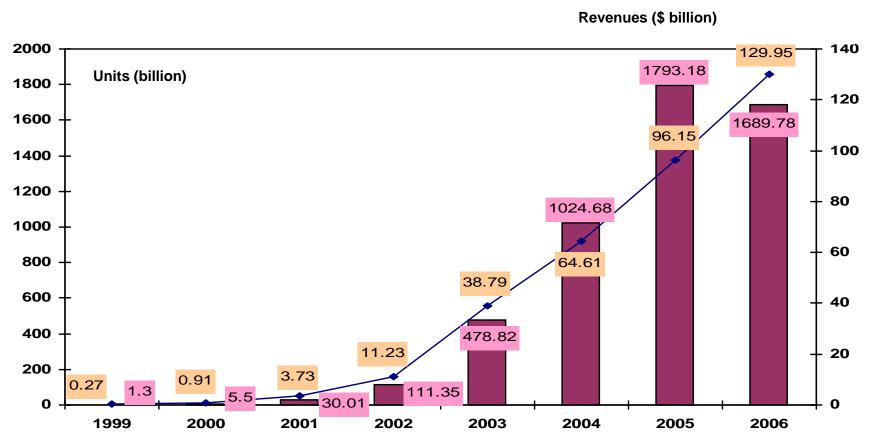


Figure 3. IP Telephony Services Market: Traffic and Revenue Forecasts



Michael Kende
Principal Consultant
Analysys Consulting Limited
1776 I Street, NW
Washington, DC
www.analysys.com

