Per-Arne Sandegren
Senior Research Analyst
IDC Nordic

Communication Services
Sweden

2007-10-23

www.idc.com

Analyze the Future

Who is IDC?

IDC
Analyze the Future

Providing technology intelligence, industry analysis, market data, and strategic and tactical guidance to builders, providers, and users of information technology since 1964.

50+ offices worldwide, 900+ analysts

Nordic offices in Stockholm and Copenhagen

A division of IDG, the world's leading technology media, research, and event company.

IDC
Analyze the Future

Source: Nordic Research Reports

IDC
Analyze the Future

Source: Nordic Investment Guide 2006

IDC
Analyze the Future

Todays Agenda

- The IT and Communication markets
- Communication migration
- Mobility and other traffic drivers
- Consolidation
- Some last words

Analyze the Future

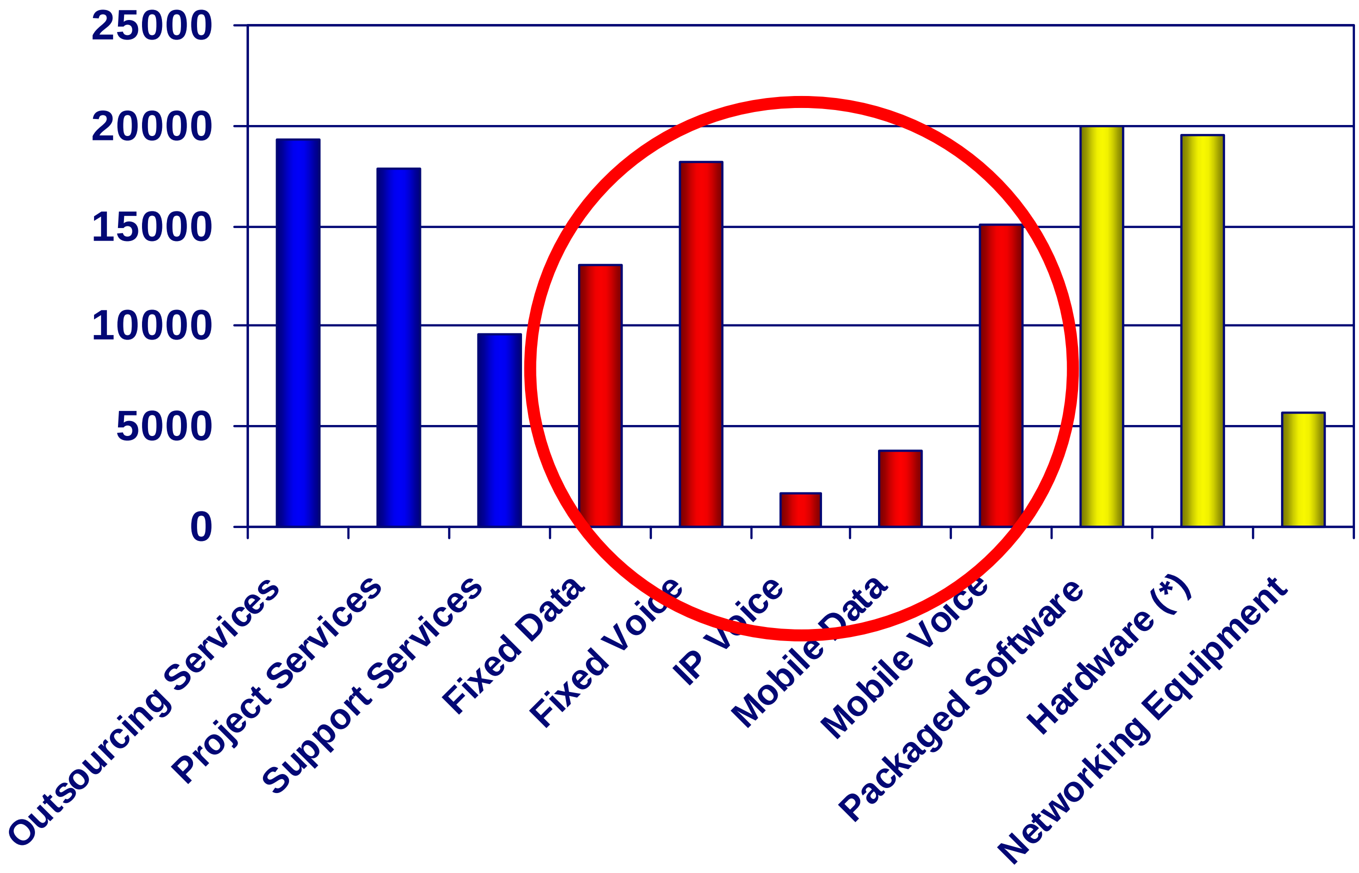
Vendors in the IT and communication markets

Devices	Operators	Services	SW & Network

Content providers

The IT and Communication markets

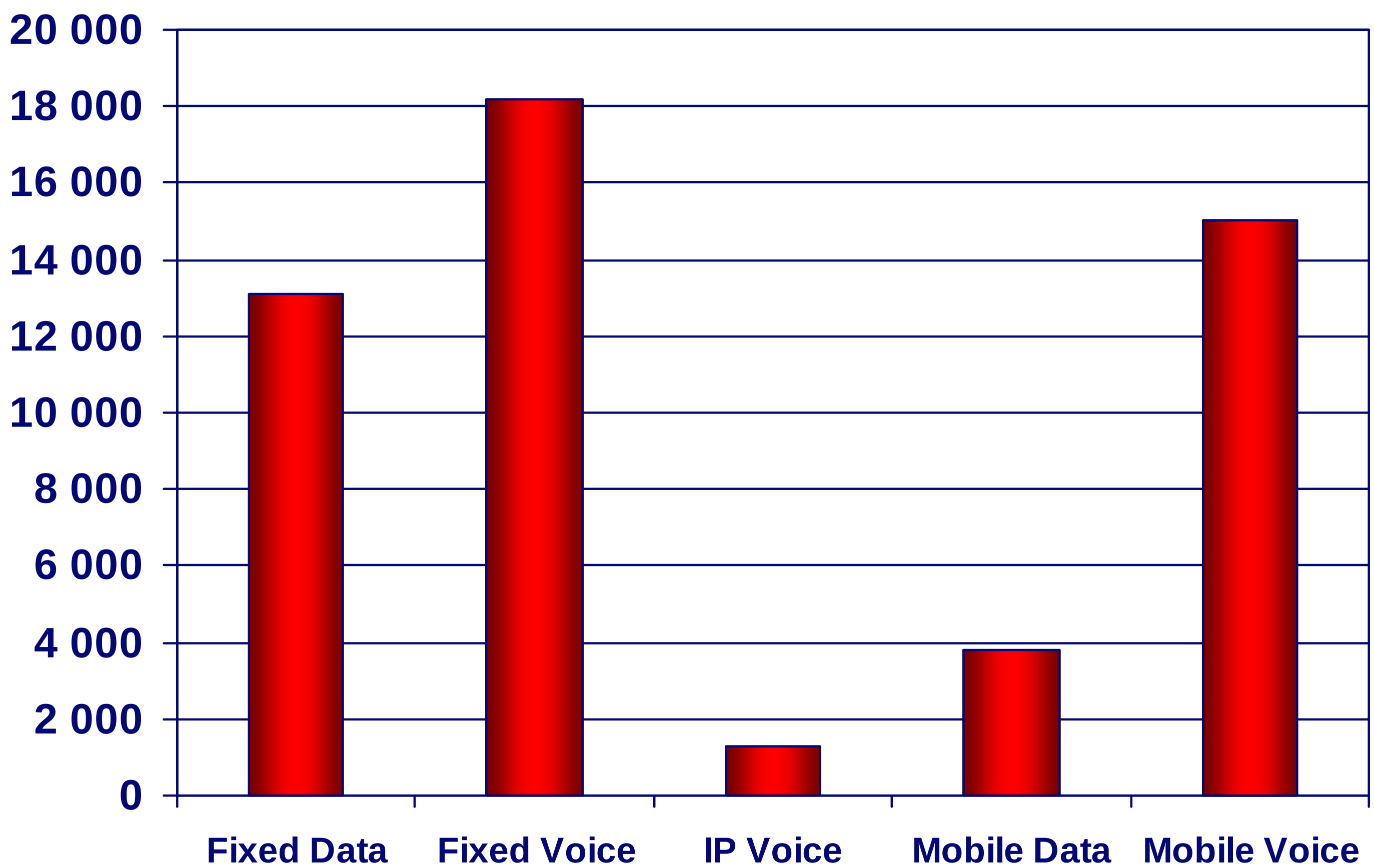
Sweden 2006 (MSEK)



Analyze the Future

The Communication services markets

Sweden 2006 (MSEK)

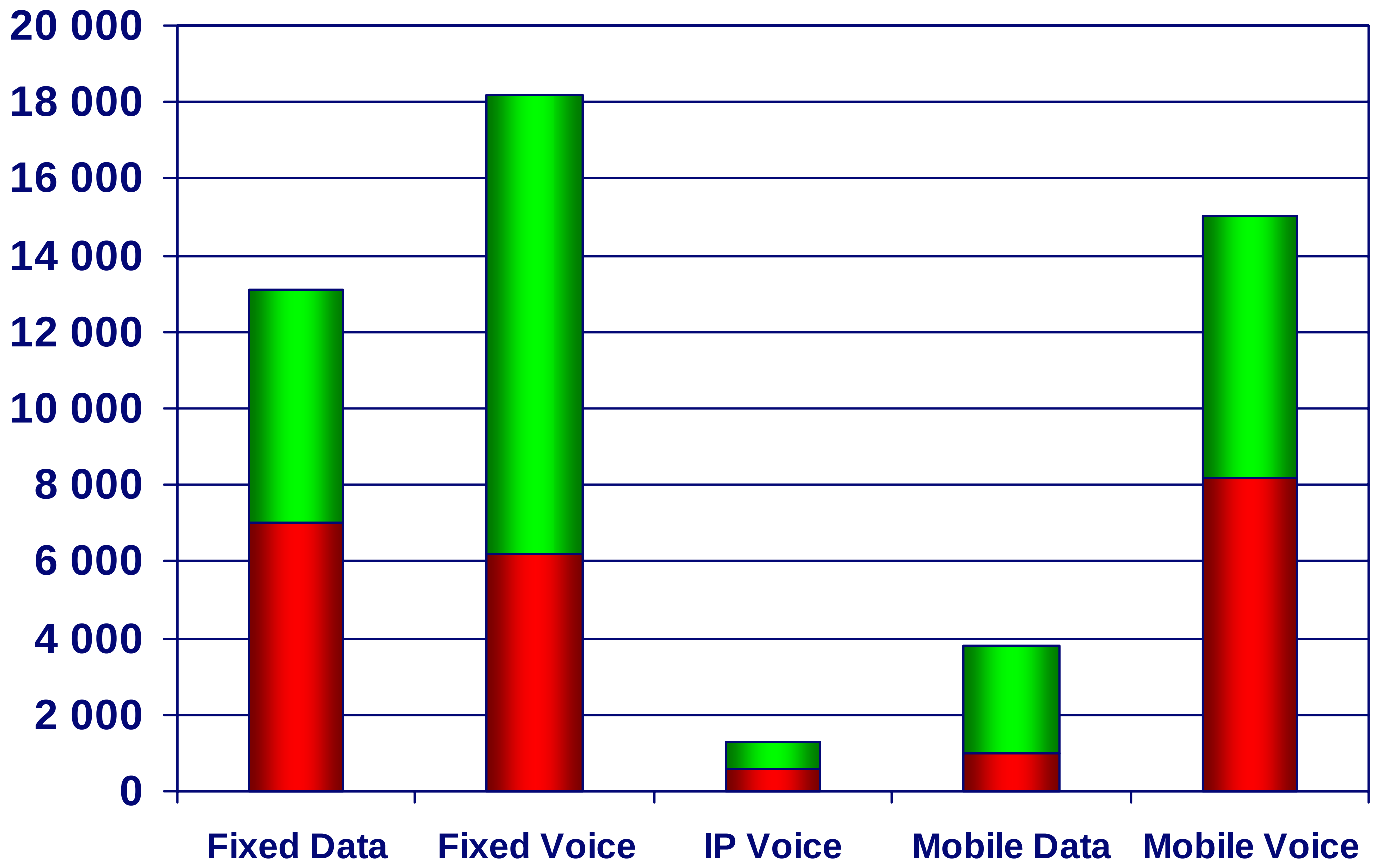


IDC

Analyze the Future

The Communication services markets

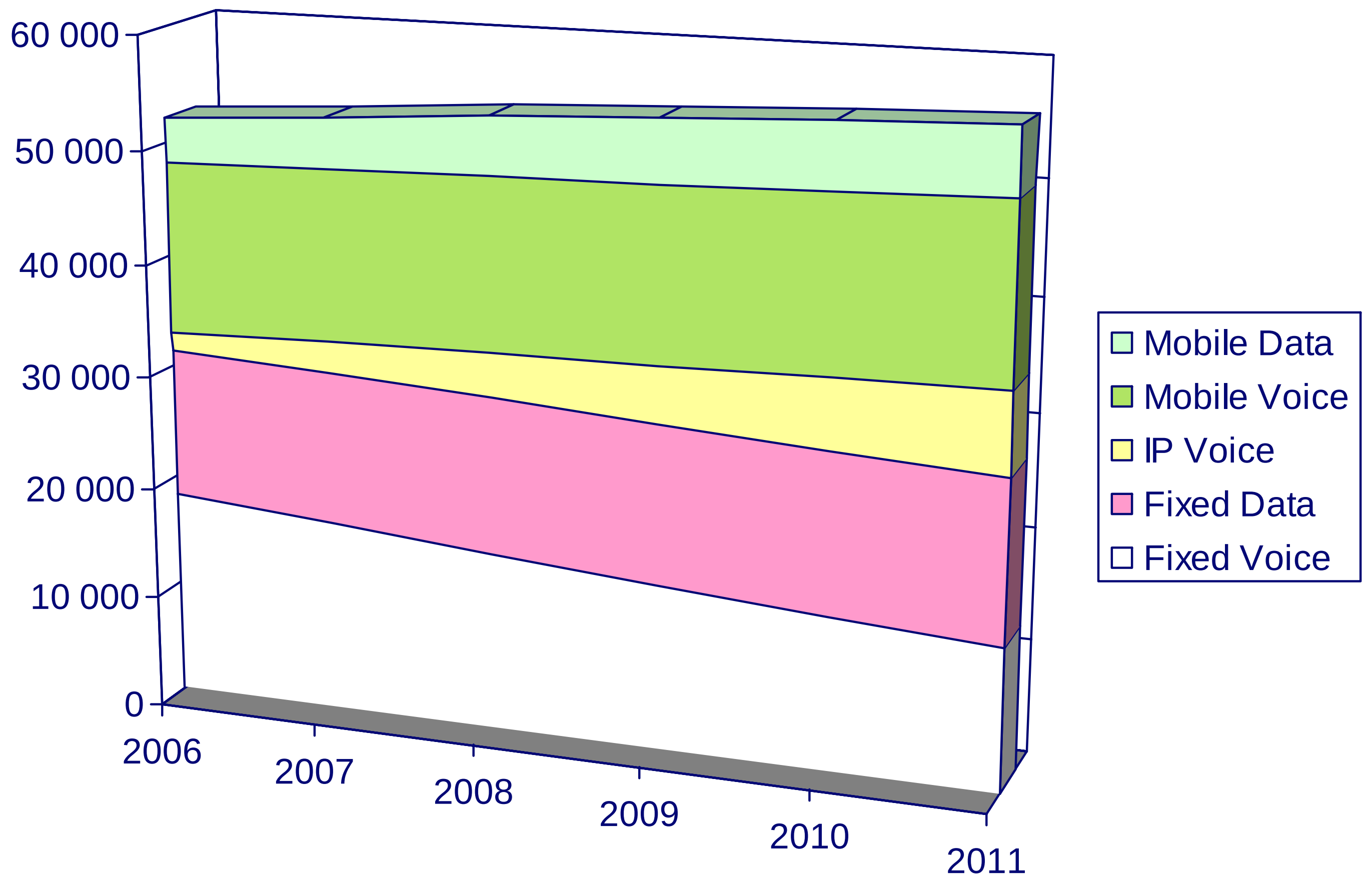
Sweden 2006 (MSEK), split **business** and **consumer**



IDC
Analyze the Future

Communication services markets

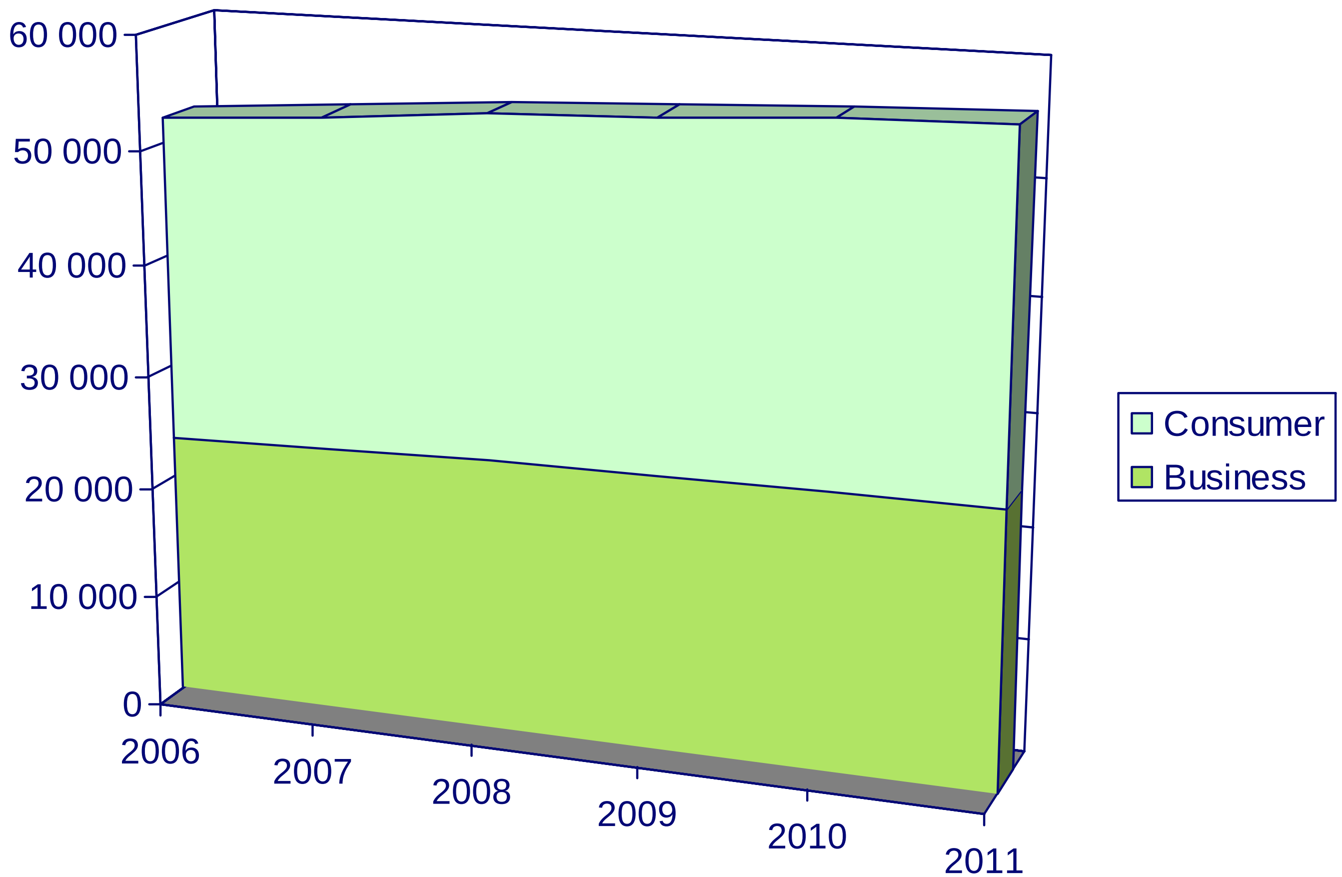
Sweden - Forecast 2006 - 2011 (MSEK)



IDC
Analyze the Future

Communication services markets

Sweden - Forecast 2006 - 2011 (MSEK)

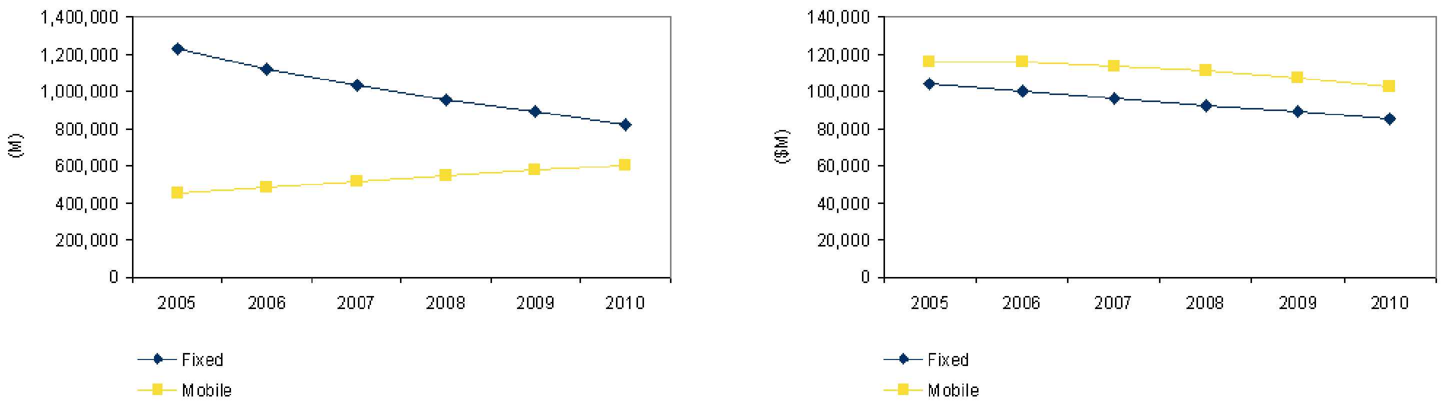


IDC
Analyze the Future

Everyday life for a communication service provider

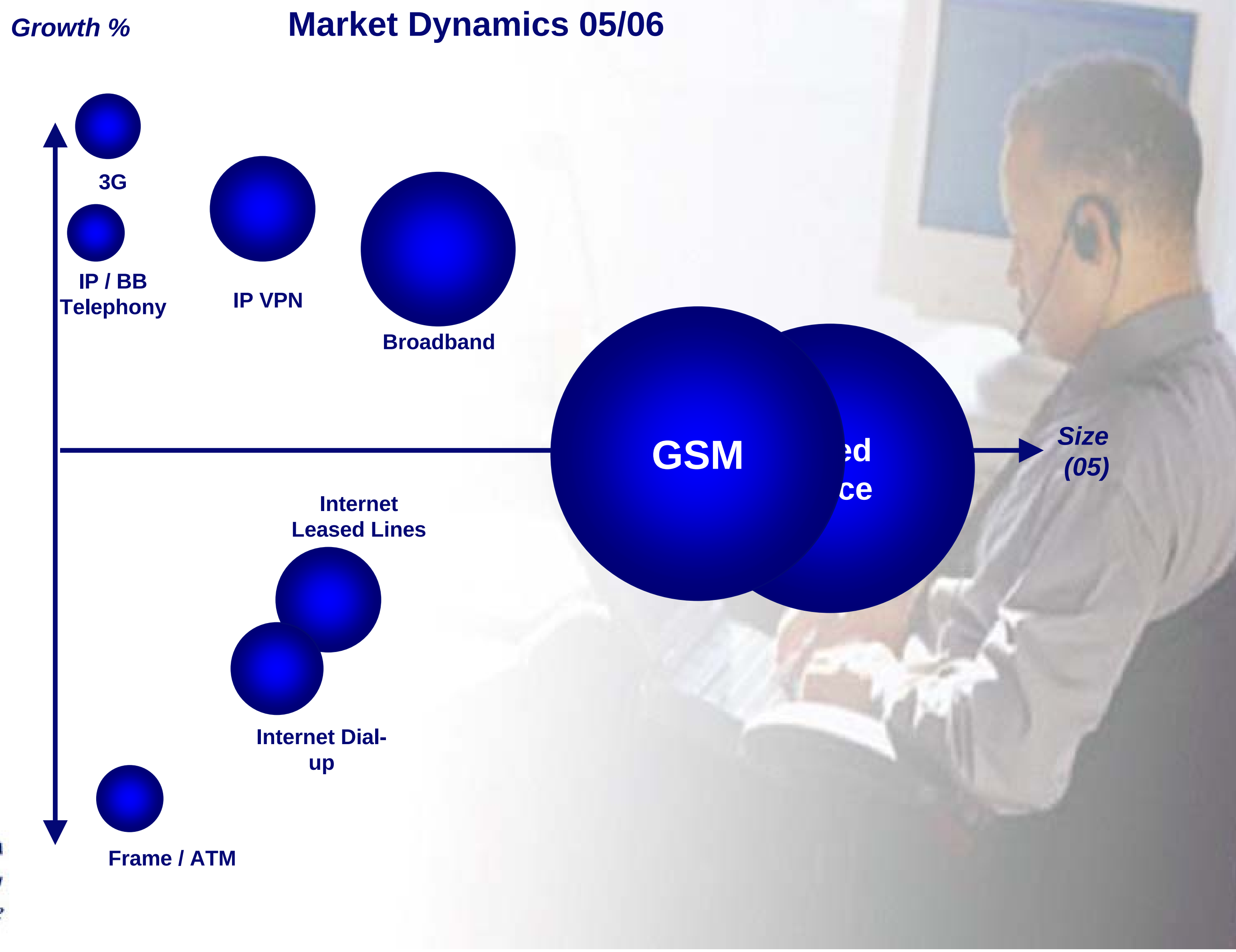
- Price pressure
- Limited or negative subscriber growth in key areas
- Falling revenues from cash-cows
- Need for revenue replacement
- New technology adoption
- Regulatory compliance
- Holy grail still abscent for mobile data services

Western Europe, Fixed/Mobile *Voice* MoU and Spending



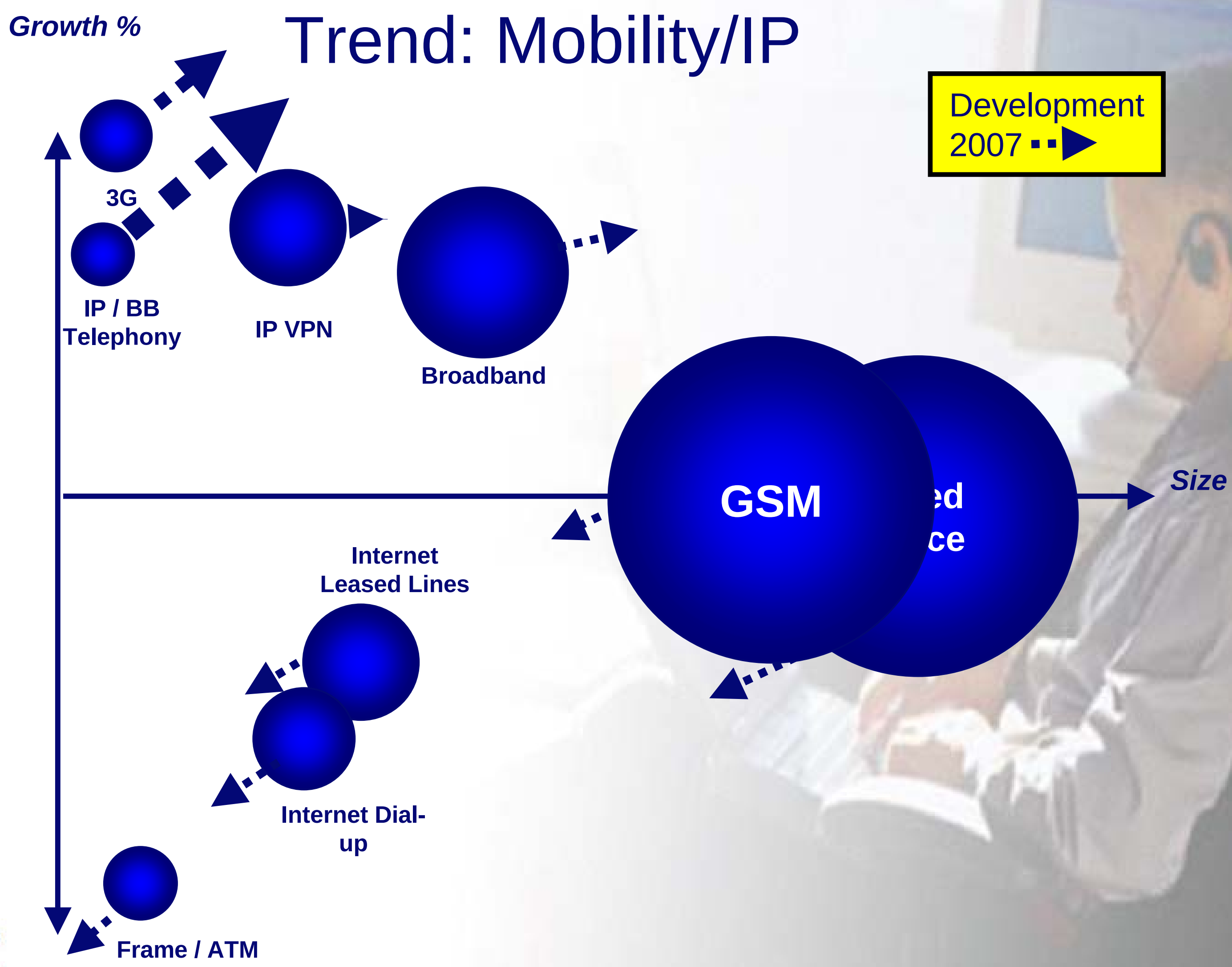
IDC
Analyze the Future

Communication Services 2006



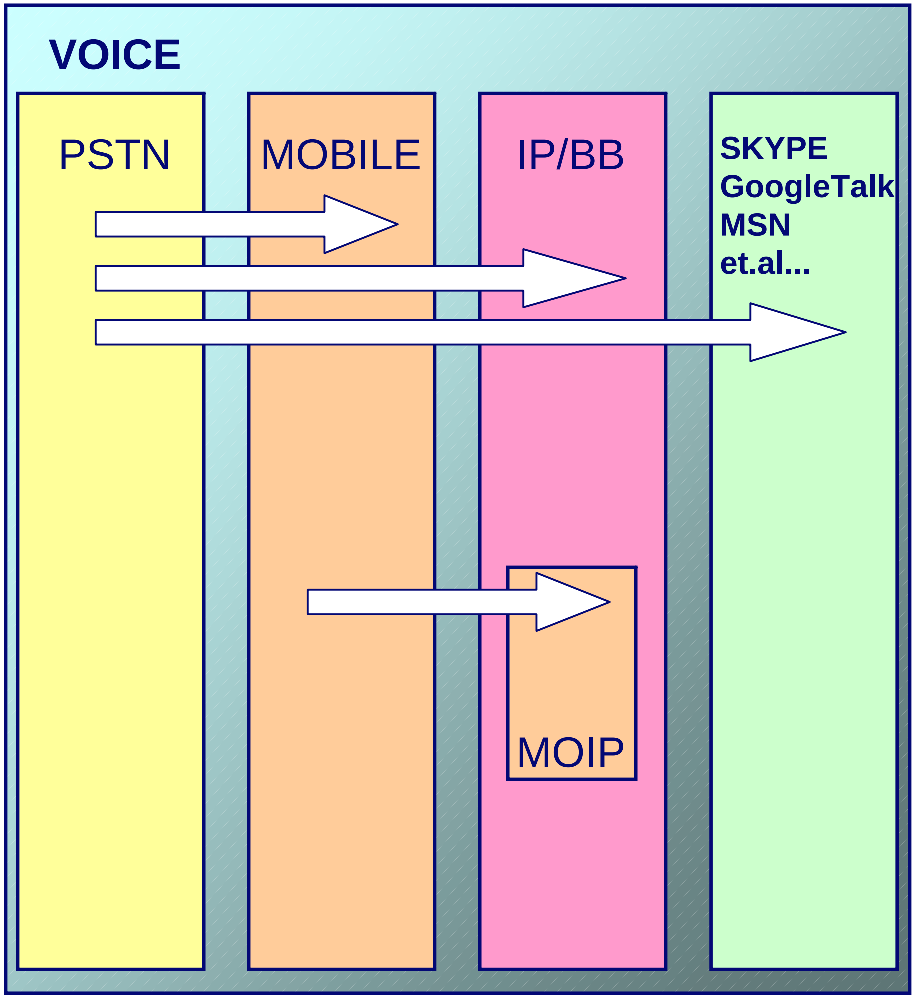
Communication Services 2007+

Trend: Mobility/IP

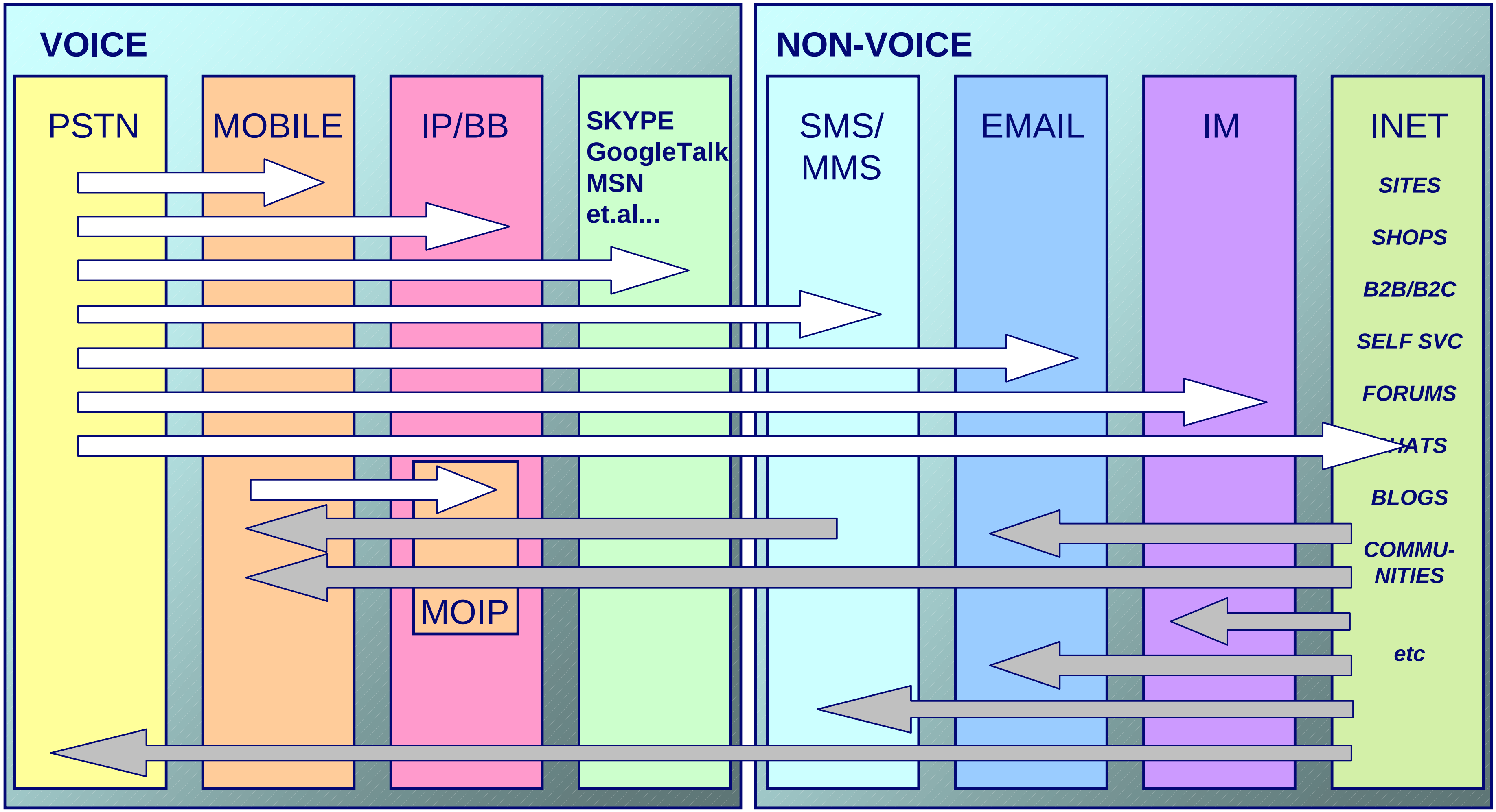


IDC
Analyze the Future

Minute Migration



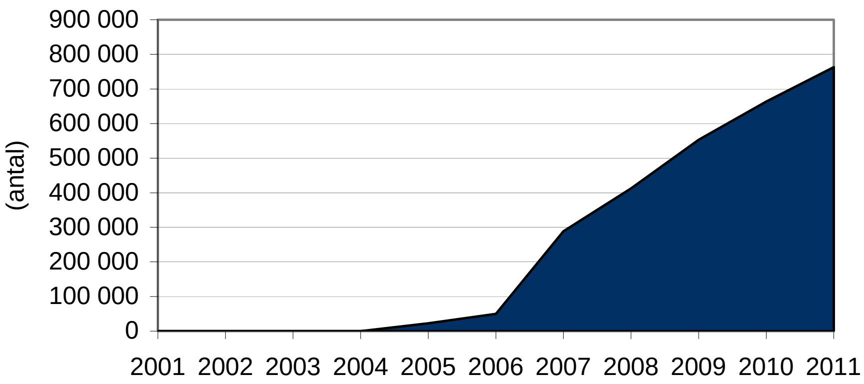
Communication Migration



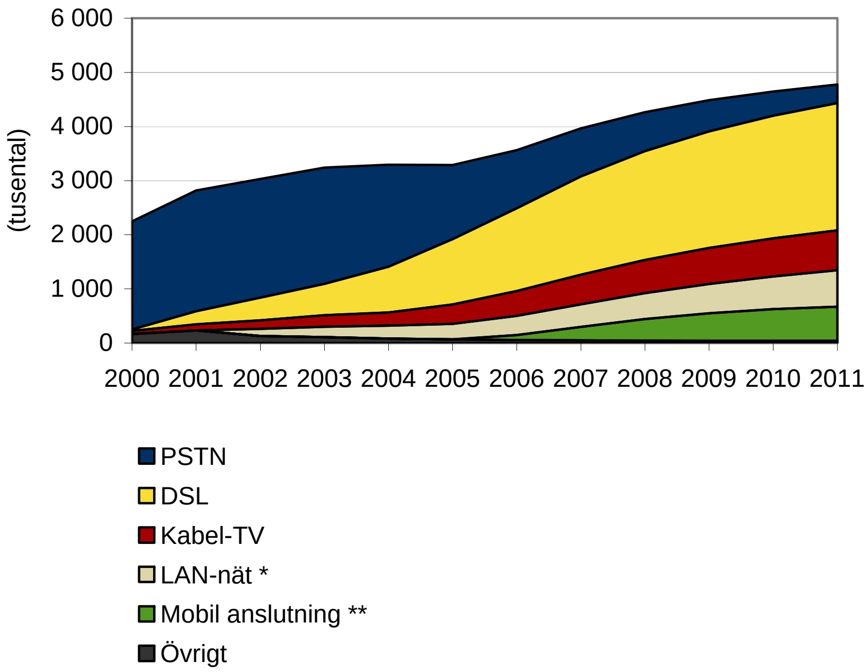
IDC
Analyze the Future

Exampels of bandwidth drivers

IP TV

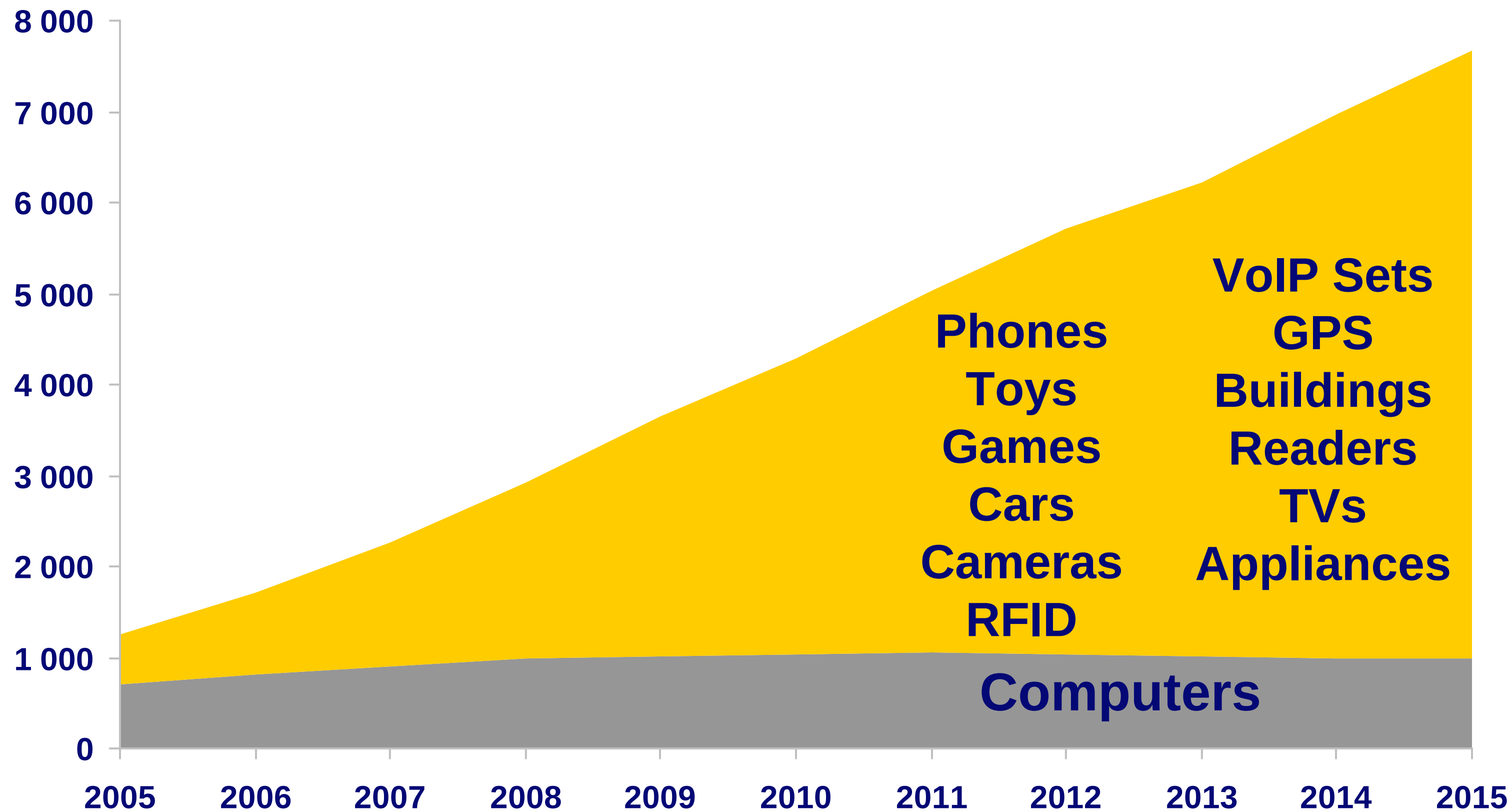


Internet access



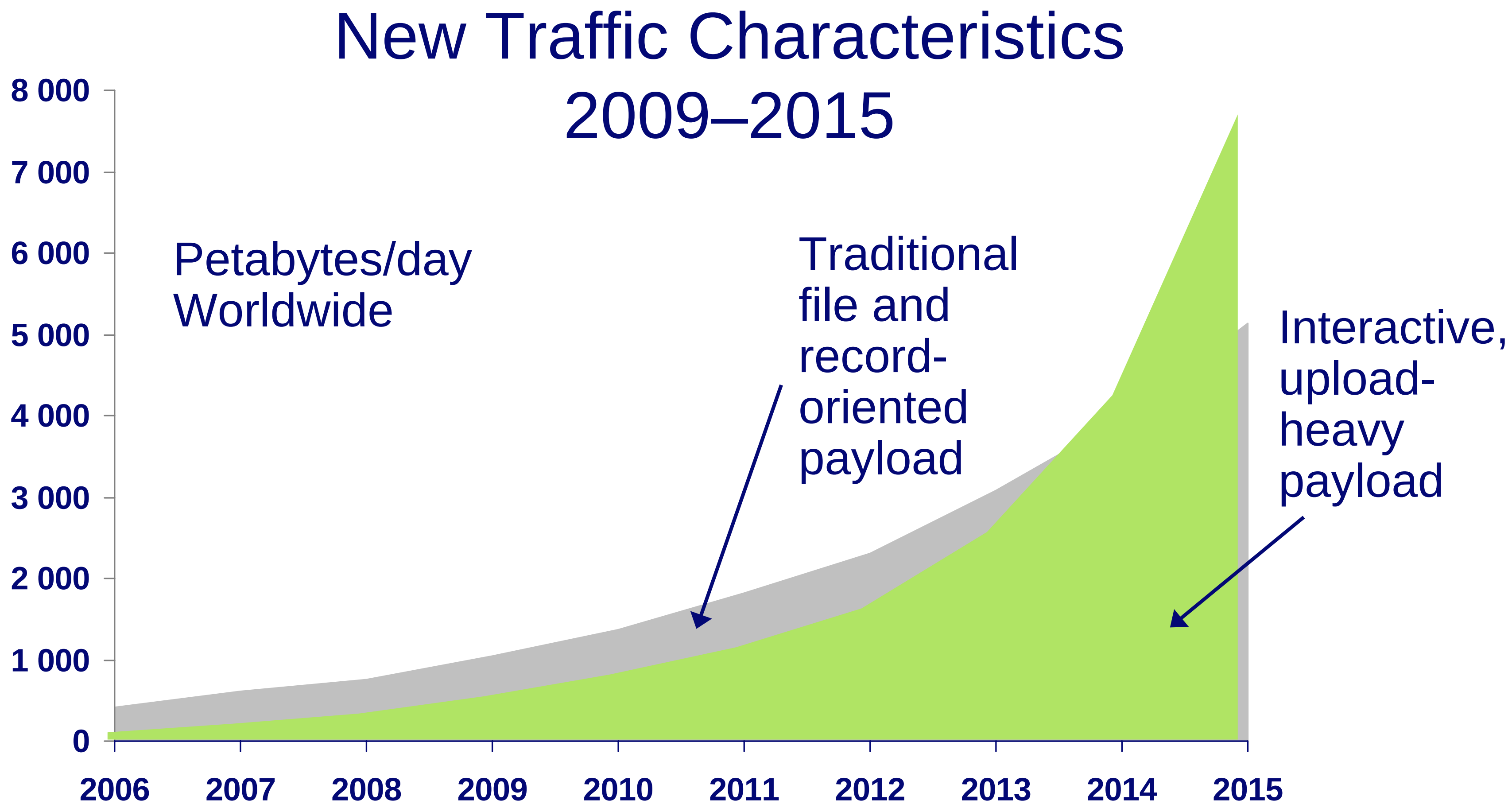
Pervasive Computing

Communicating Devices Worldwide



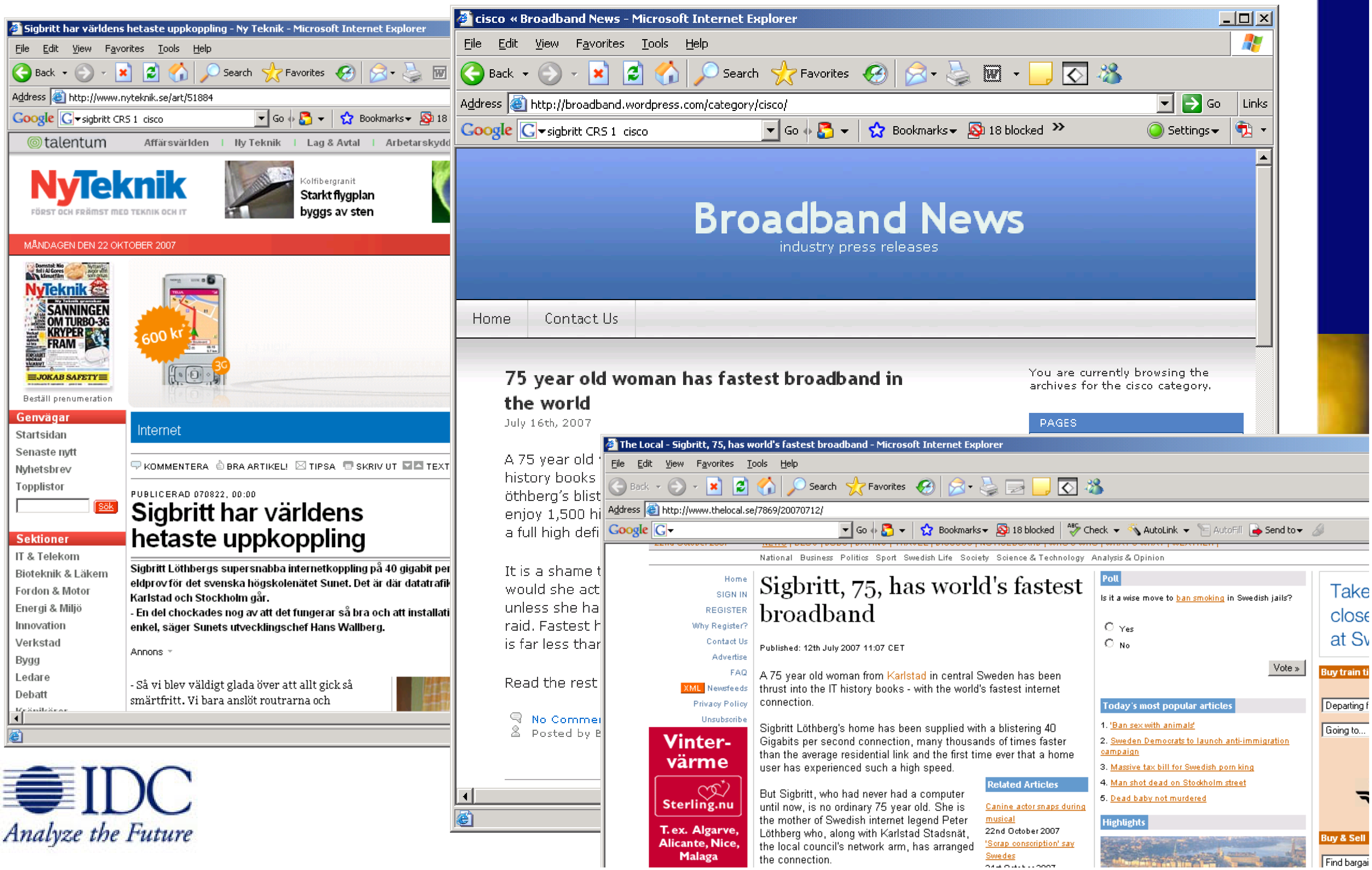
IDC
Analyze the Future

Pervasive Computing



IDC
Analyze the Future

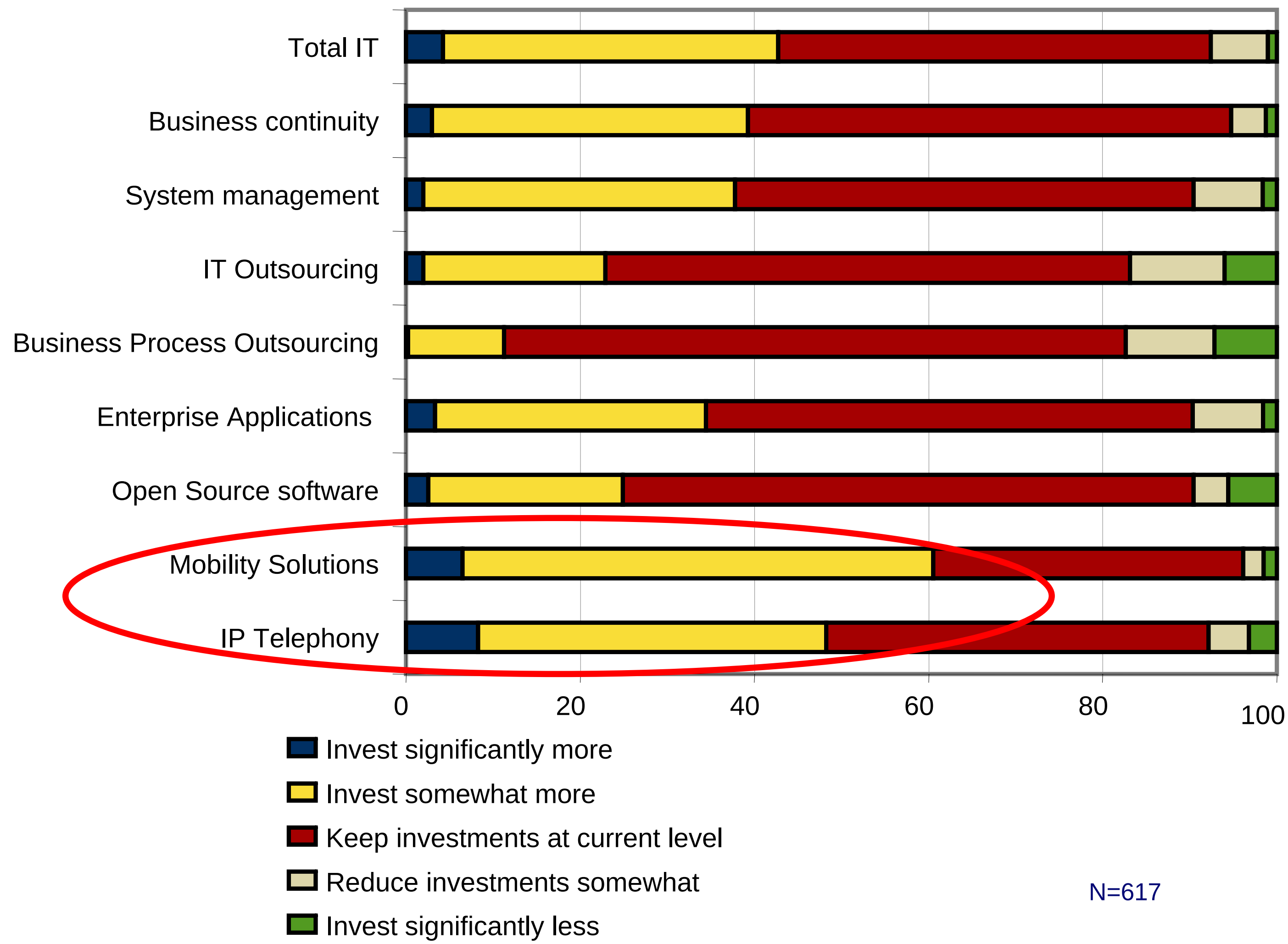
Bandwidth



IDC
Analyze the Future

IT Investments..

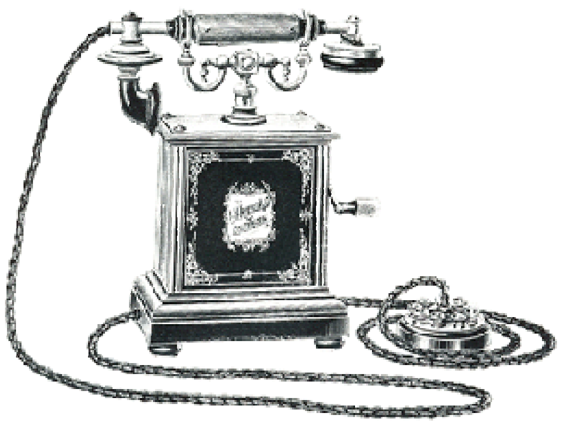
Nordic: what investments trends do you have for...



N=617

IDC
Analyze the Future

What is mobility?



Mobility is supported both with **wireless** and **wireline** technology!

Analyze the Future

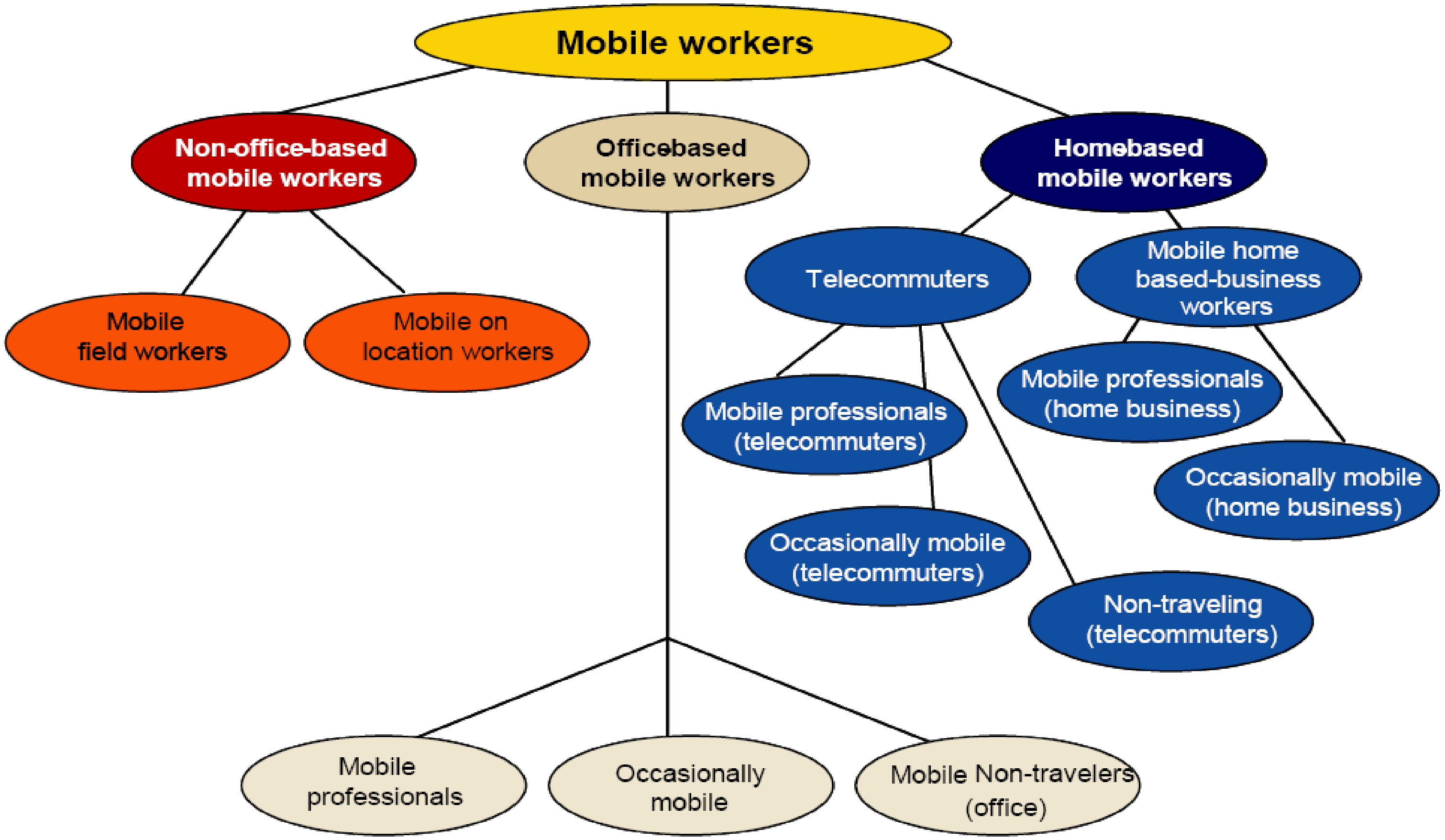
Why mobility?

Driving forces:

- *Freedom for employees*
- Increased efficiency
- Increased productivity
- Time saving
- Price span between fixed and mobile – or mobility enabling services - decreases
- Possibilities to new thinking, new and more efficient ways of performing tasks: *process improvement*

IDC
Analyze the Future

Who is mobile?



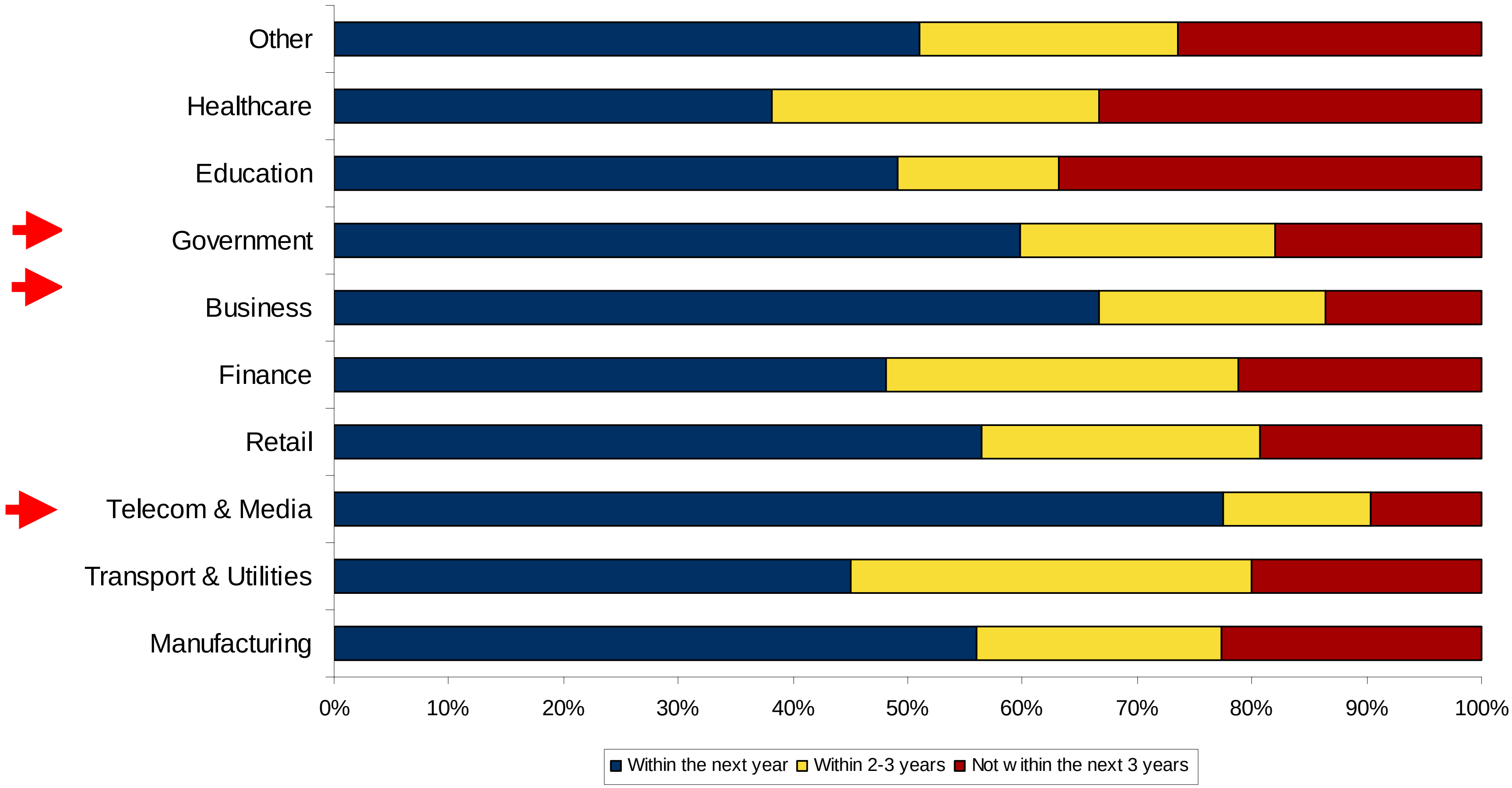
Source: IDC, 2006

IDC Analyze the Future

Runt 20% av medarbetarna klassas som mobila idag av företagen

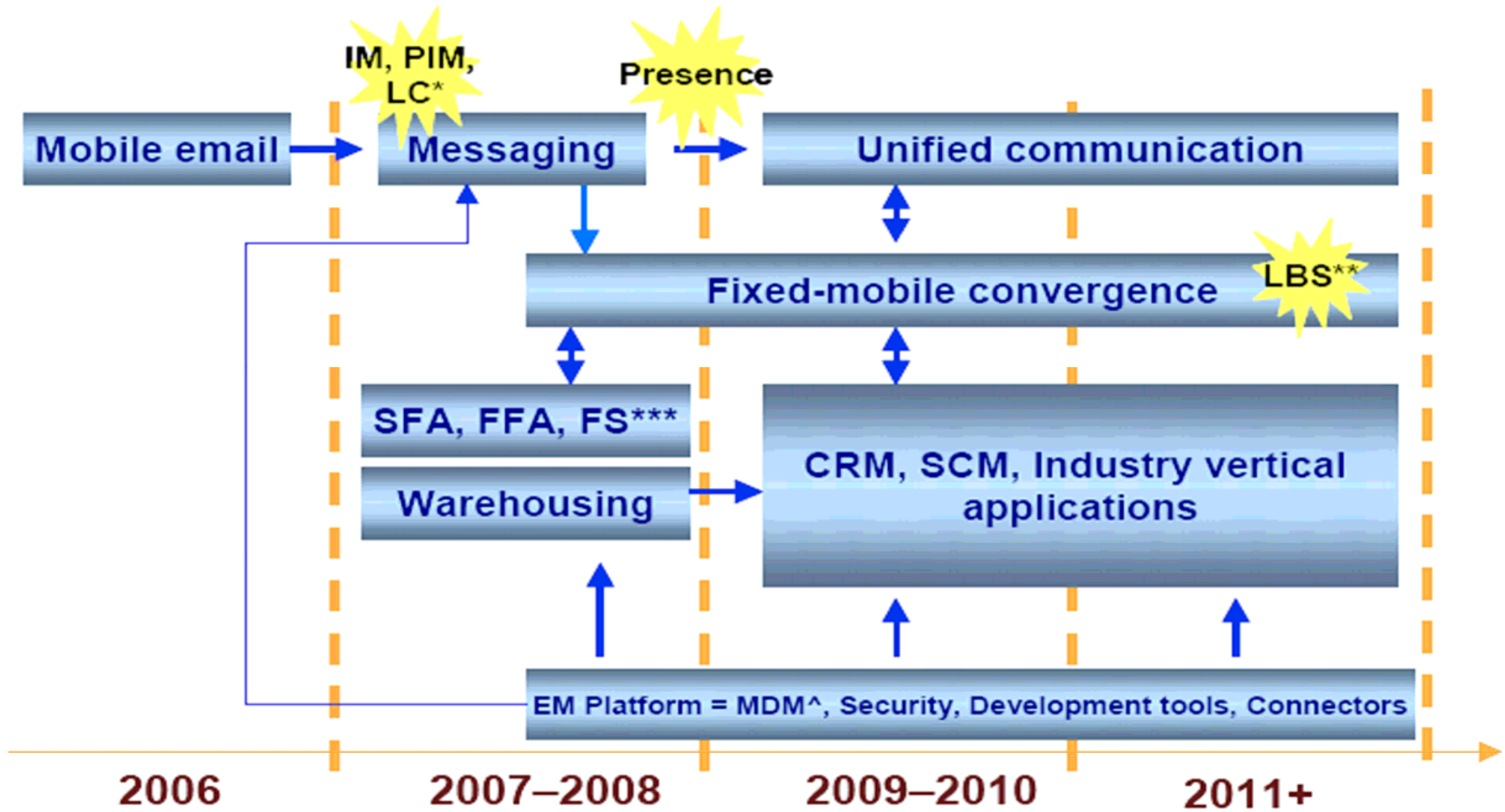
…och basapplikationen är…

Mobil tillgång till email



IDC
Analyze the Future

…men det kommer mera…



* Instant messaging, personal information management, live conferencing
** Location-based service
*** Sales force automation, field force automation, file synchronization
^ Mobile device management

IDC
Analyze the Future

Will mobile "phones" take care of it all?

Better form factors

Cameras and sharper displays

Better support for apps

Dual mode capabilities

Multiple input systems

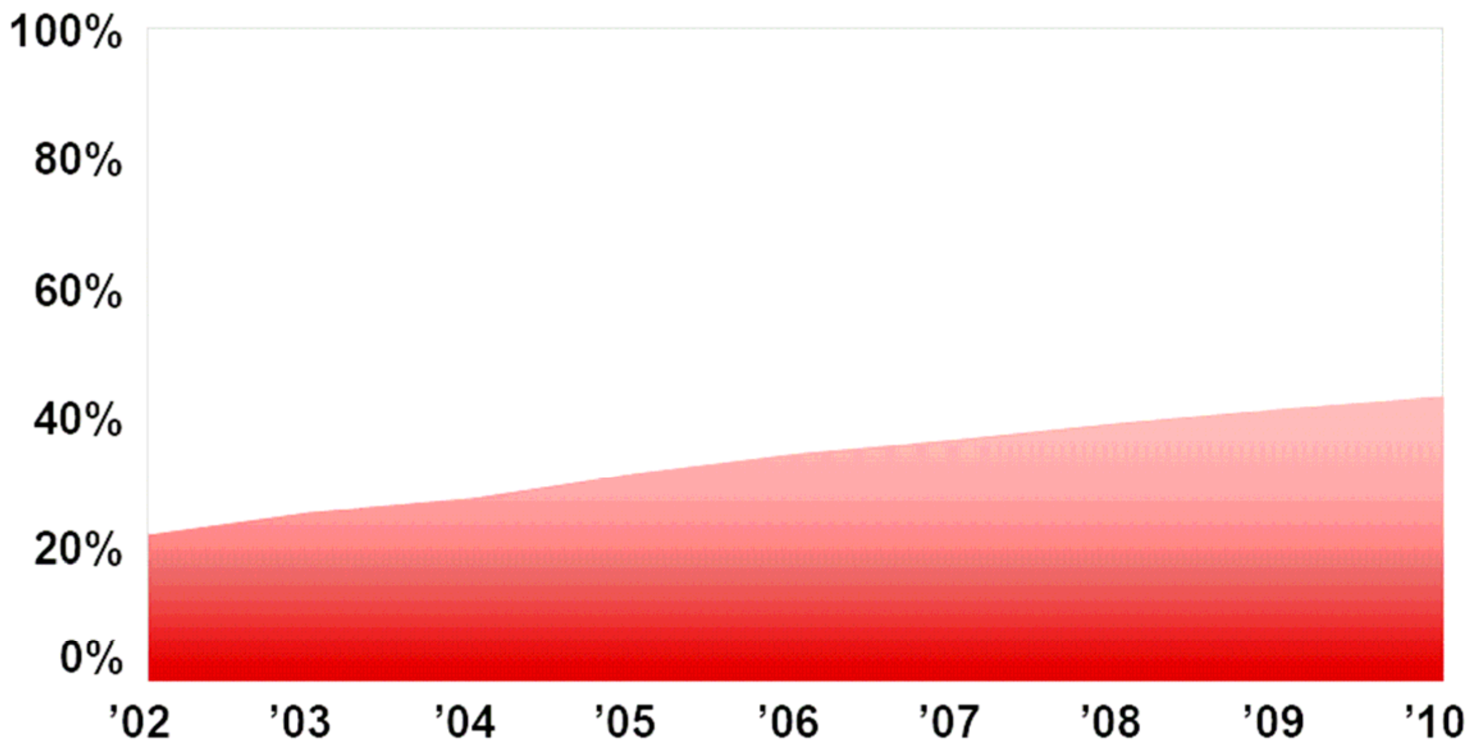
Increased storage

More computing power

IDC
Analyze the Future

Laptops is the standard

Portion of Laptop vs. total PC sales (Global)



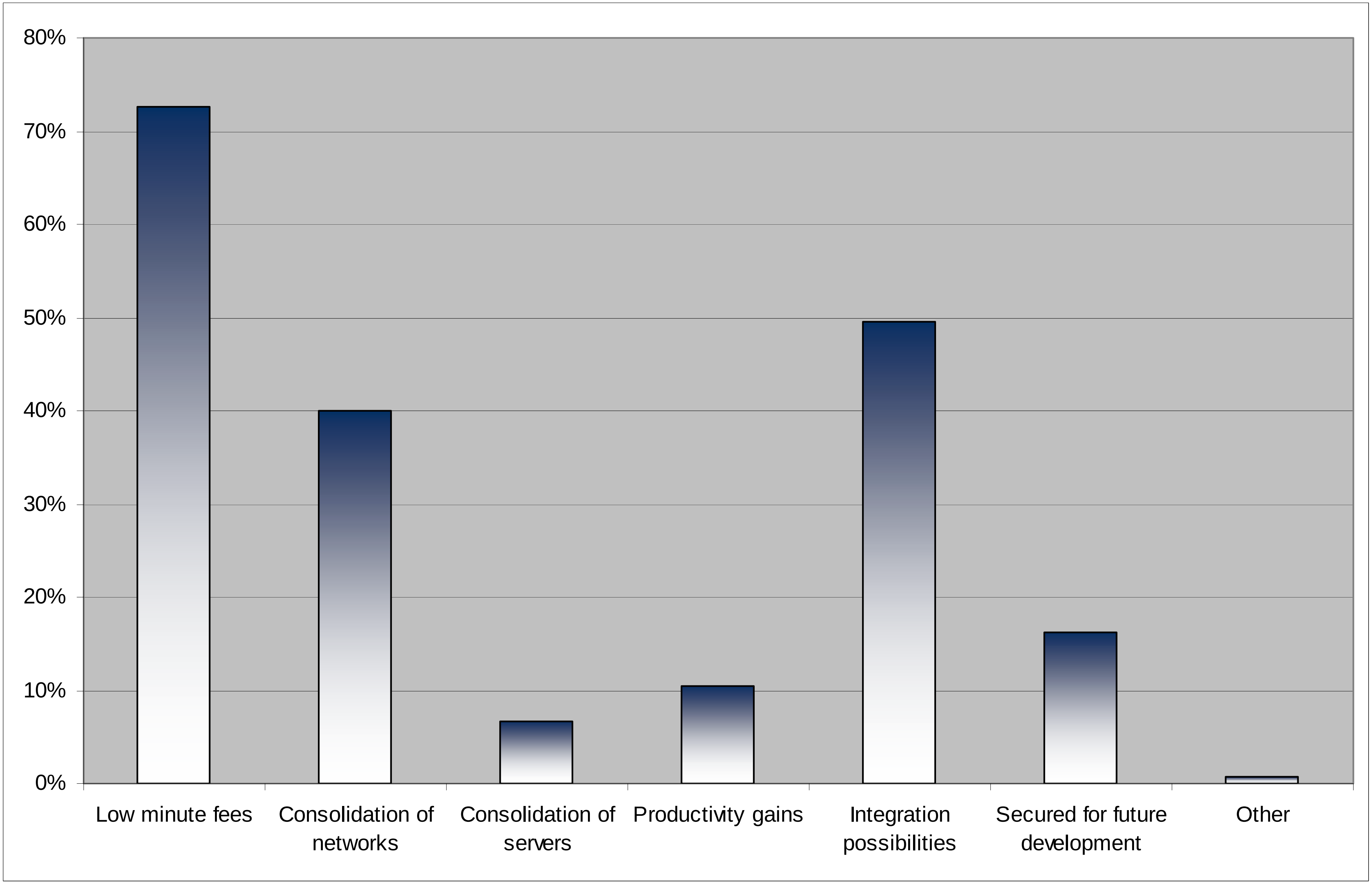
IDC
Analyze the Future

IP och Mobilitet

Best of both worlds: Besparing & Flexibilitet

IDC
Analyze the Future

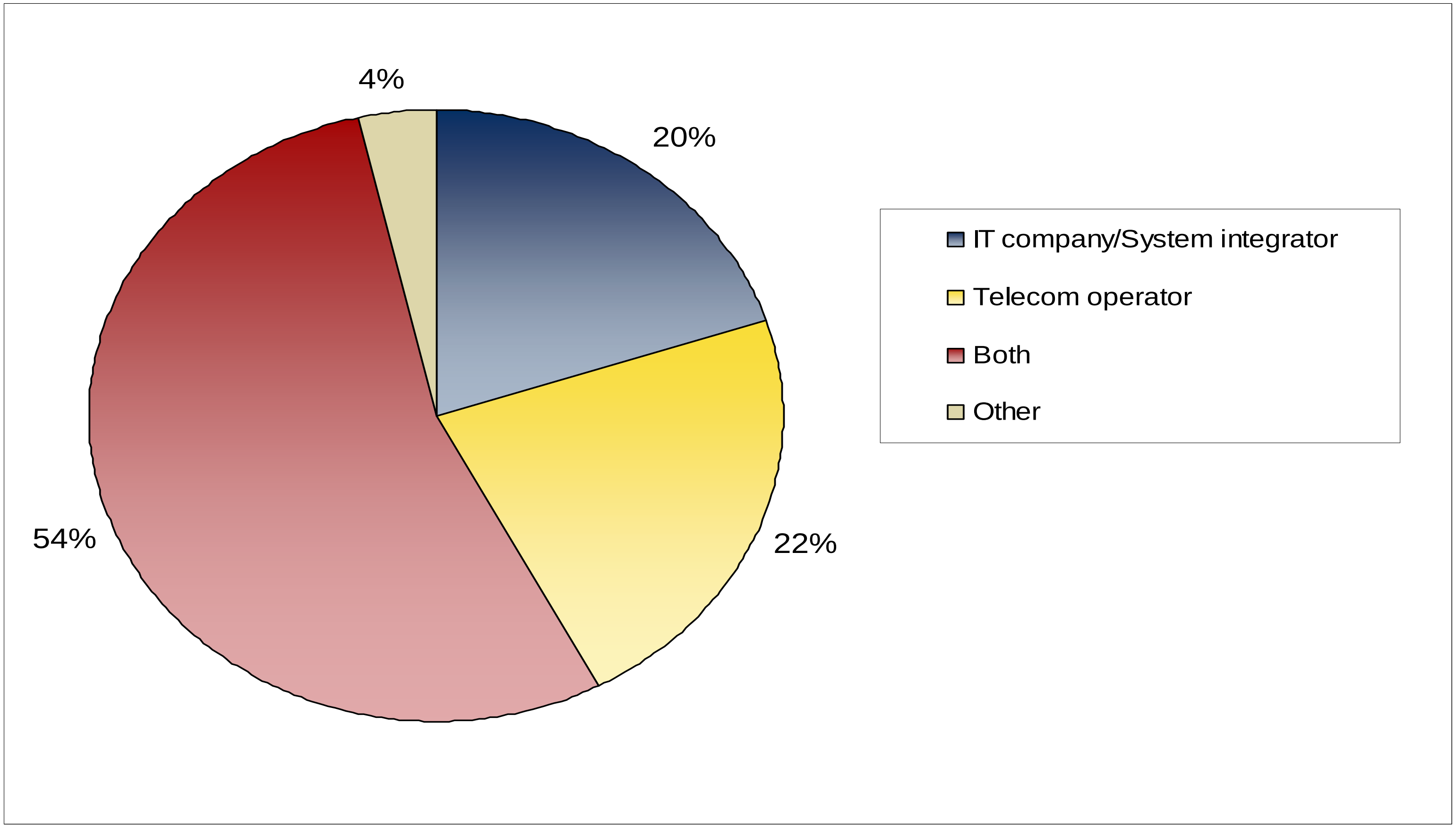
IP: Drivers..



80%
70%
60%
50%
40%
30%
20%
10%
0%
Low minute fees
Consolidation of networks
Consolidation of servers
Productivity gains
Integration possibilities
Secured for future development
Other

IP: Choice of suppliers

Which kind of supplier would you prefer as your partner for IPT solutions?



IDC
Analyze the Future

Nordic Operator Consolidation

- The market has become more concentrated

TeliaSonera

Telia
Sonera
Nextgentel

TDC

Internordia
Dotcom
Song Networks
NetDesign

telenor

Utfors/Glocalnet
Vodafone
Bredbandsbolaget
Cybercity
Sonofon

IDC
Analyze the Future

Further Consolidation

- Further consolidation is inevitable. All options are open between TeliaSonera, TDC and Telenor – but a major hindrance is the countries regulatory bodies.
- More: Comhem/UPC? Telio? 3 + DT?
- The incumbents are showing increasing activities and interest in the **IT Service Provider** sphere. Aspirations are high, but so far we've seen limited...
- Communication market increasingly attractive to IT Service Providers – on the business market
- Hardware vendors also increase service offerings, own or partnered

Analyze the Future

Some final obeservations

Practical effects of convergence and mobility

NOW

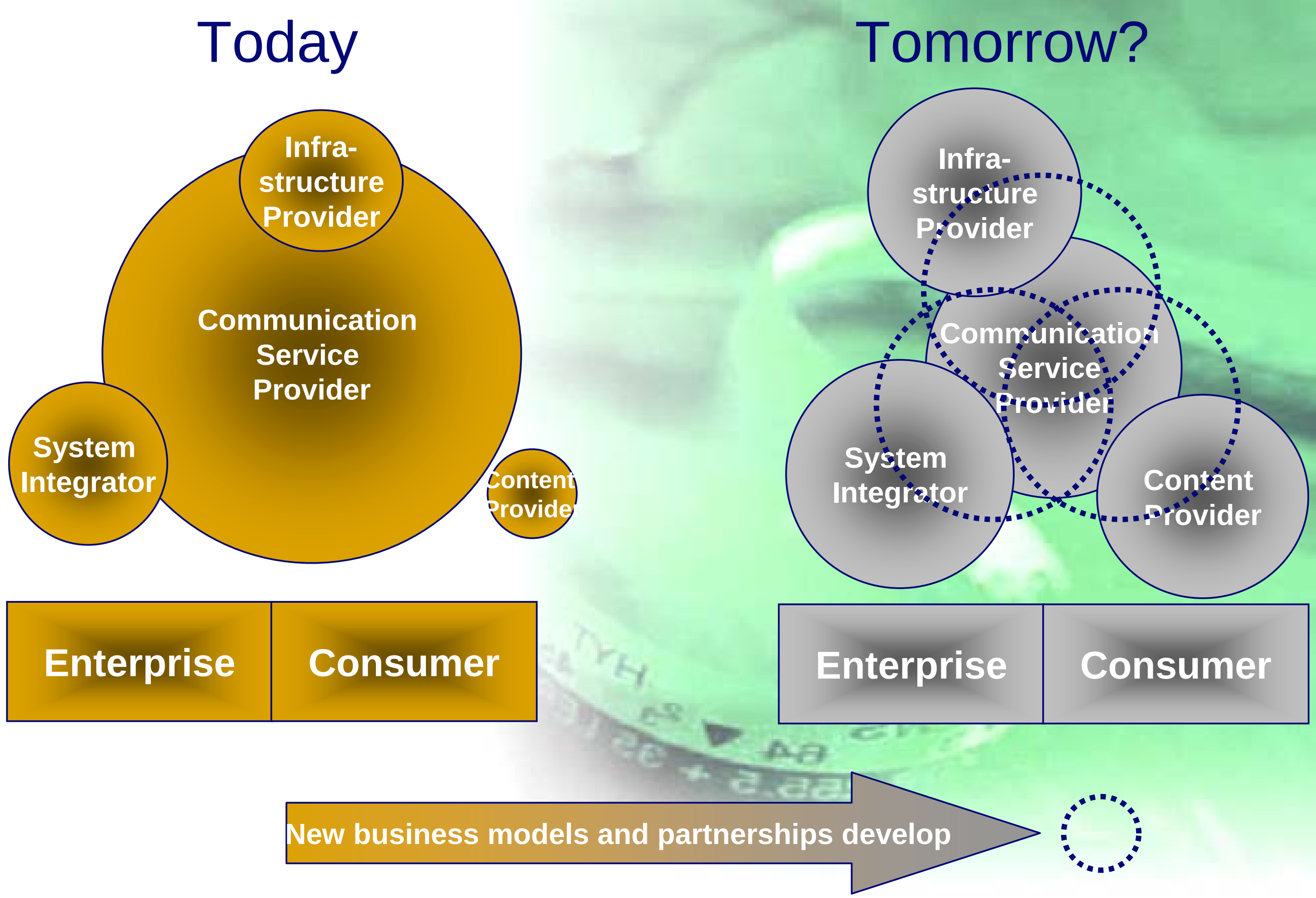
- The wireless and data/Internet segments drives the growth
- The wireline segments constitute the greatest, but in total a declining share of overall spending
- Communication services is no longer monopolized by operators
- Mobility phase one: laptops and mobile phones *on masse*
- Filesharing, YouTube, Joost and similar bandwithdemanding apps continues to grow and increase their share of internet traffic

GRADUAL

- IP becomes the communication standard for voice
- Telephony is just another application in line with other business applications, BBT outperforms PSTN on price
- IP TV and HDTV drives traffic
- Communication nets are merging – both in terms of technology and payment models
- Mobility phase two: clients co-exists on multiple devices delivering same user experience cross-platforms

IDC
Analyze the Future

From who are we buying communication services?



IDC
Analyze the Future

Questions?

Per-Arne Sandegren
Direct: +46 8444 1593
Mobile: +46 708 364 000
psandegren@idc.com

Senior Research Analyst

IDC Nordic

Analyze the Future

Kista Galleria
Box 1096
164 25 Kista
Sweden
Phone: +46 8444 1590

Telefax: +46 8750 5888

Analyze the Future