

Per-Arne Sandegren
Senior Research Analyst
IDC Nordic

Communication Services Sweden

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Source: Nordic Research Reports

IDC
Analyze the Future

MARKET ANALYSIS
Nordic - 2006 Communication Services
Per-Arne Sandegren

IDC OPINION

The Danish SMB market was worth 27.6 BDKK in 2005. The forecasted total value in 2010 is 34.1 BDKK, implying a CAGR 2006-2010 of 4.6%. This is a higher growth than for the largest companies. The SMB market now equals 60% of the total market or 40.4 BDKK-2005. The share is expected to increase in the forthcoming years.

With its huge part of overall IT spending, the SMB segment has attracted the IT industry for some time. In itself, it is a highly fragmented segment with substantial differences between countries and verticals. Most SMEs are small firms serving local markets, and its clients, each SMB Company has a comparatively small budget, short time horizon and low IT knowledge, which adds to the burden companies has that wants to successfully address this market. But the SMB market is dynamic and characterized by entrepreneurial activities, it poses great opportunities for IT vendors with rightly packaged offerings.

The SMB segment is comparatively less saturated with IT than larger companies, and poses possibilities with its higher IT growth. Technology and solutions available and adopted by larger companies trickles down through the size classes as technology matures, price drops and standardization comes along. And the same goes within the SMB size classes, what is now being implemented in medium sized companies will often move down to smaller companies.

- Managed services have a great potential in the SMB segment, in particular for the medium sized companies. In fact, some services may even find its greatest penetration among medium sized companies. Reason for this is whereas large sized will reach the best performance solution with a hosted solution implicitly shared with other companies.
- Packaging and standardization is of paramount importance for successful penetration of the SMB segment. With a lower internal IT skill than its upper peers, companies in the SMB segment will not have the resources for customization—the vendor should do this behindhand.

NOTE: comparing to previous Nordic research, this report has changed the size segmentation to comply with European research standards and to enable cross european comparisons. SMB in this report is defined as companies with 1-499 employees.

© October 2006, #20610410N, 1/06ver.1
Customer: OUB-10-04-2006 / vendor: clausen and 220062010 17

Source: Nordic Investment Guide 2006



Today's Agenda



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

Vendors in the IT and communication markets

Devices



Sony Ericsson



Operators



Content providers



THE COMPANY



Services

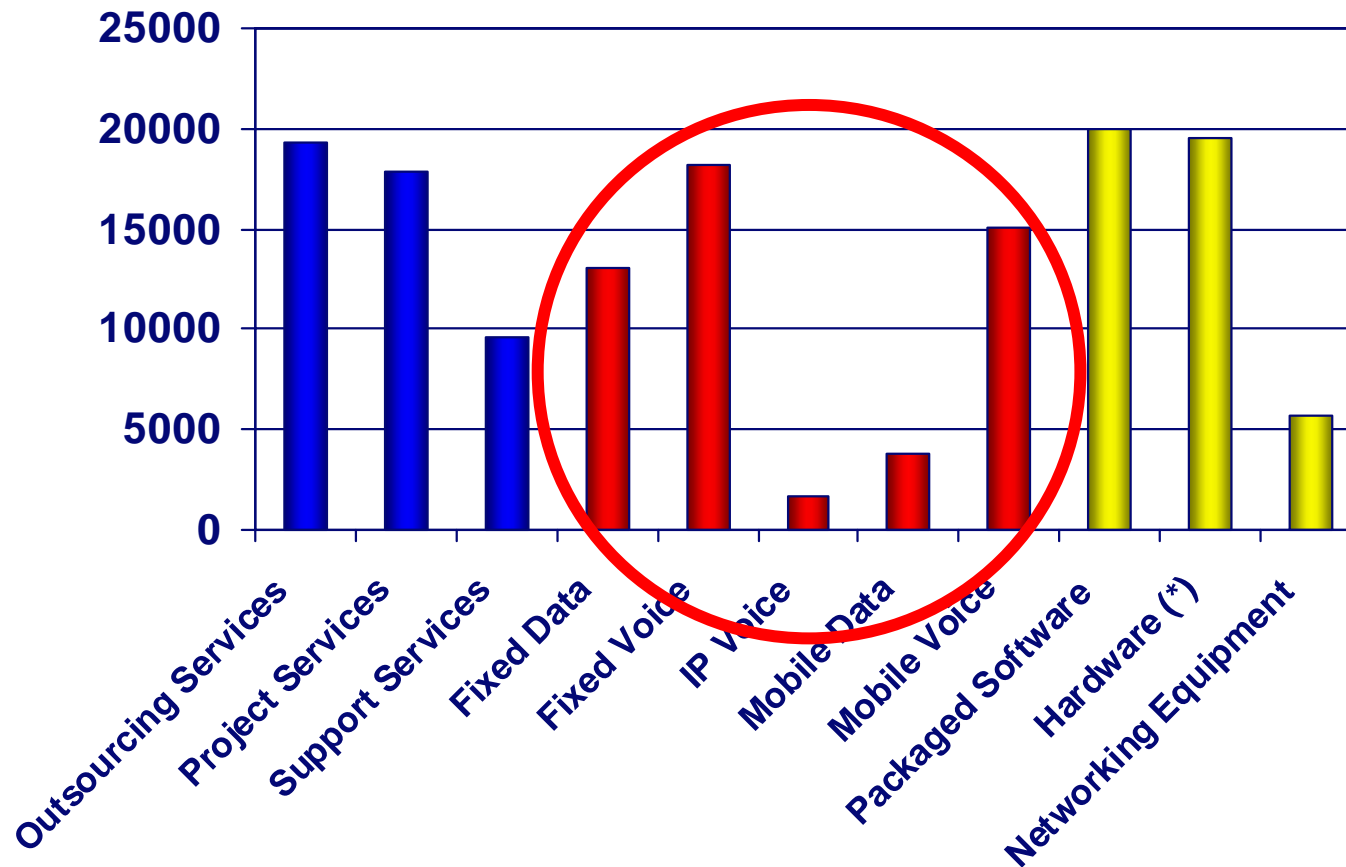


SW & Network



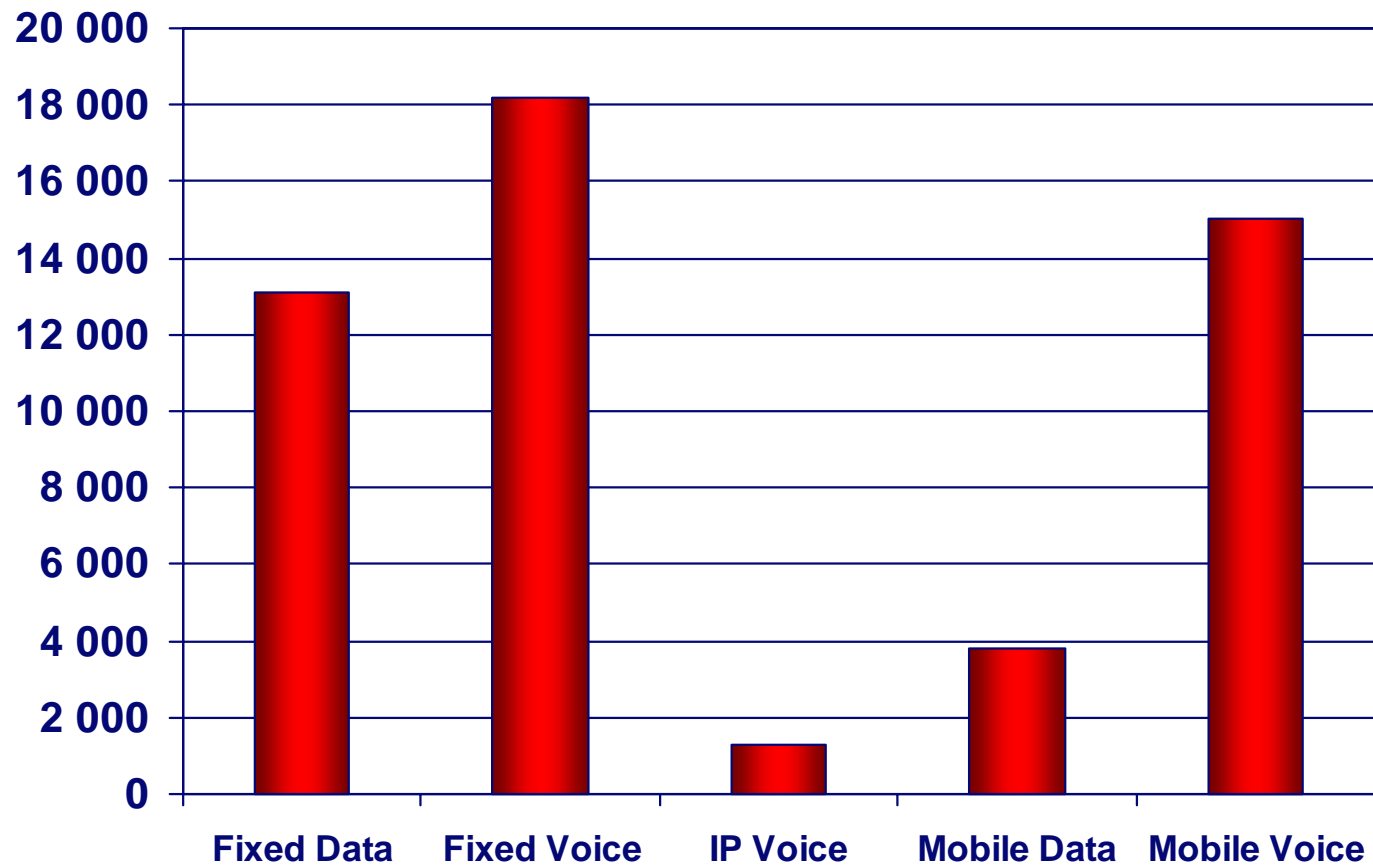
The IT and Communication markets

Sweden 2006 (MSEK)



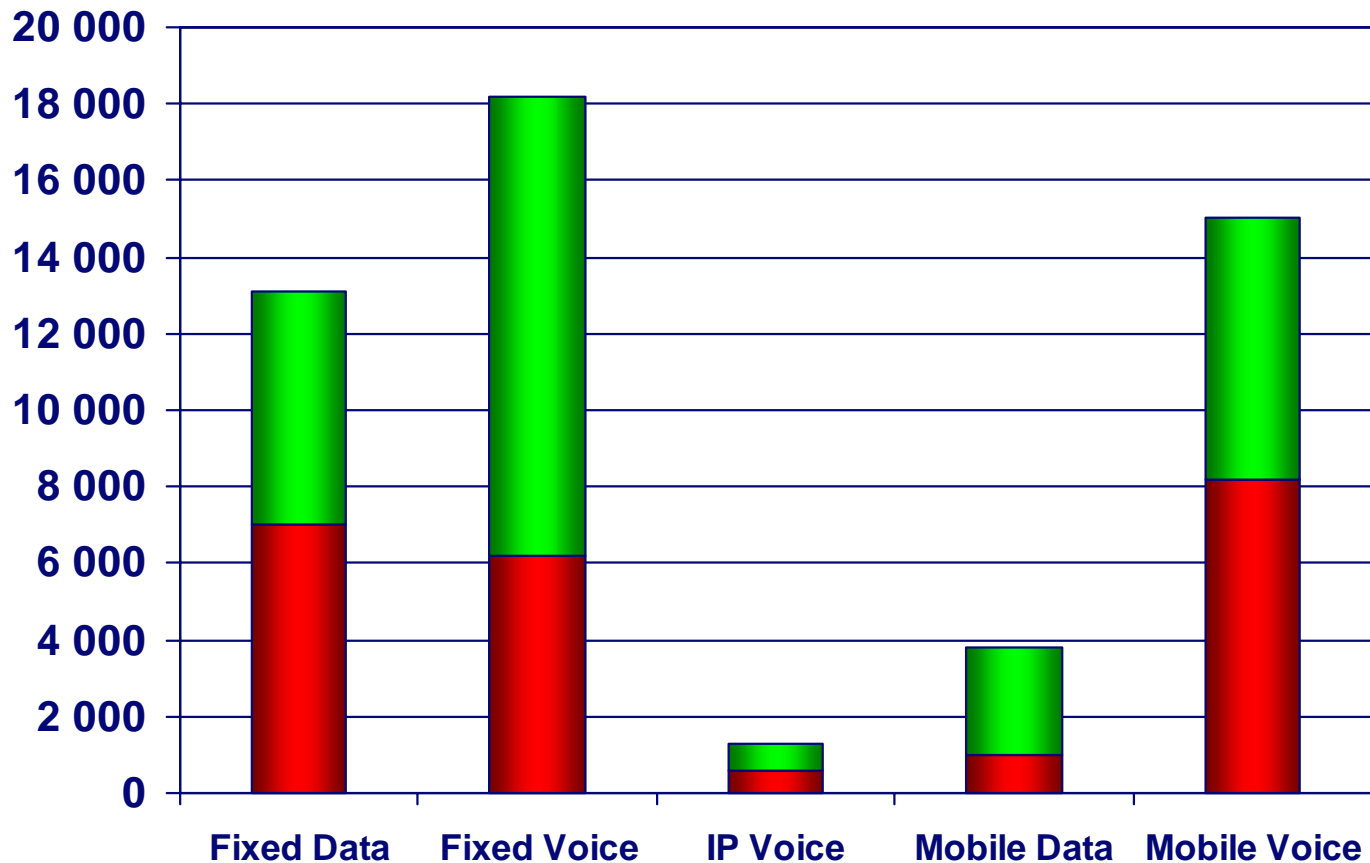
The Communication services markets

Sweden 2006 (MSEK)



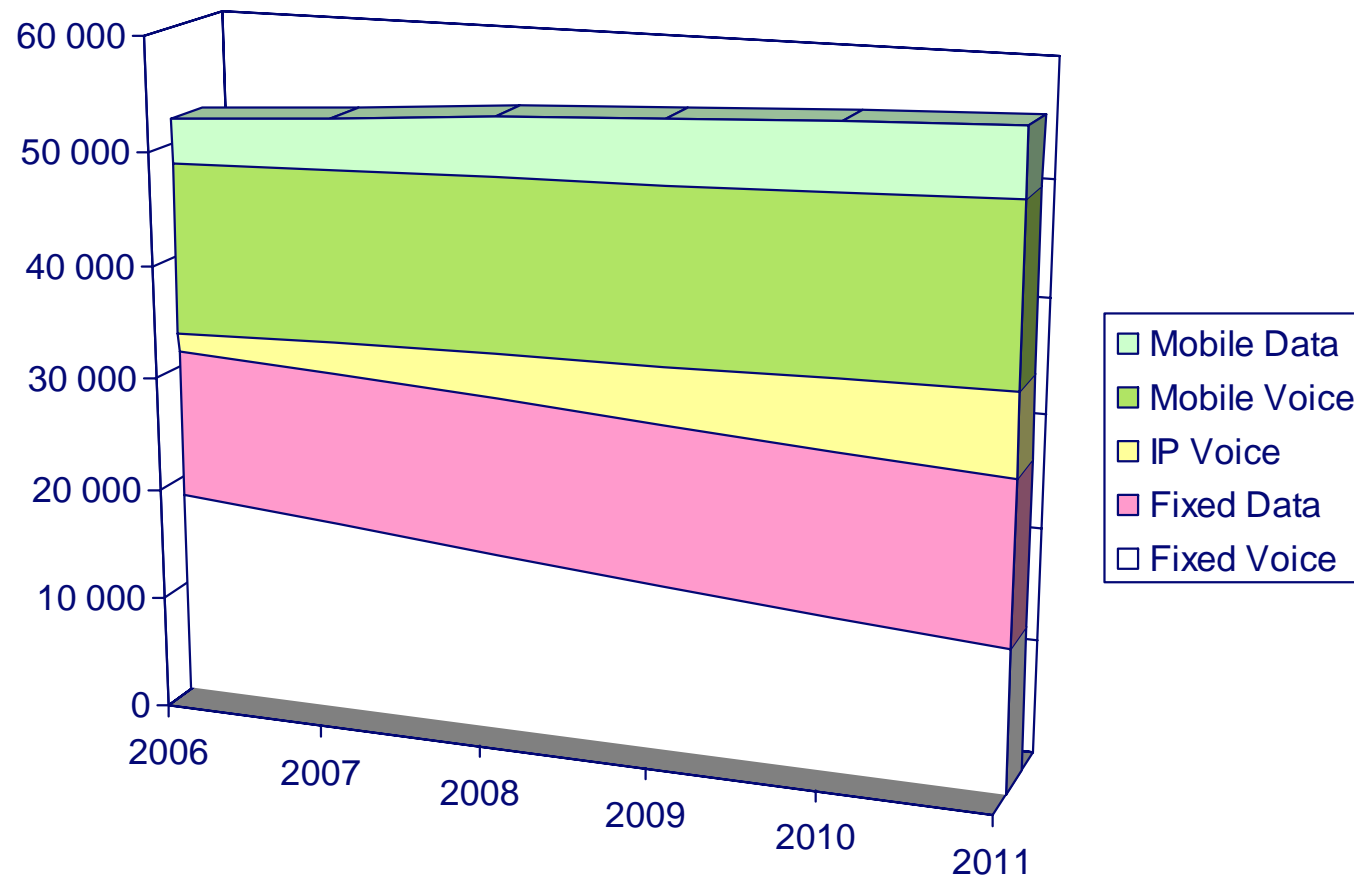
The Communication services markets

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



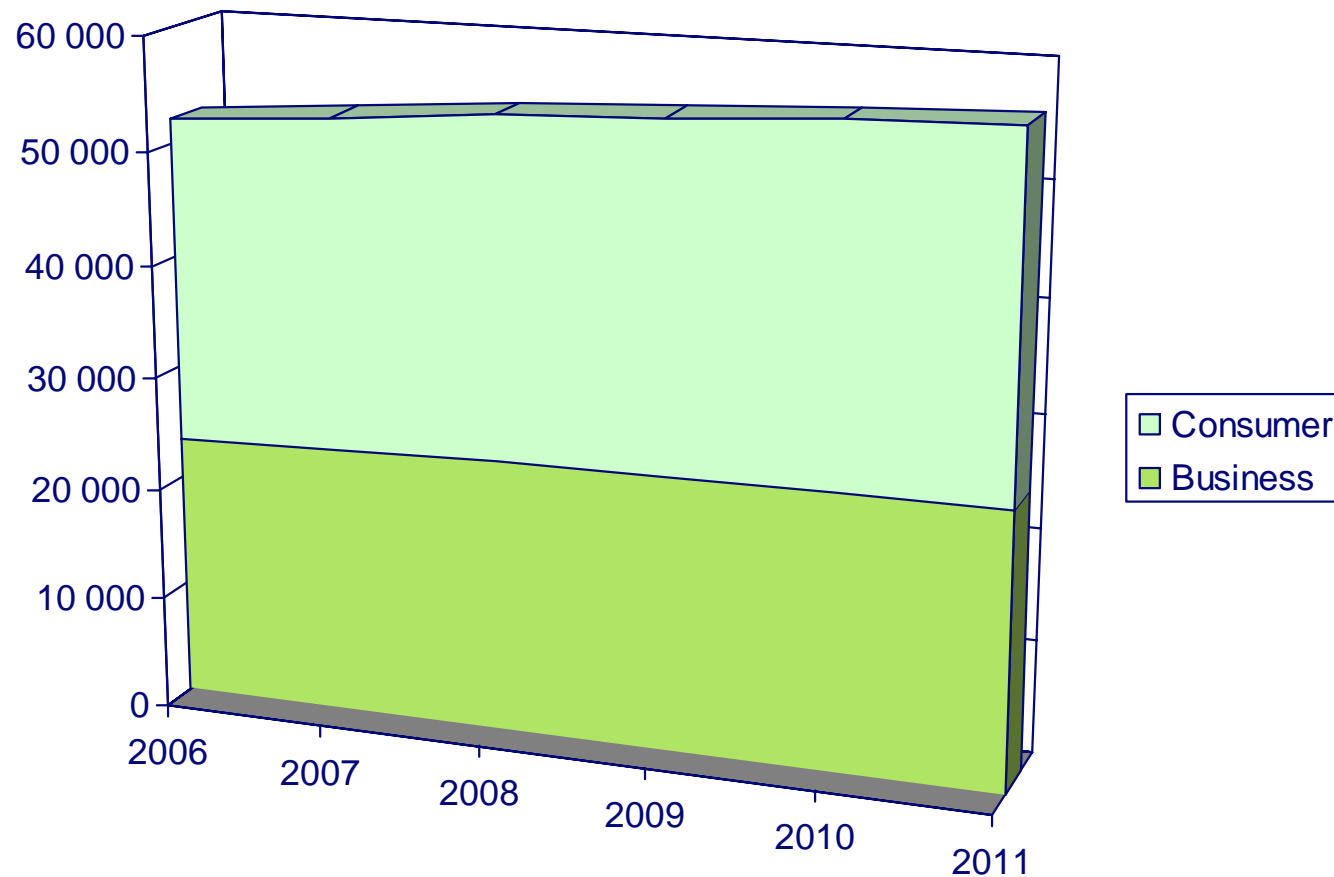
Communication services markets

Sweden - Forecast 2006 - 2011 (MSEK)



Communication services markets

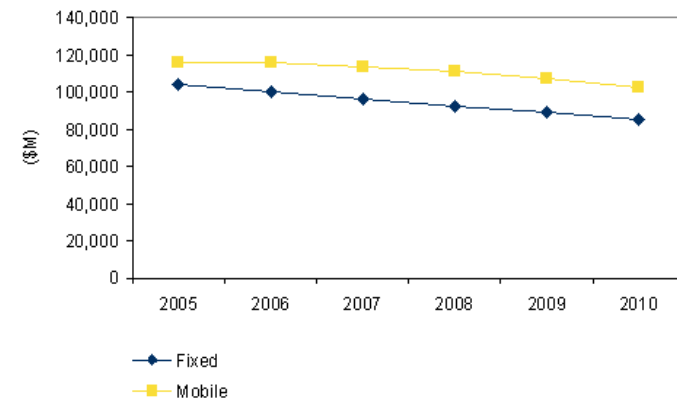
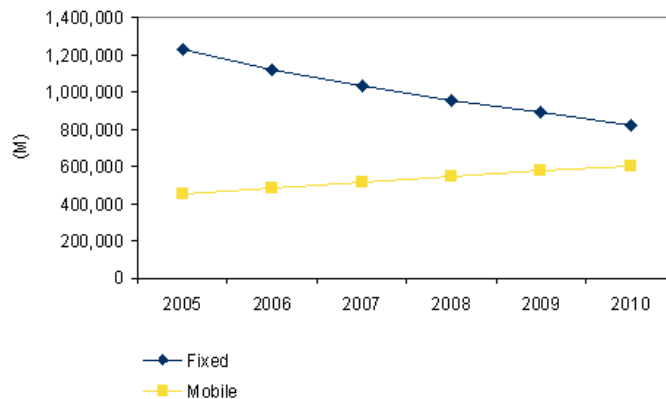
Sweden - Forecast 2006 - 2011 (MSEK)



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 absent for mobile data services

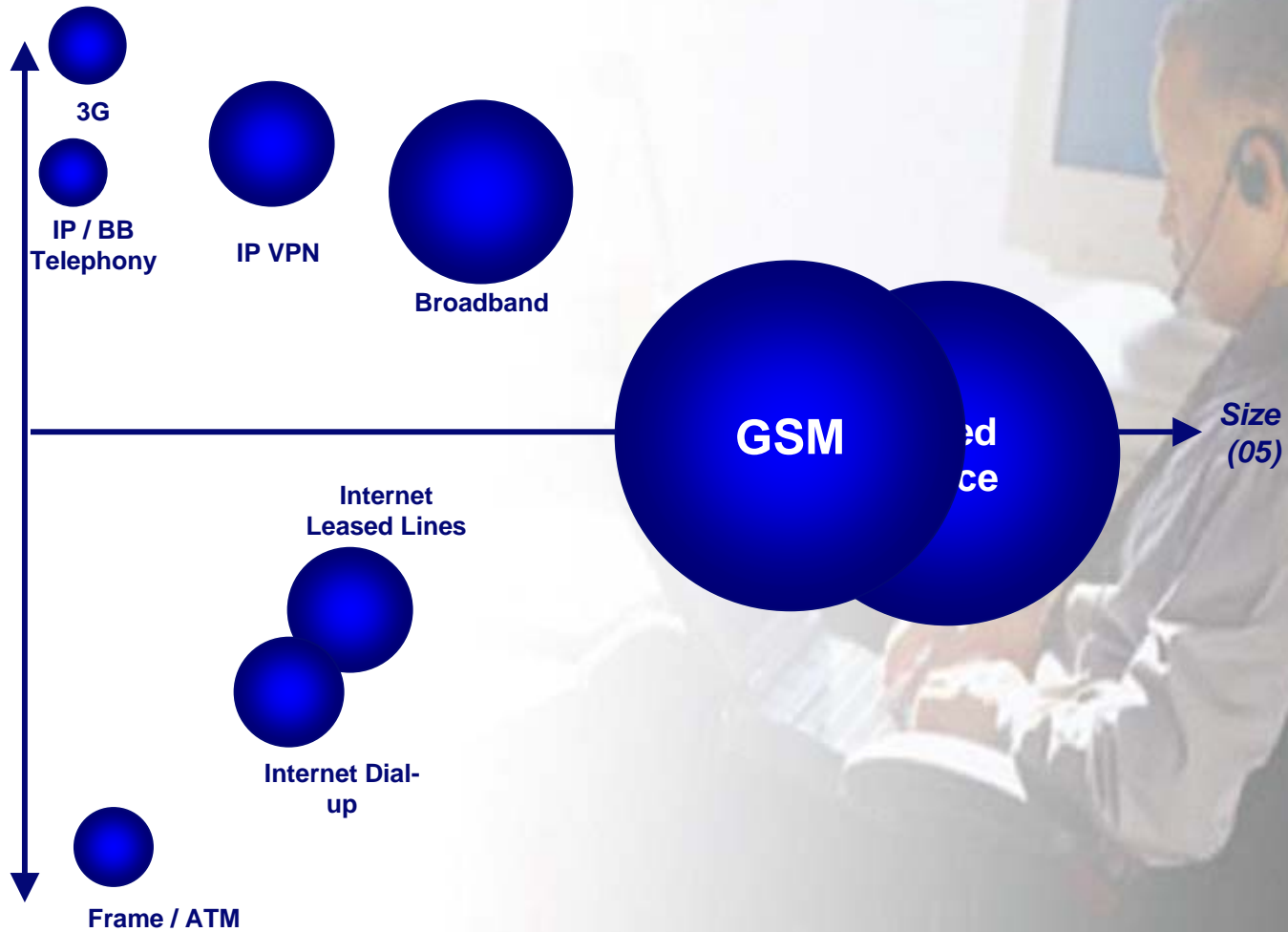
Western Europe, Fixed/Mobile Voice MoU and Spending



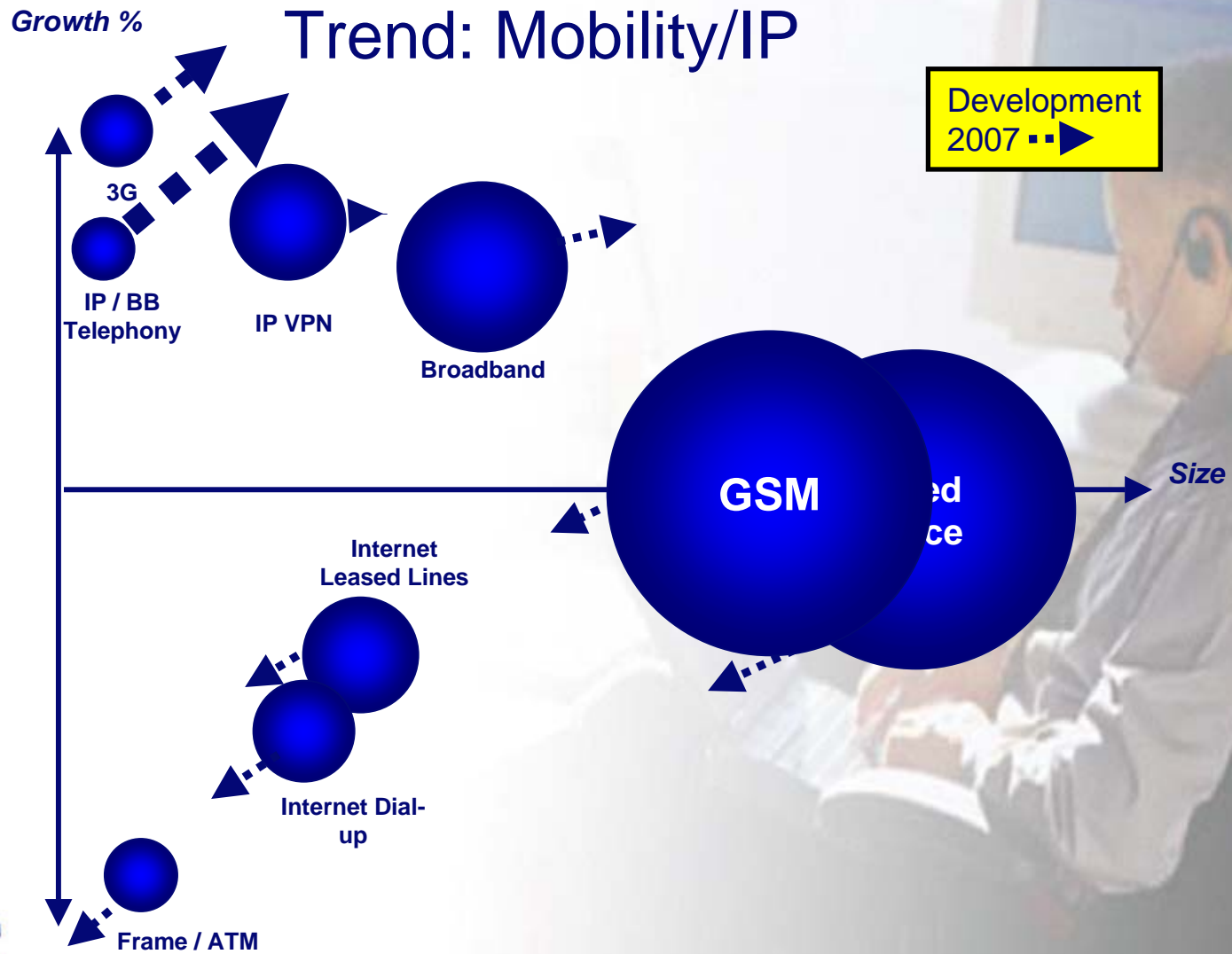
Communication Services 2006

Growth %

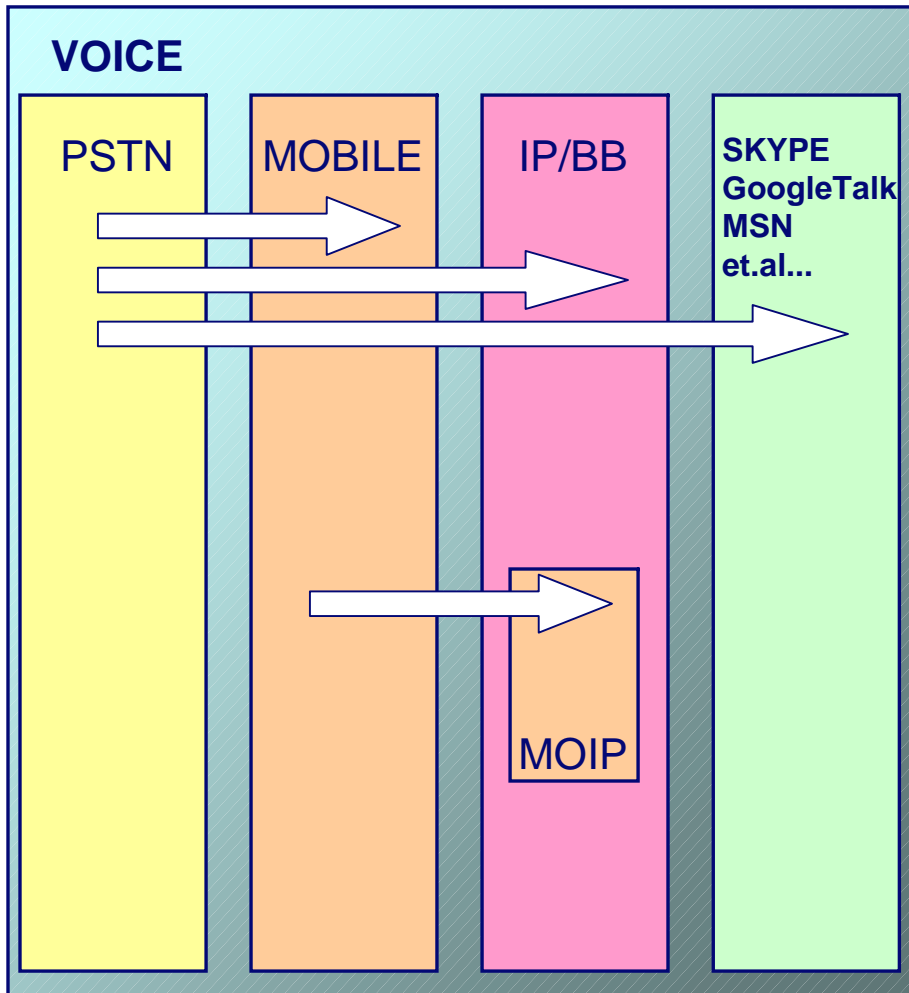
Market Dynamics 05/06



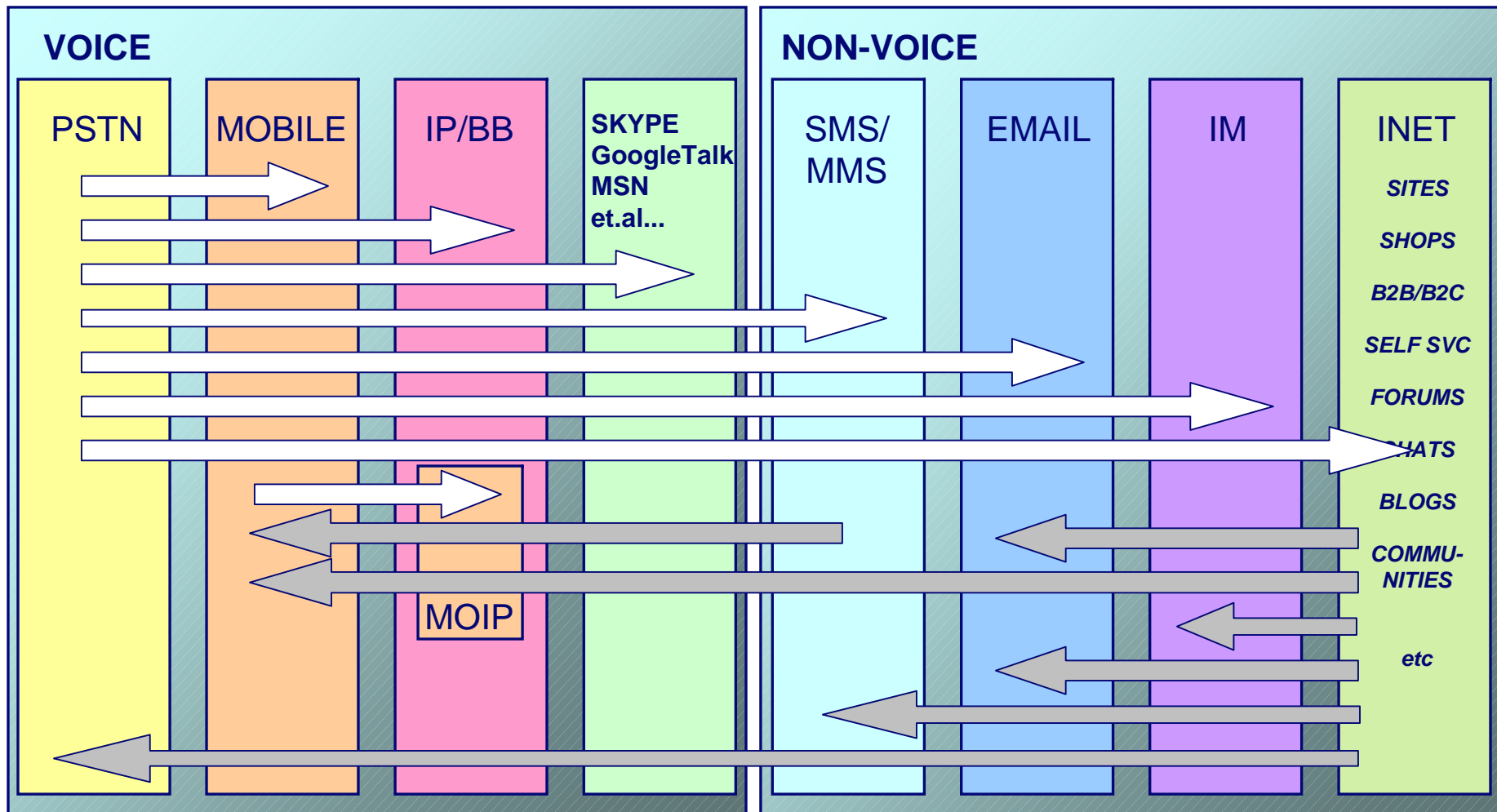
Communication Services 2007+



Minute Migration

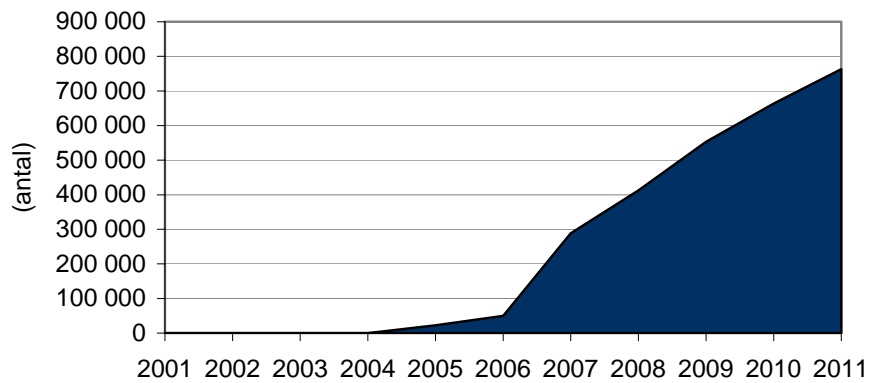


Communication Migration

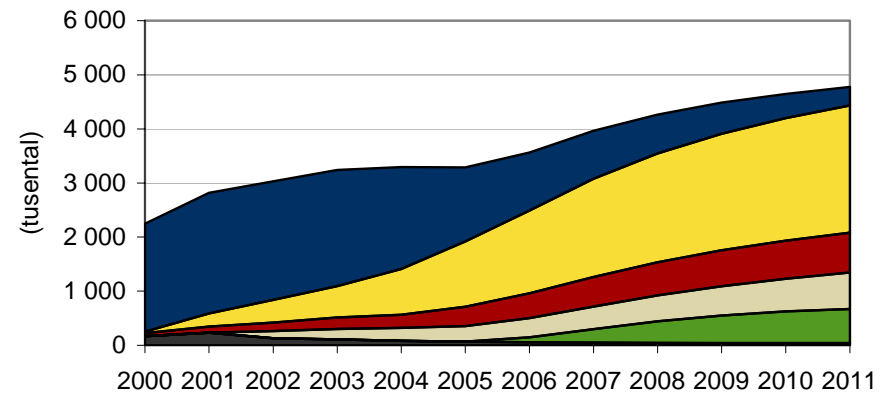


Exampels of bandwidth drivers

IP TV



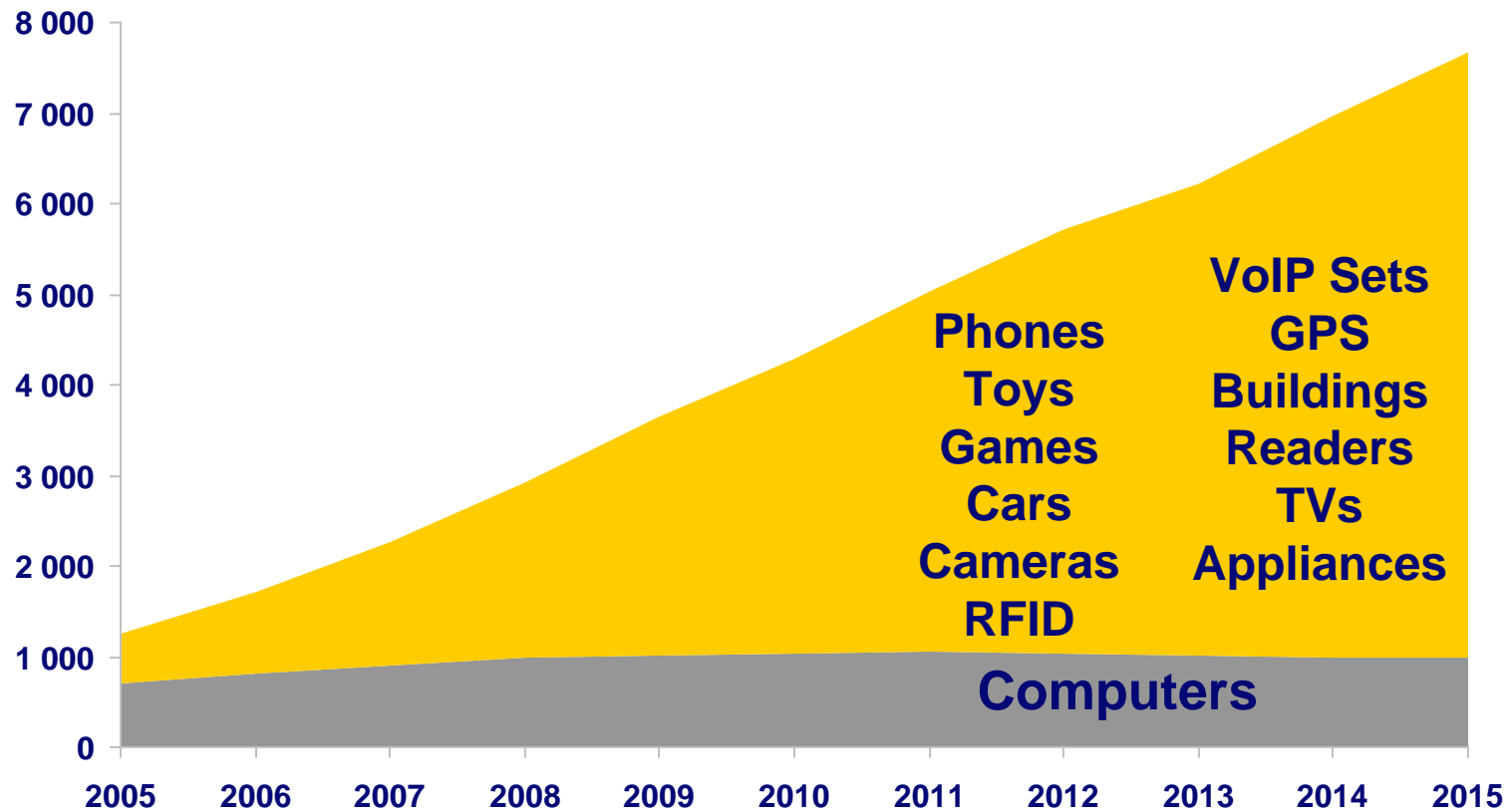
Internet access



- PSTN
- DSL
- Kabel-TV
- LAN-nät *
- Mobil anslutning **
- Övrigt

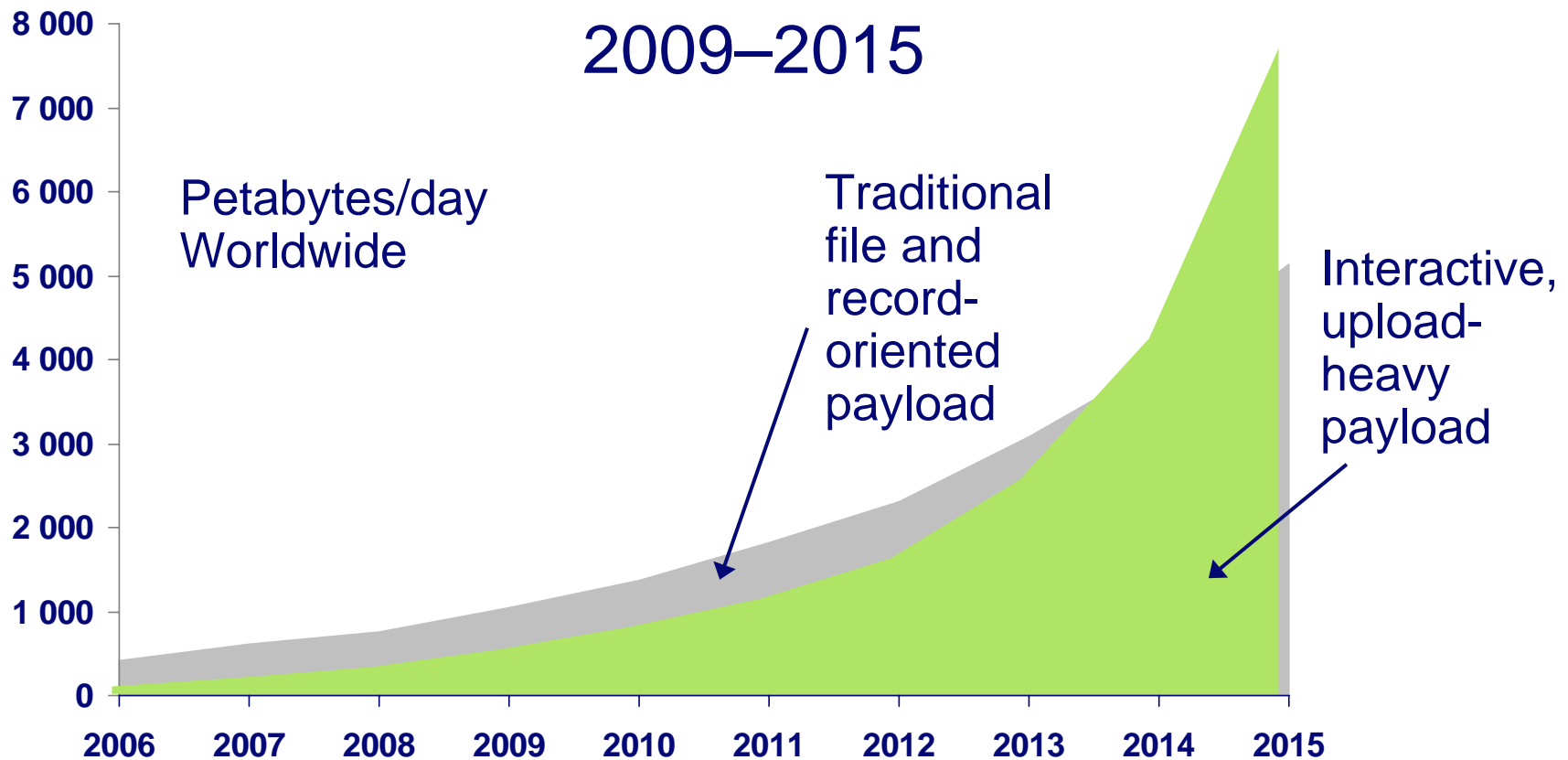
Pervasive Computing

Communicating Devices Worldwide



Pervasive Computing

New Traffic Characteristics 2009–2015



Bandwidth

Sigbritt har världens hetaste uppkoppling - Ny Teknik - Microsoft Internet Explorer

Address: http://www.nyteknik.se/art/51884

Google sigbritt CRS 1 cisco

NyTeknik
FÖRST OCH FRÄMST MED TEKNIK OCH IT

Kolfibergranit
Starkt flygplan
byggs av sten

MÅNDAGEN DEN 22 OKTOBER 2007

Beställ prenumeration

Genvägar

- Startsidan
- Senaste nytt
- Nyhetsbrev
- Topplistor

Sektioner

- IT & Telekom
- Bioteknik & Läkemedel
- Fordon & Motor
- Energi & Miljö
- Innovation
- Verkstad
- Bygg
- Ledare
- Debatt

Internet

KOMMENTERA BRA ARTIKEL! TIPSA SKRIV UT TEXT

PUBLICERAD 070822, 00:00

Sigbritt har världens hetaste uppkoppling

Sigbritt Löthbergs supersnabba internetkoppling på 40 gigabit per sekund för det svenska högskolenätet Sunet. Det är där datatrafik Karlstad och Stockholm går.

- En del chockades nog av att det fungerar så bra och att installationen är enkel, säger Sunets utvecklingschef Hans Wallberg.

Annons

- Så vi blev väldigt glada över att allt gick så smårffritt. Vi bara anslöt routrarna och

cisco « Broadband News - Microsoft Internet Explorer

Address: http://broadband.wordpress.com/category/cisco/

Google sigbritt CRS 1 cisco

Broadband News

industry press releases

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75 year old woman has fastest broadband in the world

July 16th, 2007

You are currently browsing the archives for the cisco category.

PAGES

The Local - Sigbritt, 75, has world's fastest broadband - Microsoft Internet Explorer

Address: http://www.thelocal.se/7869/20070712/

National Business Politics Sport Swedish Life Society Science & Technology Analysis & Opinion

Sigbritt, 75, has world's fastest broadband

Published: 12th July 2007 11:07 CET

A 75 year old woman from Karlstad in central Sweden has been thrust into the IT history books - with the world's fastest internet connection.

Sigbritt Löthberg's home has been supplied with a blistering 40 Gigabits per second connection, many thousands of times faster than the average residential link and the first time ever that a home user has experienced such a high speed.

But Sigbritt, who had never had a computer until now, is no ordinary 75 year old. She is the mother of Swedish internet legend Peter Löthberg who, along with Karlstad Stadsnät, the local council's network arm, has arranged the connection.

Read the rest

No Comments Posted by B

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Sterling.nu
T.ex. Algarve, Alicante, Nice, Malaga

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Yes
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2. Sweden Democrats to launch anti-immigration campaign
3. Massive tax bill for Swedish porn king
4. Man shot dead on Stockholm street
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Highlights

Take close at Sw

Buy train ti

Departing f

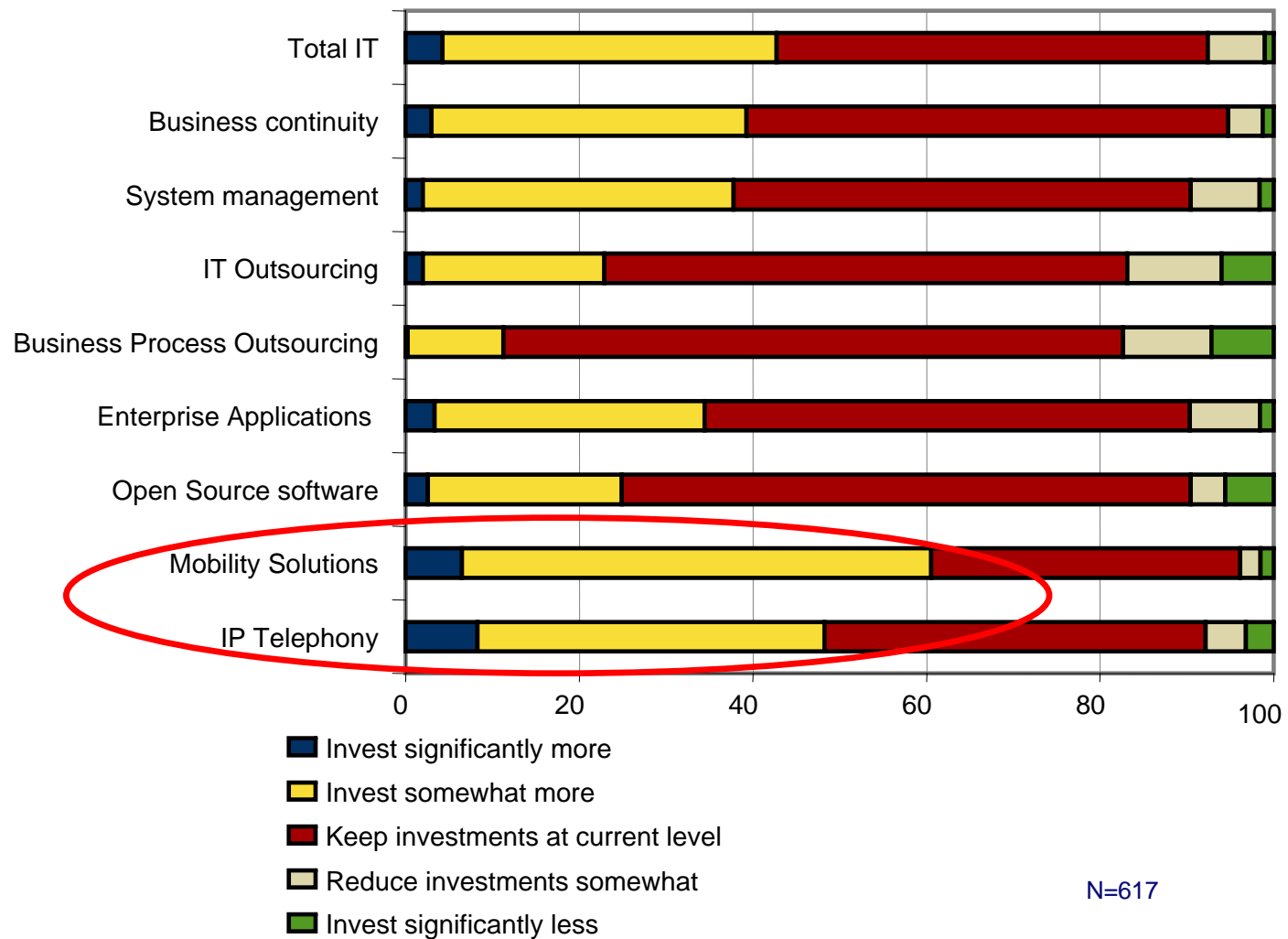
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Find bargai

IT Investments..

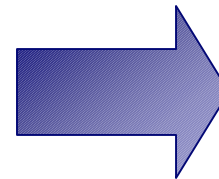
Nordic: what investments trends do you have for...



What is mobility?



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

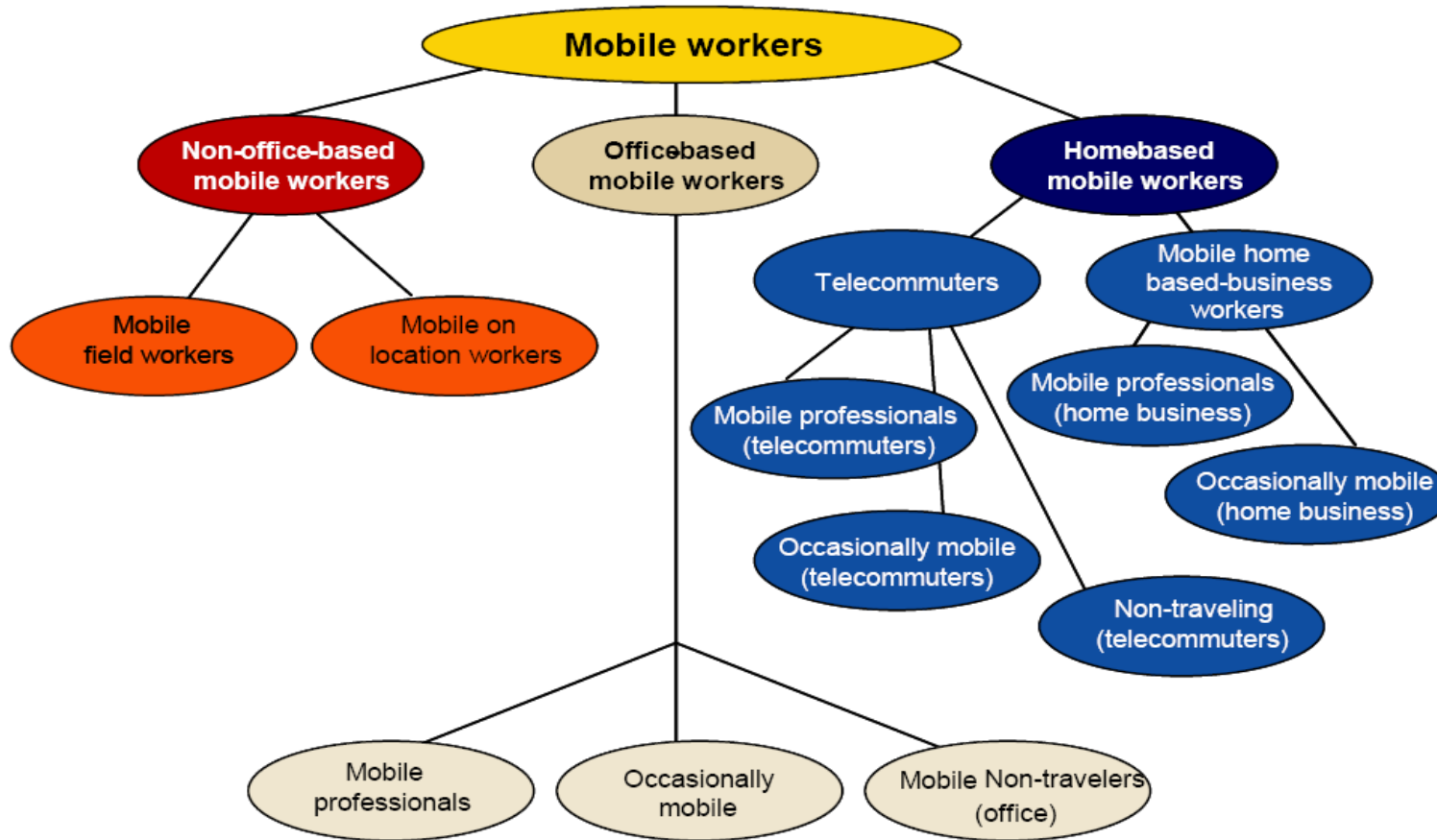


Why mobility?

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*

Who is mobile?

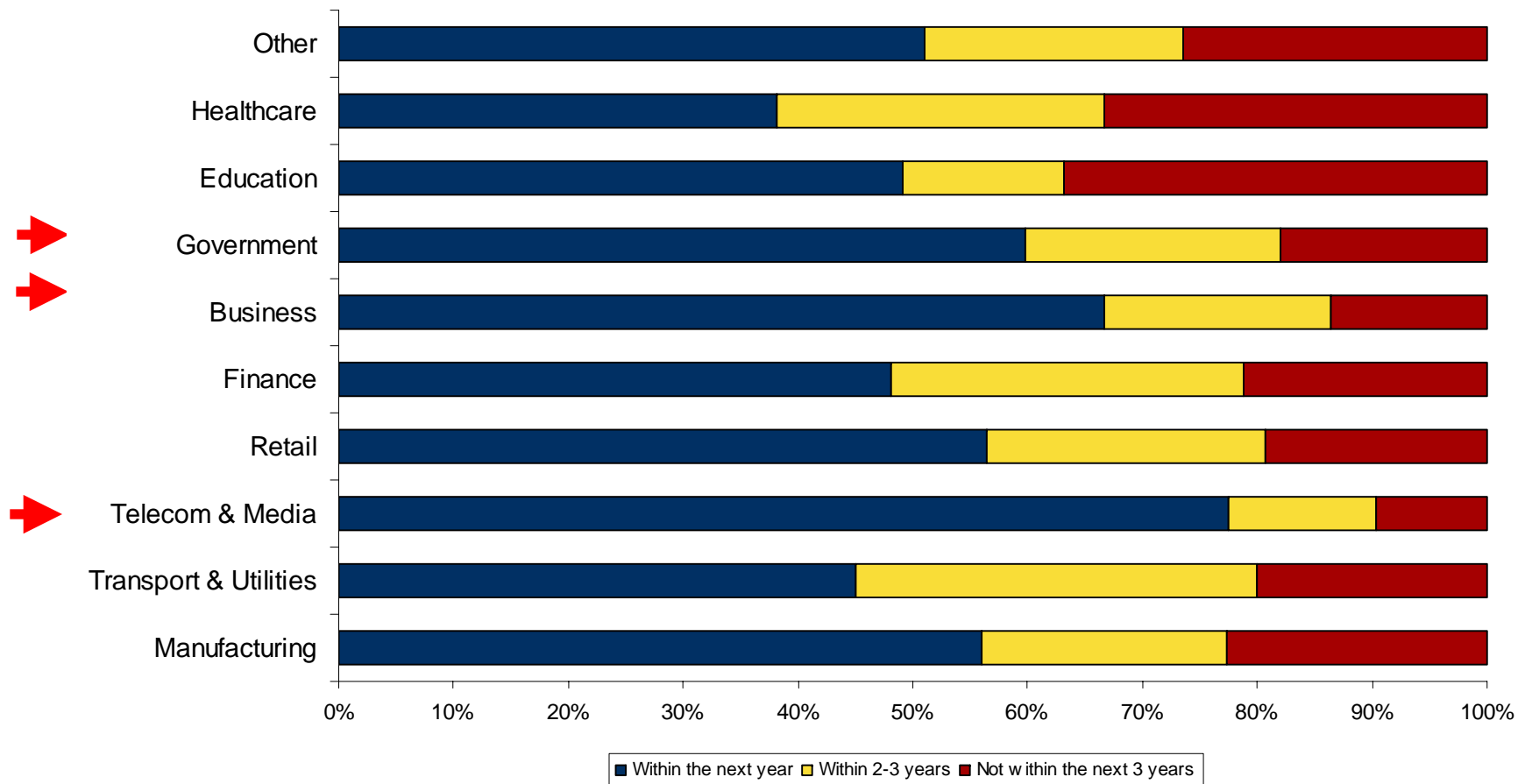


Source: IDC, 2006

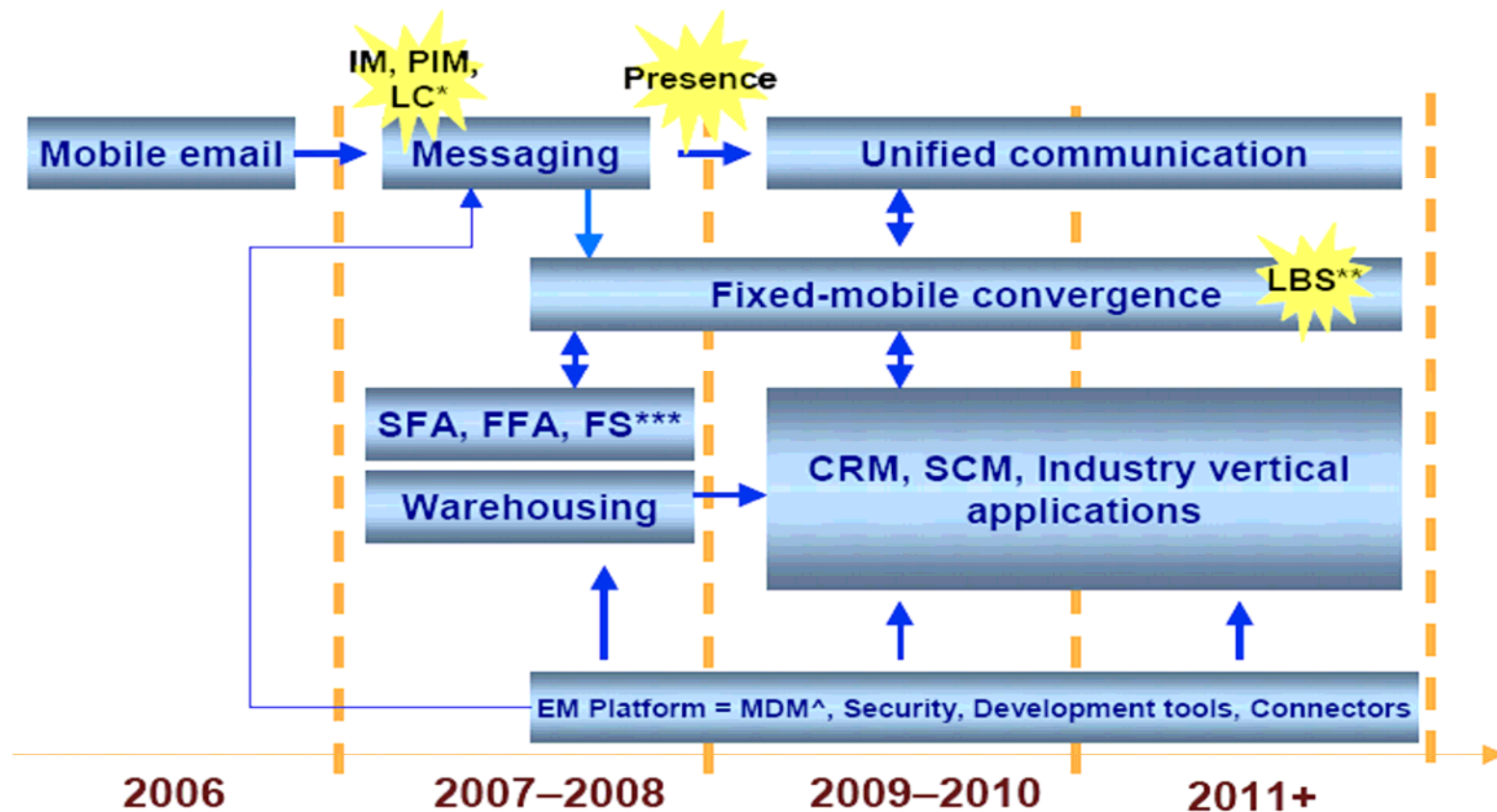
Runt 20% av medarbetarna klassas som mobila idag av företagen

...och basapplikationen är...

Mobil tillgång till email



...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

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

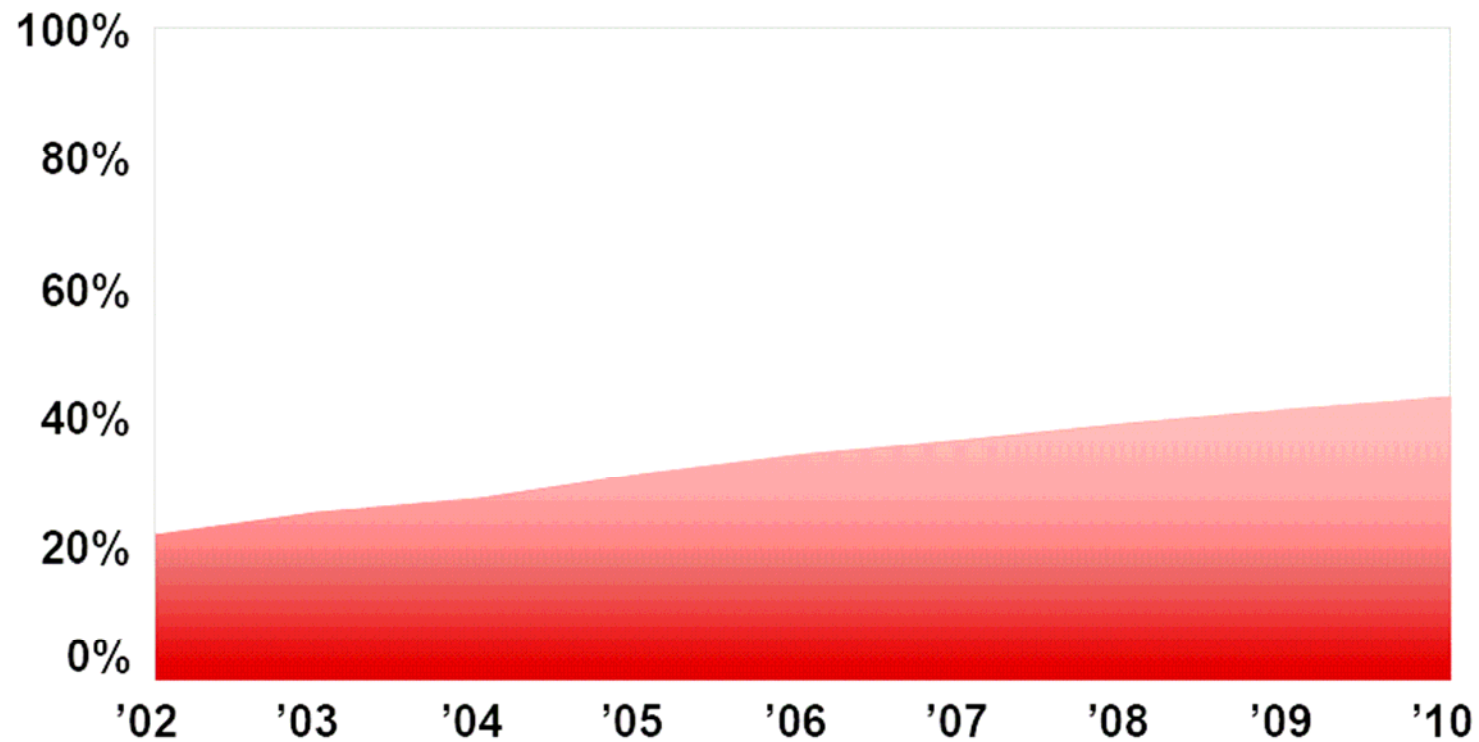
Increased storage

More computing power



Laptops is the standard

Portion of Laptop vs. total PC sales (Global)

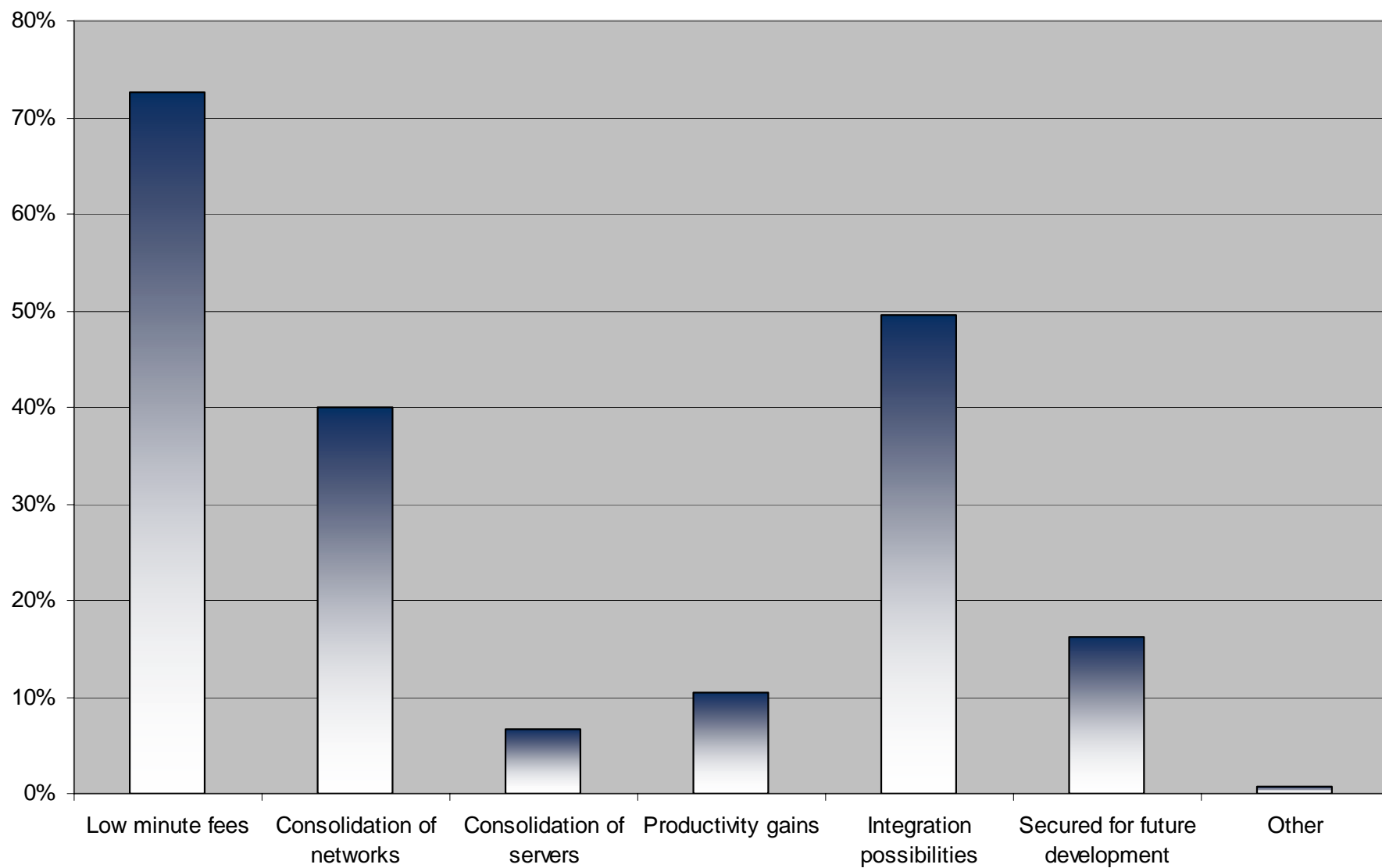


IP och Mobilitet

Best of both worlds: Besparing & Flexibilitet

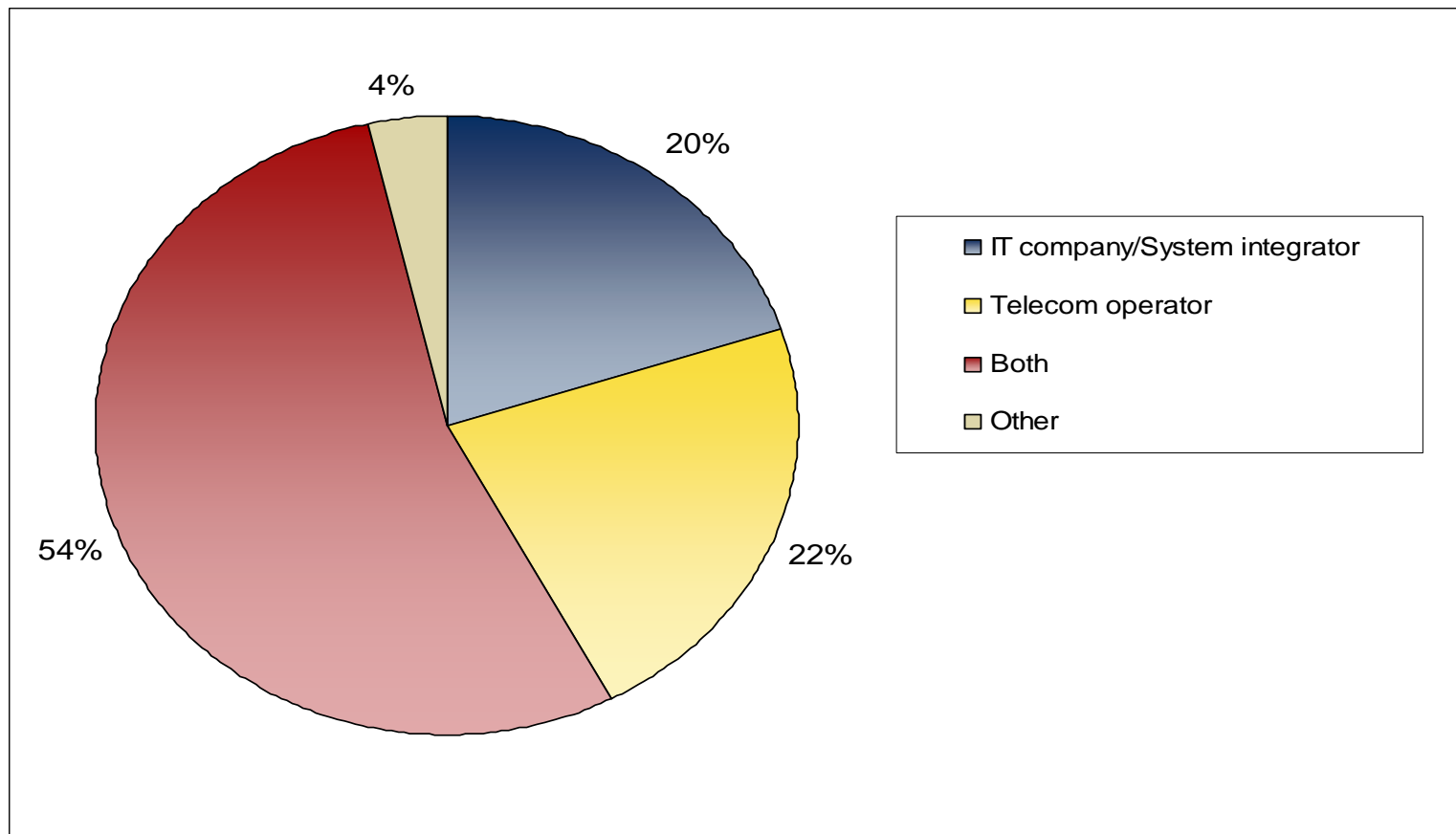


IP: Drivers..



IP: Choice of suppliers

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



Nordic Operator Consolidation

- The market has become more concentrated

TeliaSonera

Telia
Sonera
Nextgentel



Internordia
Dotcom
Song Networks
NetDesign



Utfors/Glocalnet
Vodafone
Bredbandsbolaget
Cybercity
Sonofon

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



Some final observations

Practical effects of convergence and mobility

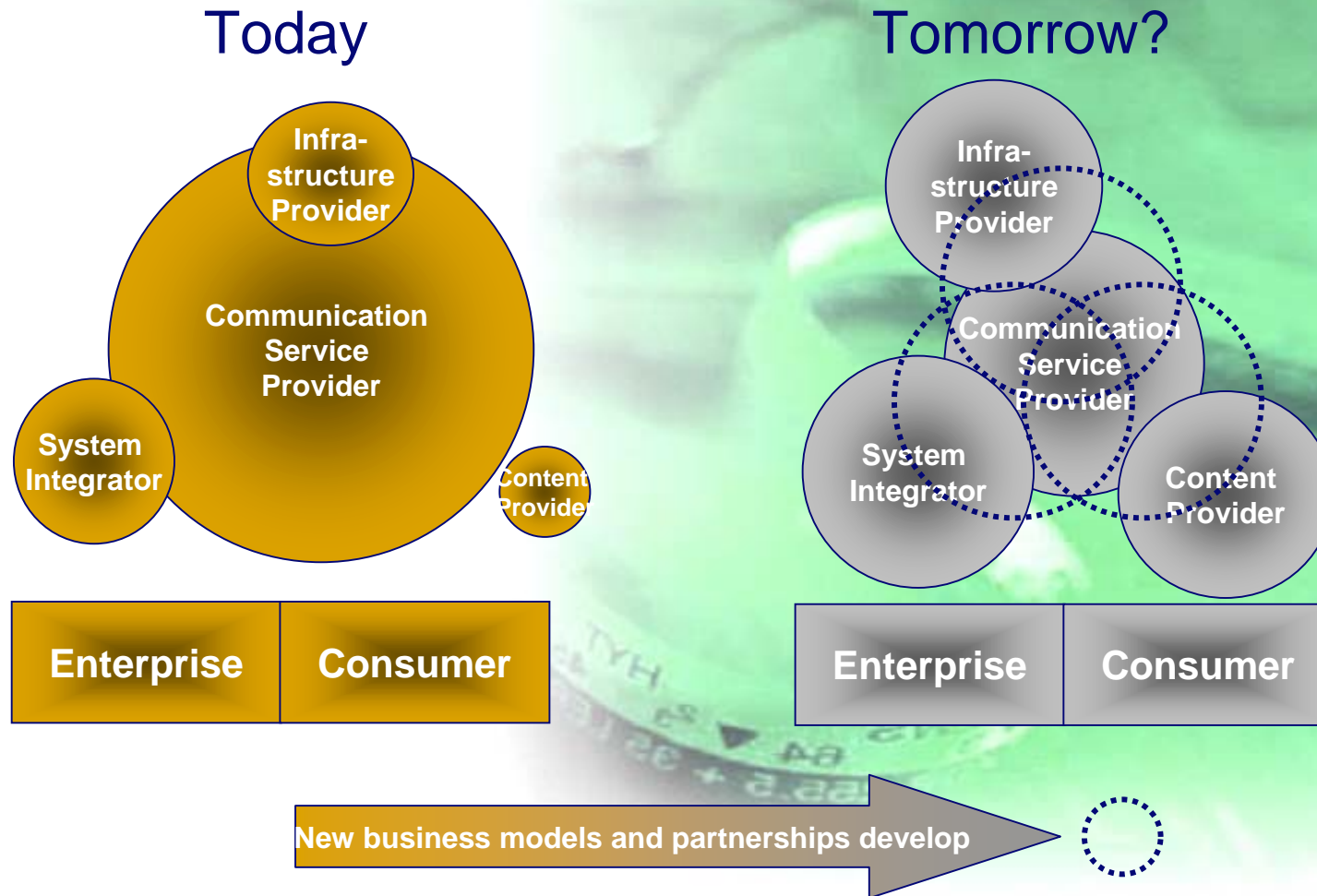
NOW

- 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 bandwidthdemanding 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

From who are we buying communication services?



Questions?



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

Senior Research Analyst
IDC Nordic

Kista Galleria
Box 1096
164 25 Kista
Sweden
Phone: +46 8444 1590
Telefax: +46 8750 5888

