

# THE VOICE OF BROADBAND

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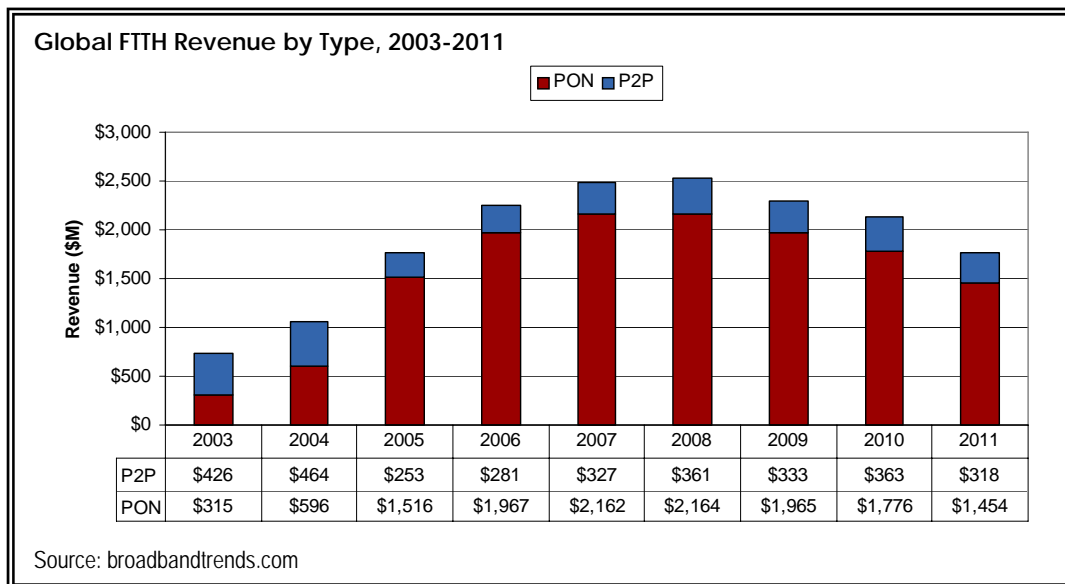
## Research Highlights

### **Broadbandtrends publishes Global Market Outlook Report for FTTH**

Broadbandtrends.com recently published their global forecast for Fiber-to-the-Home Equipment and Subscribers. Major report highlights include the following:

- ▶ Global FTTH Systems Revenue will reach nearly \$2.5 billion by 2008
- ▶ PON Systems will dominate the global FTTH Market throughout the forecast period
- ▶ EPON will remain the dominant PON technology until 2010, when GPON will takes over
- ▶ Asia Pacific will consume the largest portion of FTTH equipment
- ▶ North America share of FTTH subscribers will grow from 7 percent in 2005 to 23 percent by 2011

The need for speed to support new services and address competitive pressures will help drive equipment demand for a growing FTTH market. The FTTH market is currently benefiting from a number of recent events, including high profile FTTH deployments and trials by a number of Tier 1 operators, planned city-wide municipal networks in many large European cities, the Tri-BOC GPON RFP, interoperability progress and declining equipment and deployment costs. These events are helping to reinforce the attractiveness of FTTH, especially as operators begin to offer advanced broadband-based multimedia services. FTTH systems revenue by type is show below, with PON expected to dominate the revenue opportunity throughout the forecast period. At the present time, FTTH systems revenue is expected to reach its peak during 2008, before experiencing downward pressure, primarily due to declining price points.

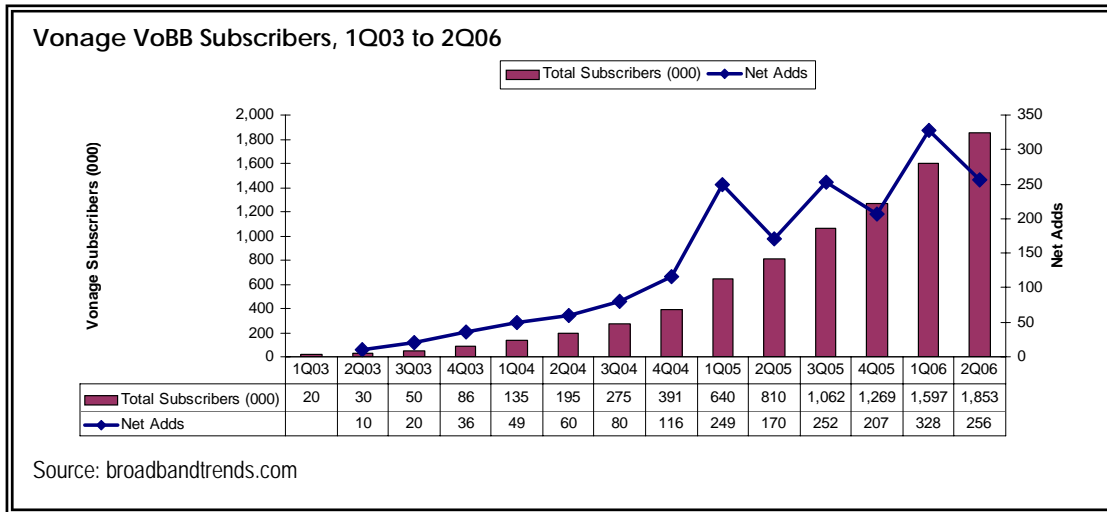


This 54-page report contains (48) Figures, (11) Tables and includes a detailed excel spreadsheet. A complete table of contents may be found on our website at [www.broadbandtrends.com](http://www.broadbandtrends.com) or please contact us at [sales@broadbandtrends.com](mailto:sales@broadbandtrends.com)

## Industry News

### Vonage Cross 2 Million Subscriber Milestone

Vonage announced on September 5, 2006 that they had passed the 2 million subscriber mark. This puts them in an elite category, with only two other operators: NTT and KDDI. Although Vonage has experienced steady growth; net additions have been less predictable, particularly as competition from cable turned up the heat beginning in 2Q05.

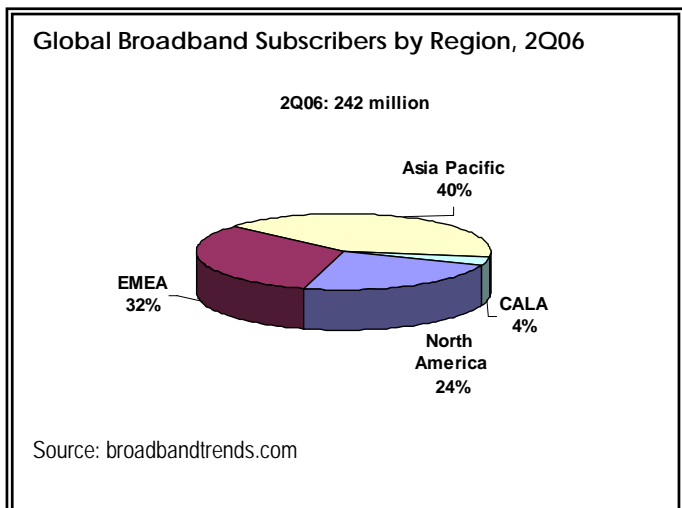


### EU Rules DT Must open up VDSL Network to Competition

On August 21, 2006, the European Commission endorses, with comments, a regulatory measure proposed by BNetzA that will give new market entrants high-speed access to end-customers (or bitstream access) via the broadband networks of Deutsche Telekom. This measure is meant to remedy the position of dominance of Deutsche Telekom on the German broadband market, identified by BNetzA already in December 2005 in agreement with the Commission. The Commission welcomes in particular that the remedy proposed now requires bitstream access regardless of the technology used by Deutsche Telekom (ADSL2, ADSL2+, SDSL and VDSL). In its comments, the Commission asks the German regulator to ensure that the remedy is applied without further delay, in line with EU law, and that final clarifications are made in the interest of legal certainty on the German broadband market. In short, DT has put the brakes on its VDSL network.

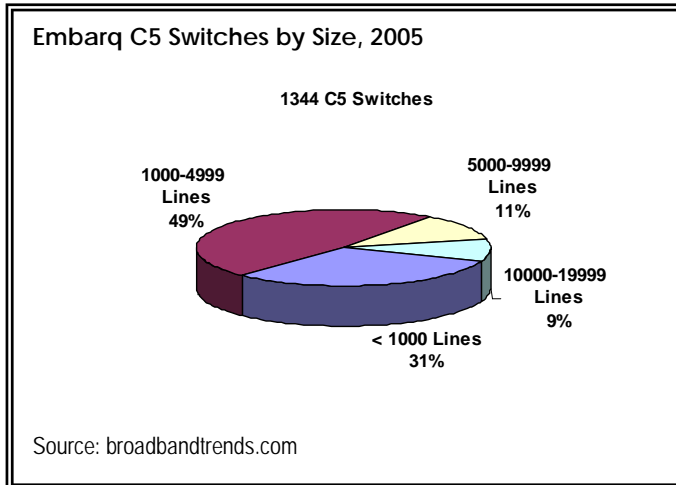
### Global Broadband Subscribers on Track to Reach 242 million in 2Q06

Preliminary data for 2Q06 shows global broadband subscribers to have reached 242 million. Net additions appear to be down in both EMEA and North America, and up in both Asia Pacific and CALA. Asia Pacific is on track to break the 100 million mark during 3Q06. Full details will be provided in the next newsletter.



### **Verizon intros Home Media DVR for FiOS Customers**

Home Media DVR features a multi-room DVR that enables up to three simultaneous viewings of programs recorded by the device without requiring customers to set up a complex home network or buy extra equipment. The recorder is bundled with Media Manager, a new feature that lets customers easily access photos and music from their personal computer and play them on their entertainment center where they look and sound the best. Both functions are made possible by software and technology already built into the FiOS platform on Verizon's fiber-to-the-premises network.



### **Embarq reaches network migration milestone: 1 Millions lines Converted from Circuit to Packet**

Embarq began its network transformation to packet with Nortel in May of 2003, after trialing the service for 18 months in Gardner, Kan. Since that time, Embarq has steadily progressed, moving customers to the new network technology. As of 2Q05, Embarq had 7.3 million access lines supported by over 1300 C5 switches, as shown in the figure. Embarq has stated that it will take 6 years to convert 50 percent of its access lines to packet, with full network conversion expected by 2012.

### **Mergers, Acquisitions, Funding**

- Azaire Networks Secures \$21 Million in Series C Financing (August 30, 2006)
- GENBAND Acquires BayPackets (August 30, 2006)
- DSL.net essentially acquired by MegaPath (August 30, 2006)
- Trapeze Networks Secures \$30 Million in Series D Funding (August 28, 2006)
- SunRocket Rings up \$33M in new financing (August 25, 2006)
- Iamba secures \$8 Million (August 24, 2006)
- Harmonic acquires Entone's Video Networking Software Business (August 22, 2006)
- Cisco acquires Arroyo Video Solutions (August 22, 2006)
- WildBlue Secures \$350 Million in Financing (August 21, 2006)
- RCN Sells San Francisco Assets to Astound Broadband (August 18, 2006)
- Golden Telecom acquires another Russia Operator: Telcom LLC (August 17, 2006)
- Boingo Wireless Raises \$65 million in Series C (August 16, 2006)
- WideOpenWest to Acquire SIGECOM (August 16, 2006)
- PAETEC and US Lec to Combine in \$1.3 billion transaction (August 13, 2006)

### **Selected News Highlights (August 14, 2006 to September 5, 2006)**

A full listing of news articles is available at [http://www.broadbandtrends.com/news\\_archives.htm](http://www.broadbandtrends.com/news_archives.htm)

- BT Announces More 21CN Details (September 5, 2006)
- Verizon launches FTTP in Indiana -Now available in 15 states (August 31, 2006)
- Huawei awarded Phase II IPTV contract by Maroc Telecom (August 31, 2006)
- Alcatel and Telstra announce next phase of network transformation(August 31, 2006)
- XO Deploys Fixed Broadband Wireless in 9 cities (August 28, 2006)
- Tellabs & Motorola ONTs Receive MoCA Certification (August 28, 2006)
- Cox and TiVo Partner for DVR Services (August 24, 2006)
- AOL Video Launches Digital Movie Downloads (August 24, 2006)
- AT&T Selects HomePNA 3 for Home Networking Technology (August 23, 2006)
- Novera Optics Launches TurboLIGHT 16 DWDM Access Platform (August 21, 2006)

## Recent Research Reports

**Become a Client!** Clients get full access to our research and data as well as unlimited access to our analysts. For more information please visit: <http://www.broadbandtrends.com/services.htm>

Recently published research includes the following:

▶ **Market Outlook Report: "The Need for Speed Drives Growing FTTH Market"**

Published August 31, 2006

Upcoming reports include the following:

- ▶ VoBB Forecast Update (2005-2011)
- ▶ Network Transformation Strategies

Please visit the reports section for further information: <http://www.broadbandtrends.com/Reports.htm>. For pricing information, executive summaries and table of contents, please contact us.

## Upcoming Events

Broadbandtrends.com will be attending the following events:

▶ **FTTH Council Conference and Expo**

October 2-5

Las Vegas, Nevada USA

▶ **Broadband World Forum Europe**

October 9-12

Paris, France

Please see our updated event calendar at <http://www.broadbandtrends.com/Events.htm>

## Next Issue: September 18 2006

For previous issues, please visit: <http://www.broadbandtrends.com/Newsletter.htm>. Pass it along! To subscribe, please send an email with "subscribe" in the subject to [editor@broadbandtrends.com](mailto:editor@broadbandtrends.com). To unsubscribe, please send an email with "unsubscribe" in the subject to [editor@broadbandtrends.com](mailto:editor@broadbandtrends.com).



The Windsor Oaks Group LLC is an independent market research and consulting firm specializing in the coverage of network transformation activity related to broadband infrastructure and services, including IP-TV, VoIP and NGN.