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Industry News

FTTH Council Europe Annual Meeting: Highlights & News

The FTTH Council Europe held its sixth annual meeting in Copenhagen, Denmark, February 11-12, with record attendance at nearly 2,200 participants and a theme of "Building a Sustainable Future". As part of this theme, the Euro FTTH Council Europe unveiled its SUDEFIB (Sustainable Development in Fiber) Configurator, which enables planners and network operators to predict the environmental impact of FTTH deployments. This online tool was created by the FTTH Council Europe's SUDEFIB Committee and PricewaterhouseCoopers (PwC). In addition, the Council used the conference to highlight numerous commissioned research studies that focused upon the socio-economic benefits of FTTH, services innovation and availability, and the latest global ranking of leading FTTH nations.

News Highlight for the conference included:

- ECI Telecom announced that it has been selected by Latt telecom, to build a FTTH network that will cover the majority of Latvia offering speeds up to 500Mbps
- PacketFront launched both its GPON platform, as well as a new broadband aggregation platform, the ServiceEngine.
- Alcatel-Lucent announced "eco-friendly" access gear offering both space and power savings
- LG-Nortel touted its WDM-PON momentum, announcing ten trials across Europe, Asia and North America

DSL Port Shipments Decline 10% in 2008

Broadbandtrends recently published its 4Q08 and full year 2008 DSL market share report, finding declining demand for DSL port shipments due to both a slowing economic environment, as well as a continuing shift towards FTTH technologies. For the full year, DSL port shipments reached 94.1 million, a 10 percent decline over 2007. Other Highlights include:

- ▶ Global Cumulative DSL Port Shipments have reached 516 million
- ▶ DSLAM revenue declined 12 percent year-over-year to reach \$3.9 billion in 2008
- ▶ Utilization rate is currently at 0.51 down from 0.53 in 2007
- ▶ Annual Shipments into EMEA declined by 25 percent over 2007
- ▶ IP-DSL Ports represented 83 percent of total DSL ports in 4Q08 and 78 percent for 2008
- ▶ Huawei takes the rolling 4-quarter lead from Alcatel-Lucent for 1st time by 0.9 points
- ▶ MSAP platforms contributed 23 percent of total DSL ports in 4Q08 and 2008

Top Five DSL Vendors by Region, 2008

Global	Asia Pacific	CALA	EMEA	North America
Huawei	Huawei	Alcatel-Lucent	Alcatel-Lucent	Alcatel-Lucent
Alcatel-Lucent	ZTE	Huawei	Huawei	Adtran
ZTE	Alcatel-Lucent	Ericsson	Nokia Siemens	Calix
Ericsson	ZyXEL	ZTE	Ericsson	Occam
Nokia Siemens	UTStarcom	Zhone	ECI Telecom	Zhone

Source: broadbandtrends.com

Final U.S. Broadband Stimulus Plan = \$7.2 Billion

On February 17, 2009, U.S. President Obama signed the American Recovery and Reinvestment Act. The compromise package of \$789 billion will create or save 3.5 million jobs over the next two years, with over 90% in the private sector. Of this investment, \$7.2 billion has been allocated for broadband services as shown in Table 1. The final version removed all speed requirements and all proposed tax credits have been removed.

Table 1: Broadband Stimulus Plan Breakdown

Designation	Amount	Purpose
Rural Utilities Service	\$2,500,000,000	Grants, Loans and Loan Guarantees for Broadband Infrastructure: <ul style="list-style-type: none"> • 75% of area must be rural without sufficient access to broadband • Priority for systems that will provide service provider choice for end-user • Open Access Broadband Infrastructure in Rural Areas
Broadband Technologies Opportunities Program (BTOP)	\$4,350,000,000	Establish a national broadband service development and expansion program
Broadband Data Improvement Act	\$350,000,000	Broadband Inventory Mapping by State

Source: broadbandtrends

Rural Utilities Service

RUS funding will be used to provide access to broadband service to consumers residing in unserved areas of the United States; (2) provide improved access to broadband service to consumers residing in underserved areas of the United States; (3) provide broadband education, awareness, training, access, equipment, and support to schools, libraries, community centers, etc; (4) improve access to, and use of, broadband service by public safety agencies; and (5) stimulate the demand for broadband, economic growth, and job creation. No information has been provided regarding when entities must apply for grants, although it is anticipated that the deadline will be May 1, with award granted by September 30, 2009.

Broadband Technologies Opportunities Program (BTOP)

BTOP will allocate all awards before the end of fiscal year 2010. Although details are scarce, it appears that the money will be granted on a state-by-state basis with input from both the states and the FCC on project priorities. All projects are to be completed within 2 years of award and recipients must show that this work would not have occurred prior to the grant award. In addition, NTIA grants will only fund 80 percent of the project cost.

As part of this money, the FCC will be required to develop national broadband plan to ensure that all people of the United States have access to broadband capability and shall establish benchmarks for meeting that goal by February 2010.

The plan will include (A) an analysis of the most effective and efficient mechanisms for ensuring broadband access by all people of the United States; (B) a detailed strategy for achieving affordability of such service and maximum utilization of broadband infrastructure and service by the public; (C) an evaluation of the status of deployment of broadband service, including progress of projects supported by the grants made pursuant to this section; and (D) a plan for use of broadband infrastructure and services in advancing consumer welfare, civic participation, public safety and homeland security, community development, health care delivery, energy independence and efficiency, education, worker training, private sector investment, entrepreneurial activity, job creation and economic growth, and other national purposes.

Broadband Data Improvement Act

The NTIA will develop and maintain a comprehensive nationwide inventory map of existing broadband service capability and availability in the United States that depicts the geographic extent to which broadband service capability is deployed and available from a commercial provider or public provider throughout each State. This is expected to be completed by February 2011.

Mobile World Congress: LTE, Smartphones and App Stores Lead the News

As is typical of the largest trade show focused on the mobile industry, news was plentiful. The biggest announcement was related to Verizon's LTE plans, which not only unveiled its vendor selections (Alcatel-Lucent, Ericsson, Starent, and NSN), its deployment plans, as well as the creation of a 4G/LTE Innovation Center. The LTE SAE Trial Initiative (LSTI) announced it had completed their Proof of Concept (PoC) test phase, demonstrating that the benefits of LTE/SAE in terms of performance and functionality are achievable in real world live-air networks, while numerous vendors announced the availability of LTE base stations.

In the App Store category, Nokia announced the May 2009 launch of its Ovi Storefront, Microsoft announced the Microsoft Windows® Marketplace for Mobile as part of its forthcoming Windows Mobile 6.5 release while both Amdocs and Comverse announced white-label App Stores. These follow recent announcements from both Google and RIM.

Smartphones announcements were too numerous to even summarize, but it is clear that everyone is trying to capture the success of the iPhone with large touch screens and user-friendly operating systems.

Mergers, Acquisitions & Funding Review

- Twitter Raises \$35 Million (February 20, 2009)
- Teliris Receives \$11 Million in Funding (February 9, 2009)
- Wavesat Raises \$11.7M in Funding (February 3, 2009)

New Reports

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<http://www.broadbandtrends.com/services.htm>

Recently published research includes the following:

►**Research Note:** *"Should Service Providers jump on the App Store bandwagon?"*

Published February 19, 2009

►**Market Share:** *"DSL Port Shipments Decline 10% in 2008, 4Q08 & 2008 DSL/MSAN MarketShare,"*

Published February 16, 2009

►**Research Note:** *"Broadband Phones: Life Preserver for Landlines?"*

Published February 9, 2009

Next Issue: March 17, 2009

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