



## *International TMT Corporate Finance*

### Industry Trends - June 2009

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# *Global Economic Conditions*

- Market bottomed out, but recovery might be very slow
- Telecom & digital media relatively less affected, but orders are slipping
- There is a major flight to quality; looking for best of breed
- Consolidation happening in several ways
- Valuations is a major challenge

# Infrastructure Trends

- Lots of emphasis on wireless and broadband;
  - Various government initiatives;
  - US stimulus initiatives on broadband;
  - New licenses in various countries for 3G and 4G
- LTE is coming, slowly but surely;
  - WiMAX deployment continues but slowed down
  - LTE will run into device availability issues, and others
- Various M2M, and near field communication deployments, initiatives
  - Internet of Things
- Clean-tech being adopted by the telecom industry;
  - Clean-tech for telecom infrastructure
  - Smart Grid: New Power network + New Telecom network
- Digital migration of TV in the US will accelerate digital media initiatives;
  - IPTV and mobile DTV should pick up noticeably

- Major emphasis on smart phones globally; will become the major Internet devices
- Lower cost 2G / 3G mobile devices for developing markets
  - Mobile phone shipments down by 9.1% in 09 by recover next year; 1.4B handsets by 2014
  - Ultra-low cost 2G handset numbers growing in emerging markets
- Cameras, video capabilities, GPS availability in mobile devices
  - Enable rich media mobile Internet experience
- Wide range of Internet devices, in particular Netbooks
  - Smartphone vs. Netbook battles; impact on laptops
- OS trends, app development environments etc
  - Smartphone OS vs RTOS battles; impacts of App Stores
- NFC, POS, and other similar capabilities, etc
  - M-payments: m-tickets, m banking, m-commerce, m-coupons, m-trade
  - Entire debit card industry will be contactless by end of 2011

# Application Trends

- Major App Stores,
  - iTunes, Ovi, RIM, Microsoft, Samsung, others;
- Messaging services / apps
  - SMS still strong
- Browsers, on-device portals, app downloads –
  - Which one will be the winner?
- Multimedia / Video / Music services; streaming, downloading,
  - Quality, digital rights, piracy issues, business models, monetization
- Social networking, growing exponentially
  - Big opportunity but how to monetize
- LBS is finally hear, but what services are monetizable?
  - Operator based services, enterprise, security, navigation
- Mobile Advertising / new business models
  - Slow to start but huge opportunity in the near future

# New Players

- Apple vs the incumbant players such as Nokia, Samsung, RIM etc
  - Apple / iPhone / iTunes are new trend setters
- Google vs the existing operators / service providers
  - AT&T, Verizon in major battles with Google in front of FCC
- Digital media companies / content owners vs the service providers
  - Media cos are more aggressive with 3-screen strategies
- Chinese manufacturers (especially ZTE and Huawei) vs Ericsson, NSN, AlcaLu, Samsung
  - Lower cost to start, but now with high quality and high innovation
- Indian companies (especially Wipro, etc) vs IBM, Oracle, HP
- Broadcasters / satellite operators vs telecom operators
  - Role in content distribution, VoD opportunities