

Analysys: fixed telecoms growth slows but spend could still top EUR144 billion in 2007

Submitted by: Martin Brooke Associates

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* Growth rates in 8 countries profiled to decline from 4% in 1998-2002 to less than 1.6% for 2002-7

* Fixed spend in Austria, Germany, Italy and Sweden could be in decline by 2007

* Fixed network operators need flexible strategies to maximise growth potential for voice, broadband and data networking markets

* Broadband spend to increase from EUR9.6 billion in 2002 to at least EUR25.8 billion in 2007

CAMBRIDGE, UK, April 3, 2003 - Growth in fixed telecoms spend in eight of the largest Western European countries is forecast to decrease from 4.1% (CAGR) for 1998-2002 to 1.6% for 2002-7, according to a report released this week by Analysys, the global advisers on telecommunications, IT and media (<http://www.analysys.com>). Countries studied in this report include: Austria, France, Germany, Italy, the Netherlands, Spain, Sweden and the UK.

This slowdown, states Analysys in its latest study entitled 'Fixed Network Operators in Western Europe: is there an underlying growth market?', is a direct result of voice revenues falling at a faster rate than the corresponding growth in spending on Internet access and data networking services. Within individual countries, notably Austria, Germany, Italy and Sweden, fixed telecoms spend could be in decline by 2007.

However, if fixed operators find the optimal approach to their particular markets, and external uncertainties are resolved, then, says Analysys, total fixed spend could rise by almost 3% (CAGR) from around EUR125 billion in 2002 to just over EUR144 billion in 2007, according to Analysys' 'high spend' forecast. This is nearly twice the growth rate forecast in Analysys' more conservative 'most likely' forecast in which spend is expected to grow by 1.6% (CAGR) to just over EUR135 billion in 2007. (Charts available to journalists on request.)

"With such variation in fixed spend growth rates it is vital that network operators are proactive in stimulating the market to reach the 'high spend'

forecast, and that they develop flexible strategies to allow them to react quickly to changes in competition, customer demand, regulation and investor expectations," said Ariel Dajes, lead author of the report. "Operators should focus on customer retention to minimise the decline in spend in the voice market; concentrate on broadband pricing and on ensuring widespread availability; and develop a focused approach to the business data networking market."

The broadband market is the fastest growing segment of fixed telecoms and is forecast to grow rapidly from EUR9.6 billion in 2002 to EUR25.8 billion in 2007 according to Analysys' 'most likely' forecast. Voice spend will decline from EUR82.5 billion in 2002 to EUR72.1 billion in 2007; Internet dial-up spend will peak in 2004 at EUR10.5 billion but will tail off after that; while spend on business data networking services will increase from EUR23.0 billion in 2002 to EUR27.3 billion in 2007.

Written by Ariel Dajes, the new report analyses the strategic options available to fixed operators to maximise revenues from the different service propositions of voice, Internet (dial-up and broadband) and data networking services, and examines the key drivers that are shaping these services. The report includes 'high spend' and 'most likely' forecasts for spend on the three service propositions for Austria, France, Germany, Italy, the Netherlands, Spain, Sweden and the UK.

The report is available to purchase online at <http://research.analysys.com/store>. Prices start from EUR1900. For more information, telephone Analysys on +44 (0)1223 460600 or email research@analysys.com.

About Analysys (<http://www.analysys.com>)

Analysys, the global advisers in telecoms, IT and new media, works at the forefront of the communications revolution, delivering advice and insight to established and new entrant players. From offices in Cambridge, London, Glasgow, Madrid, Milan, Paris, San Francisco and Washington DC, Analysys staff provide strategy and systems consultancy, information services and start-up support to the companies that are creating the networked economy. Analysys Research reports and market intelligence services provide authoritative coverage of this convergent industry, based on an unrivalled ability to fuse real-world experience, rigorous research and forward-looking analysis.

Recent and forthcoming reports include:

- * Maximising the Broadband Opportunity: new technologies in xDSL (June 2003)
- * Mobile Data Services for Businesses: applications, demand and forecasts (June 2003)
- * Pricing Mobile Messaging, Content and Entertainment Services: a structured approach to maximising revenue and increasing margins (May 2003)
- * Bundling Broadband Value-Added Services for SMEs: VAS revenue forecasts 2003-2008 (May 2003)
- * Return on Investment from Mobile Business Data Applications: lessons from corporate customers (April 2003)
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- * Public WLAN access in Western Europe and the USA: market forecasts and analysis (March 2003)
- * Regulating the Telecoms Market: competition and innovation in the broadband economy (February 2003)
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* Western European Mobile Forecasts and Analysis 2002-2007 (September 2002)

* Cable TV Market Scenarios to 2007: prospects for cable TV operators in Germany, the Netherlands and the UK (September 2002)

* IP Voice Services: the return on investment for European service providers (September 2002)

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* Scenarios for the European Telecoms Market 2002-2007: forecasts and analysis (May 2002)

* Benchmarks and Key Performance Indicators: lessons from the European telecoms market (April 2002)

* The Reality of GPRS in Europe: subscribers and revenue (April 2002)

* Session Initiation Protocol: SIP-related European revenue forecasts 2002-2007 (February 2002)

* Public Wireless LAN Access: US Market Forecasts 2002-2007 (January 2002)

Media contacts (for author photography, executive summaries and interviews):

Natalie Dargan

Analysys Research

Tel: +44 (0) 1223 460600

Email: natalie.dargan@analysys.com

Martin Brooke

Martin Brooke Associates

Tel: +44 (0) 1223 264050

Email: martin.brooke@mba-pr.com