

The Mobile Broadband Connectivity Market

The Mobile Broadband Connectivity Market is the fifth consecutive yearly report from Berg Insight analysing the rise of mobile broadband for connected PCs in Europe and North America.

This 150 page strategic research report provides you with unique business intelligence and expert commentary on which to base your business decisions.

This report will allow you to:

- **Understand** the dynamics of the European and North American mobile broadband connectivity markets.
- **Gain** access to all the latest data and statistics about this market.
- **Learn** about the mobile broadband strategies of leading telecom operator groups.
- **Identify** the key success factors for launching HSPA/LTE broadband on the consumer market.
- **Evaluate** the impact of HSPA+ and LTE technology in the mobile broadband market.
- **Anticipate** the timing for mass-market availability of embedded HSPA/LTE modems in notebook PCs.
- **Profit** from valuable insights about the most successful business and technology propositions on the market.



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Continued strong growth for mobile broadband connectivity in Europe and North America

Mobile broadband based on HSPA/LTE and other mobile communication standards has taken off as an important technology for connecting mobile PCs to the Internet. The evolution is led by Europe where HSPA now accounts for 17.3 percent of the total number of broadband connections, compared to 7.1 percent in North America. The concept that was first launched as an exclusive business service is now a mass-market consumer product sold on an intensively competitive market. Consumers are utilizing their mobile broadband connections extensively, pushing the networks to their capacity limits. In fact the overwhelming majority of data traffic on mobile networks is today generated by notebook PC users that surf the Internet, not smartphone users. Fair use policies must be implemented to ensure network availability and pricing must be predictable. International roaming is still largely hindered by prohibitive pricing, making services utterly unattractive to use abroad.

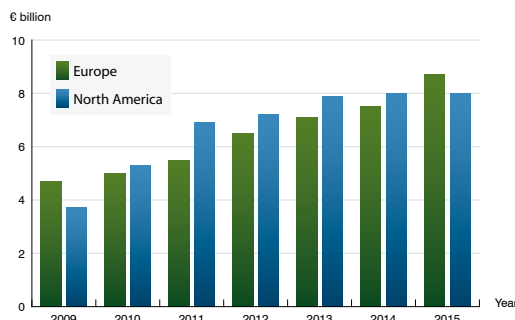
Mobile broadband terminals are available in different forms and shapes. Four main types have emerged to satisfy different needs – PC-cards, USB-modems, embedded modules and gateways. Berg Insight estimates the total global number of shipped external mobile broadband devices in 2009 to 66 million, with Europe and North America accounting for 24.3 million units and 5.6 million units respectively. In addition, shipments of embedded modules reached an estimated number of 7 million units. Expectations on embedded solutions have been high during the past year, but the attach rate is still relatively low at less than 5 percent in 2009. The European device market grew by 34 percent in 2009. Growth is forecasted to continue with shipments reaching 70 million units in 2015, fuelled by strong demand for mobility and integration in notebook PCs. Also the North American device market will experience a rapid growth to reach 39 million shipments in 2015. The ASP in Europe was about € 46 in 2009. The US device market is still focused on business users and the Chinese vendors Huawei and ZTE have not managed to capture significant market shares, whereby the ASP remained as high as US\$ 123 in 2009. The EU 23+2 external device market generated an estimated € 1.1 billion in 2009 while the North American market generated estimated revenues of € 503 million.

The European mobile broadband market continues to grow rapidly, with demand fuelled by declining prices, improved user experience and massive marketing campaigns. Berg Insight estimates that the ▶

▶ total number of mobile broadband subscribers in EU 23+2 grew by 73 percent to reach 25 million in 2009 while the estimated operator revenues reached € 4.7 billion. The European mobile broadband market is expected to grow at a compound annual growth rate of 10.8 percent to reach € 8.7 billion in 2015. Today, a majority of the users subscribe to data bundles for 12 or 24 months, but as the market matures and embedded modules become widely distributed a majority of new subscribers will only be occasional users generating lower network ARPU. Furthermore, multi-play propositions bundling mobile broadband with other services are likely to become prevalent.

Berg Insight estimates that the number of mobile broadband subscribers in North America was about 7 million at the end of 2009. The estimated service revenues were about US\$ 4.6 billion and are expected to grow at a compound annual growth rate of 14.0 percent, to reach US\$ 10.1 billion by 2015. The growth in North America will accelerate when operators start to target the consumer segment with attractively priced proposals. The introduction of LTE and the increasing number of notebooks featured with embedded modules will drive usage as consumers do not need to make the initial hardware investment.

Huawei has established itself as the world's largest supplier of mobile broadband terminals holding a market share of 53 percent and has a particularly strong foothold in Europe. ZTE is the second largest vendor with clear margins capturing a market share of 30 percent. In North America, the local vendors Sierra Wireless and Novatel Wireless still hold strong positions on a market where EVDO is an important network technology. Option was previously the main supplier in Europe, prior to the entrance of the two Chinese vendors and is now ranked third. A vast majority of the external modems shipped are USB modems, but mobile routers are gaining in popularity. Two of the largest telecom vendors – Ericsson and Qualcomm – entered the market for embedded solutions in 2008 and have managed to sign contracts with many of the major notebook vendors. The two companies captured a market share of almost 83 percent together on this market in 2009.

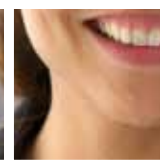


Mobile broadband connectivity revenues forecast (Europe/North America 2009–2015)

This report answers the following questions:

- What are the key drivers behind the adoption of mobile broadband connectivity?
- Which markets have the highest penetration rates and which are lagging behind?
- Who are the leading global providers of mobile broadband terminal devices?
- What will be the future role of wireless chipset suppliers in the value chain?
- When will embedded mobile broadband connectivity become a standard feature in mass-market notebook PCs?
- What are the critical success factors needed to gain mass-market traction for mobile broadband connectivity?
- How is fixed-mobile convergence and telecom service bundling going to affect the market?
- What impact will LTE have on the mobile broadband connectivity market?

▶ Table of Contents



- 1 Market environment**
 - 1.1 Internet usage**
 - 1.2 The European broadband communications market**
 - 1.2.1 Fixed broadband market
 - 1.2.2 Wireless market
 - 1.3 The North American broadband communications market**
 - 1.3.1 Fixed broadband market
 - 1.3.2 Wireless market
- 2 Evolved 3G network technology**
 - 2.1 Wireless technology roadmap**
 - 2.1.1 GSM
 - 2.1.2 3G networks UMTS/WCDMA – 3GPP Release 99
 - 2.1.3 HSDPA – 3GPP Release 5
 - 2.1.4 HSUPA – 3GPP Release 6
 - 2.1.5 HSPA+ – 3GPP Release 7
 - 2.1.6 HSPA+ – 3GPP Release 8 and further evolution
 - 2.1.7 LTE – 3GPP Release 8
 - 2.1.8 The CDMA/EVDO track
 - 2.1.9 Other wireless technologies
 - 2.1.10 Comparison of technologies
 - 2.1.11 Network deployments
 - 2.2 Evolution of network infrastructure**
 - 2.2.1 From traditional to evolved network architecture
 - 2.2.2 Improving network backhaul capacity
 - 2.2.3 Expansion to new frequency bands
 - 2.3 Evolution of wireless chipsets**
- 3 Mobile broadband device vendors**
 - 3.1 Mobile Broadband data terminals and form factors**
 - 3.1.1 USB modems
 - 3.1.2 Embedded solutions
 - 3.1.3 PC-cards
 - 3.1.4 Gateways
 - 3.2 Mobile broadband terminal vendors**
 - 3.2.1 Huawei
 - 3.2.2 ZTE
 - 3.2.3 Option
 - 3.2.4 Novatel Wireless
 - 3.2.5 Sierra Wireless
 - 3.2.6 AnyDATA

- 3.2.7 BandRich
- 3.2.8 Onda Communications
- 3.2.9 Teltonika
- 3.2.10 C-motech
- 3.2.11 Axesstel
- 3.2.12 Others
- 3.3 Embedded solution vendors**
 - 3.3.1 Ericsson
 - 3.3.2 Qualcomm
 - 3.3.3 Others
- 4 Notebook PC integration**
 - 4.1 The global notebook PC market**
 - 4.1.1 Market trends
 - 4.1.2 Notebook PC vendor market shares
 - 4.2 Integration of mobile broadband in notebook PCs**
 - 4.3 Notebook vendors**
 - 4.3.1 Hewlett-Packard
 - 4.3.2 Acer
 - 4.3.3 Dell
 - 4.3.4 Toshiba
 - 4.3.5 Lenovo
 - 4.3.6 Sony
 - 4.3.7 ASUS
 - 4.3.8 Samsung Electronics

5 Operator strategies for mobile broadband

- 5.1 Mobile broadband usage**
- 5.2 Business models**
 - 5.2.1 Postpaid subscriptions
 - 5.2.2 Prepaid subscriptions
 - 5.2.3 Bundling with other services
- 5.3 Pricing and conditions**
 - 5.3.1 Pricing
 - 5.3.2 International roaming
 - 5.3.3 Terms of use
- 5.4 3 Group**
- 5.5 Deutsche Telecom**
- 5.6 France Telecom**
- 5.7 KPN Group**
- 5.8 Telecom Italia**
- 5.9 Telekom Austria**
- 5.10 TeliaSonera**
- 5.11 Telefónica Group**
- 5.12 Vodafone Group**
- 5.13 Verizon Wireless**
- 5.14 AT&T**
- 5.15 Sprint**

6 Forecasts and conclusions

- 6.1 Market summary**
- 6.2 Device market**
 - 6.2.1 Vendor market shares
 - 6.2.2 Form factor trends
- 6.3 The European mobile broadband service market**
 - 6.3.1 Pricing trends
 - 6.3.2 Network technology trends
 - 6.3.3 Service convergence trends
- 6.4 The North American mobile broadband service market**
 - 6.4.1 Pricing trends
 - 6.4.2 Network technology trends

Glossary



About the Author

Marcus Persson is a telecom analyst with a Masters degree in Electrical Engineering from Chalmers University of Technology. He joined Berg Insight in 2008 and his areas of expertise include mobile Value-Added Services and mobile broadband connectivity markets in particular.

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