



Builders And Developers Are Tech-Enabling New Homes

By Amy Cravens ■ *InStat/MDR*

The Multi-Tenant Unit (MTU) market is beginning to recover, at least in some regions of the world. The concept of using an in-building distribution system to deliver broadband services to an MTU property is again being positively recognized. This is a turn of circumstance following the decline of the MTU market in 2000, when the MTU model was discredited due to the failed business model of its chief proponent, the Building Local Exchange Carriers (BLECs). MTU-based solutions, whether they be DSL, cable, or Ethernet, are again beginning to be viewed in a favorable light.

While the volume of MTU ports shipped continues to be low, compared to the total DSL or cable modem market, it is viewed as a potential growth market. Currently MTU typically consists of less than five-percent of most non-MTU specific equipment vendors port shipments. However, the majority of vendors expect that MTU port shipments will increase over the next several years. They also anticipate seeing an evolution in this market to higher bandwidth services, principally VDSL and some pure Ethernet solutions.

While the general outlook on MTU is improving, the developing MTU potential is not uniform across regions. Highlights of regional trends are as follows:

- The North American market continues to be somewhat lackluster in performance, with relatively few deployments in the MTU market. The players that pioneered the MTU market, namely the BLECs, have primarily disappeared. The North American market now resembles Europe in that

"The concept of using an in-building distribution system to deliver broadband services to an MTU property is again being positively recognized."

there is a broad mix of players approaching the market, but only a few that are concentrating on MTU. The in-building model, where it is applied, has become just a piece of an overall broadband strategy rather than a strategy in and of itself. Broadband providers and equipment vendors are finding related applications for MTU solution design, however, such as hotel broadband, military housing, and corporate campus deployments.

Another problem plaguing the North American market, as well as Europe, is that most MCUs/MDUs are small, typically between 200 and 300 units or less. One problem with MTUs of this size is the small scale, which makes it hard to attract content providers. This is a principle difference between the US and Asia, as the buildings in Asia are so much bigger and offer more opportunity because of the larger audience addressed within each building.

- Europe draws somewhat mixed reviews when it comes to the state of the MTU market. While some vendors view this market as rather slow, the majority of vendors see Europe as a growing market. The concern for some is that the PTTs remain largely unchallenged by competitors, and, unlike Asia Pacific, the incumbents have not embraced the in-building model. Yet this is not a completely accurate picture, as there are several instances in Europe where both PTTs and competitors are

implementing MTU solutions, and while the activity is less than in Asia Pacific, it is expected to grow.

- The Asia Pacific market continues to be the real strength behind the MTU. Although MTU, as a specific broadband strategy, emerged in the United States, Asia Pacific has become the predominant market for this type of deployment. The driving forces behind MTU in this region include the rapid adoption of broadband services and technologies in certain areas, as well as, the physical density of many cities, which favors this type of deployment.

For those countries that already have





high broadband penetration, MTU represents a cost-effective method of broadband delivery to the concentration of potential subscribers housed in MTUs and a platform for the launch of high margin layered services. For those countries that have a lower broadband adoption rate, MTU represents a potential method for early-stage broadband infrastructure deployment. In this region, the dominant, traditional providers, in many instances, have adopted the in-building strategy. Asia Pacific is the largest MTU market and will continue to be so throughout the forecast period.

Despite this mixed picture for the MTU market worldwide and the areas of continued weakness, the MTU market is beginning to recover from its crash in 2000. While the market continues to carry some negative connotations in the US market, in other parts of the world, in-building MTU is viewed as a legitimate broadband deployment technique. Unlike in the US, where MTU is tied to the failed business model of the BLECs, in other regions it is simply another, in some instances more efficient, method of deploying broadband to residents or businesses housed in an MTU. Taking this utilitarian view of MTU, broadband providers that are using this strategy do not necessarily consider themselves to be "MTU providers," but rather, solution providers that use the MTU deployment model where appropriate.

The MTU has been incorporated in mainstream broadband deployment, i.e. the model is being adopted by incumbent providers and is no longer considered a separate market, but is

rather viewed as one strategy within a broadband provider's overall framework for service deployment. Regardless of the new perception of MTU, some of the same factors that made this model attractive to BLECs are also enticing traditional providers to adopt this strategy. Thus, while the in-building model continues to struggle in its traditional sense in some regions, there

are many positive factors looming in the future for MTU broadband. ■

About the Author

Amy Cravens is an analyst with Cahners In-Stat Group. She maybe reached with questions or comments via email at acravens@instat.com.



24/7 Customer Support

At NorthStar TeleSolutions, we take your commitment to quality service to the next level by offering a full range of services to meet the needs of your business. Whether you are looking for a 24 hour/365 day customer service call center and/or a complete billing system, we have a solution for you. NorthStar can assist with or completely alleviate the need for day-to-day management of your operation, allowing you the opportunity to invest in your existing businesses growth.



125 Airport Parkway, Greenwood, IN 46413 • 800.466.0900 • www.northstartelesolutions.com