

# Capsule Summaries of Trend Data for Broadband

A Monthly Staff Report (The focus this month is on international data)

## US Suffers in World Broadband Comparison

If these reports are all accurate, the United States will have about 16 percent of all broadband households and businesses by 2010, compared to about 20 percent today. The latter figure includes some US broadband subscribers with connect speeds as little as 200 kbps (although the minimum these days is more likely to be 300 kbps WiFi or 768 kbps DSL).

The studies were quoted by Derrick K. Herbst of Optimal Technologies at FTTH Council annual meeting in Las Vegas:

“More than 190 million users [around the world] will have broadband by the end of 2005, and 440 million will be broadband subscribers by 2010, according to the study by Informa Telecoms & Media.” – Red Herring, 10 August 2005.

“High-speed Internet use by U.S. businesses and households

rose 34 percent in 2004 to 37.9 million lines” – Wall Street Journal (quoting FCC data), 7 July 2005. (The FCC defines “broadband” as at least 200 kbps.)

“According to a Forrester Research report... 71 million [American households] will have broadband by 2010, or 62 percent of the U.S. population.” – Red Herring, August 2005.

Europe is already at about 30 percent of all households with broadband, defined as 1 Mbps or higher; 45 percent is expected by 2008, 60 percent by 2010. The reports and predictions suggest that the US is about in line with broadband access for the wealthiest third of the world’s population, even though our per capita income beats all other large nations.

The 300 million Americans are about 5 percent of the world’s 6.4 billion population; 2 billion subsist on less than \$1 a day.

## What Do Broadband Consumers Want, Worldwide?

What will entice people to buy broadband access? International consulting firm Accenture surveyed 2,600 consumers in US, UK, France, Germany, and Japan last summer. The survey found that 70 percent would prefer a single provider or aggregator for the content, services and digital devices that comprise the digital home. One bill, one call to make when problems arise.

The three charts summarize other key findings:

- Cost is the biggest barrier to adopting a digital home solution; twice as many respondents mentioned cost as any other factor.

- Home entertainment was mentioned by more respondents (42 percent) than any other function, but “family care” was close behind – a boost for providers of telemedicine solutions as well as for promoters of services such as “virtual” babysitting.

- If a converged digital home solution saved money, 56 percent would buy it – a surprisingly low figure. For most products, of course, almost 100 percent of consumers want to save money. Improving home energy efficiency (another way to save money, as well as to be environmentally responsible) was mentioned by 41 percent. “Making my life at home more fun” was mentioned by more than a third of the respondents.

Accenture noted that in the US, a greater percentage was attracted to the “fun” element.

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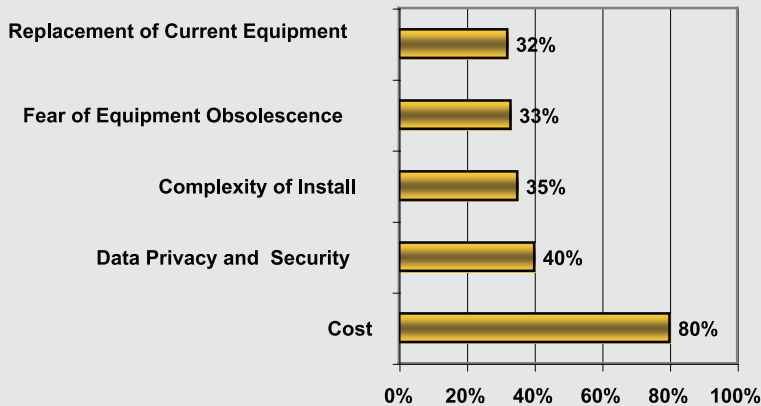
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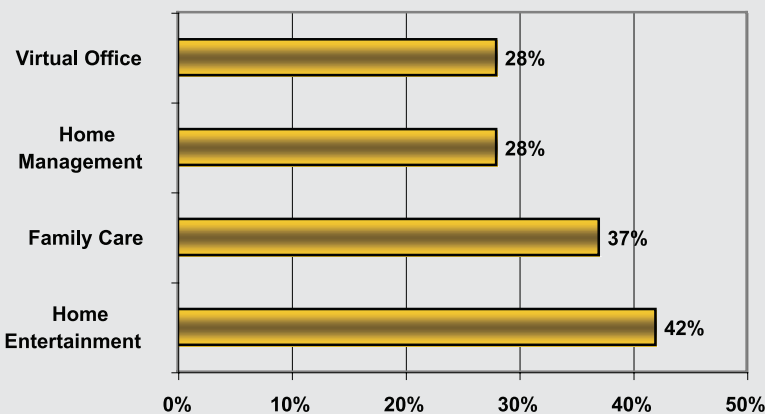
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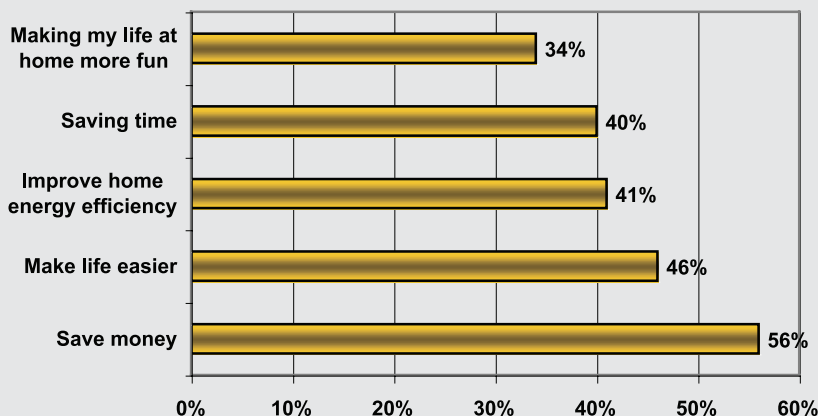
## Barriers To Adopting A Digital Home Solution



## Four Digital Home Uses, % Expressing Strong Interest In Each



## Benefits That Would Most Encourage Them To Buy A Converged Digital Home Solution



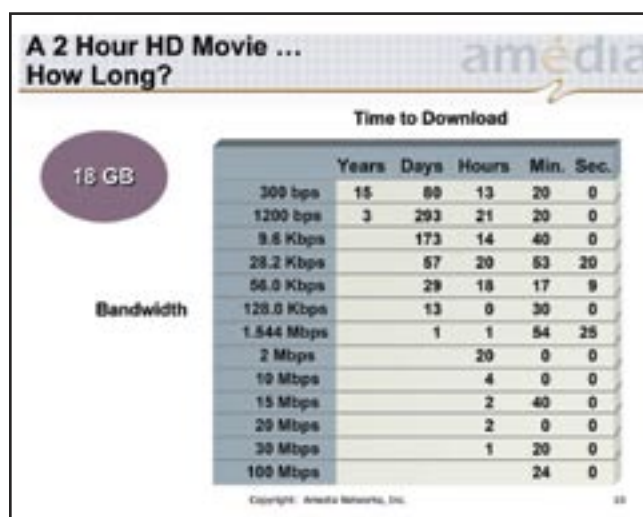
# Fiber Trade Balance

From where do we get fiber optic cable? And to whom do we sell it? This table from the Census Bureau lists our balance of trade in fiber. Overall, we buy more cable than we sell. Canada is our biggest customer (that's why the trade balance

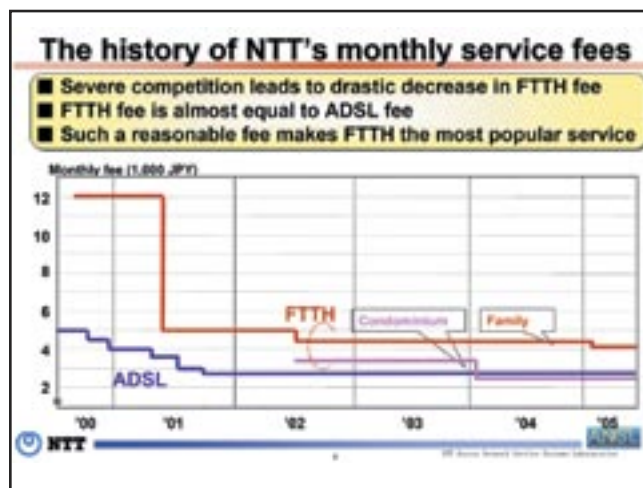
with Canada is positive). China and Mexico are our biggest suppliers (we run a fiber trade deficit with them). Early in the year, we were importing about \$1.5 million more fiber than we exported, each month. And an American company, corning, invented the stuff!

Want to check out our fiber trade balance with Poland and about 100 other countries? See the complete table at <http://www.census.gov/foreign-trade/statistics/product/naics/naicsctry/balance/b335921.html>. The government is about six months behind in compiling the data.

Top 10 customers and suppliers of fiber optic cable	First four months of 2005
Canada	\$24,359,000
Netherlands	5,360,000
Singapore	1,900,000
Australia	1,172,000
Belgium	860,000
Venezuela	839,000
Egypt	833,000
United Arab Emirates	784,000
Colombia	666,000
Thailand	603,000
Norway	-532,000
Denmark	-631,000
Hungary	-668,000
Hong Kong	-833,000
India	-1,250,000
Italy	-1,676,000
France	-2,984,000
Japan	-6,356,000
Mexico	-16,597,000
China	-18,060,000
<b>TOTAL (NAICS 335921) Fiber Optic Cable</b>	<b>-5,309,000</b>



How fast is fast? Frank Galuppo, President and CEO of Amedia Networks, puts the case for FTTH this way.



Naoto Yoshimoto of NTT Access Network Service Systems Labs reports that there were more than 2 million FTTH subscribers in Japan by last June (the total is now about 3 million). Monthly fees have fallen drastically in the past five years, to about 4,000 yen, or about \$35 dollars. NTT expects to have 30 million fiber subscribers by 2010, using mainly GePON (for its lower cost).