

Will the Anywhere Economy Slow Down?

By David Vorhaus, Carl D. Howe, Ashvin Vellody, Wally Swain and Benoît Felten

Even in economic turmoil, Anywhere will prevail.

The financial crisis in the United States and other world markets is only months old, yet that crisis is already cascading out to other industries. Failing credit, jeopardized revenue and spending reductions are the imminent threats of today's economic downturn that stand to impair the telecom industry and the Anywhere Economy it is creating.

Before this crisis, Yankee Group had predicted that some countries would exceed one broadband line per person—a milestone we've dubbed the Anywhere tipping point—in 2009. Could these factors push back this milestone? And more seriously, could the turmoil in financial markets bring down today's \$590 billion Anywhere Economy?

Anywhere Momentum Slowed but Not Stopped

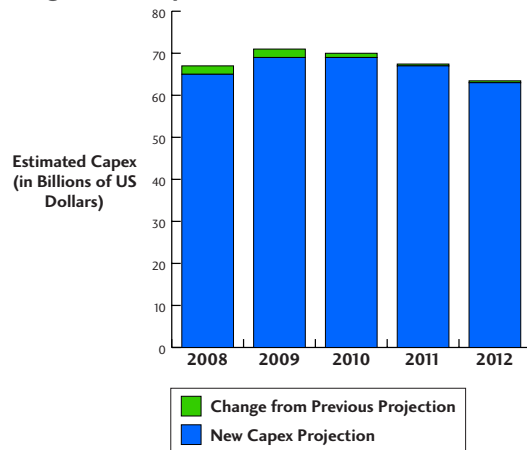
We believe that the fundamental nature of the forces behind the Anywhere revolution will overpower the short-term obstacles created by the financial crisis. As highlighted in our September 2008 Report, *The Anywhere Tipping Point*, three seminal trends are under way: one common network, broadband demand and wireless ubiquity. While these may be slowed to a degree by financial worries, their onset remains inevitable.

Yankee Group believes this demand for ubiquitous connectivity is irreversible, and that the financial crisis will only shape rather stop the trend.

So in the context of this demand, how will current troublesome economic conditions affect the telecommunications ecosystem? We see the primary effects in four major areas:

- **Operators will continue their Anywhere Network™ expansion plans.** Any changes in network investment will be small. With the emergence of Anywhere being inevitable, companies may curtail spending in the short term but continue to adhere to long-term network buildout strategies (see Exhibit).
- **Discretionary spending will fall.** Every player in the Anywhere Economy will be closely watching their expenditures. This won't affect core revenue, as everyone needs the internet, but it will cap growth for the next 6 months to a year due to fewer up grades and less new business. Moreover, as the market waits to find the bottom, many players will freeze large amounts of spending in the immediate term out of sheer uncertainty.

The Change in US Capex



Source: Yankee Group, 2008

- **Big companies will gain the upper hand.** Size matters during a financial crisis. Those with greater assets and stability are more likely to do well and have the funds to invest in potential game-changing ideas.
- **Operators will squeeze network equipment vendors.** Purchases slow and discounts are sought in times of economic trouble. Declines in discretionary revenue and tougher negotiating by large businesses will adversely impact many network equipment vendors.

Crisis breeds uncertainty, but uncertainty also breeds opportunity and the window to evolve. Even with inevitable reverberations throughout the industry (most harshly felt by vendors), the Anywhere revolution continues to grow, strengthen and transform communication as we know it.

Log on to www.yankeegroup.com to read the full report.

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RESEARCH

The Anywhere Tipping Point

by *Emily Green and Carl D. Howe*

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September 2008

The Bottom Line: Anywhere is sparking a worldwide revolution, changing entire societies and moving billions of dollars across national borders during the next 5 years. In this transforming world of ubiquitous connectivity, leaders must tune in to key questions about how the network will be built and put to work.

Executive Summary

A powerful trio of technology developments in the past decade is triggering a new wave of global transformation. The internet as a digital communications standard combined with the increasing demand for broadband capacity and the game-changing economics of wireless networks are inciting a revolution whose impact will be far greater

than the sum of these parts. Ultimately, it means that our world will connect all of us and the things we care about. Yankee Group has christened this the *Anywhere* revolution because it is changing the role of location in everything we do as consumers and enterprises.

This revolution's scope will be massive, affecting all corners of the world and taking decades to fully unfold. Likewise, its impact will be massive, disrupting billion-dollar businesses and creating a near-trillion-dollar component of the global economy. We believe that it will dwarf previous technology revolutions. During this period, battles will rage over the role, architecture, financial support and rights of this Anywhere Network™.

As this trio of catalysts drives the deployment of broadband connectivity in key markets, Yankee Group foresees an Anywhere tipping point (see Exhibit below). Already two dozen countries around

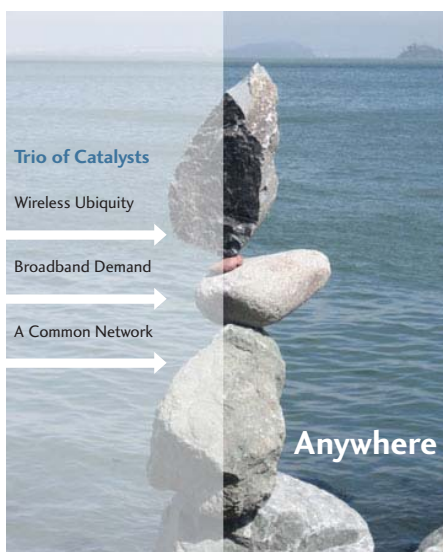
the world are approaching that tipping point, with more than one broadband line for every three citizens. By 2012, we predict the number of broadband connections will actually surpass the number of people in 16 countries. Those 16 countries will have tipped to become true Anywhere societies.

Among the changes unleashed by that milestone will be new types of devices and services, spawned by a pervasive, intelligent network. In turn, their availability will awaken latent appetites in us as consumers and business leaders.

To survive the tumult of this transformation—the evolution of a new global communications fabric—we must tune in to some simple but central questions ahead: How will the network and society be shaped by technology, demand and economics?

Welcome to Anywhere.

The Anywhere Tipping Point



Source: Yankee Group, 2008

Coming soon from Yankee Group Research

Virtual IT Infrastructure Transforms the Anywhere Enterprise

By Zeus Kerravala

How Consumers Get the Anywhere Net

By Carl D. Howe

Anywhere Goes Global

By Camille Mendler

The Anywhere Network: The Next Wave of Enterprise Transformation

By Sheryl Kingstone

A 5-Year Outlook on the Transformation of Connectivity

By Philip Marshall, Ph.D.

Anywhere Connectivity Will Transform Consumers' Digital Lives

By Declan Lonergan



Check out Yankee Group on YouTube:

<http://www.youtube.com/yankeegroup>

Yankee Group President and CEO Emily Nagle Green discusses the Anywhere tipping point and the evolution of ubiquitous connectivity.

The Anywhere Economy

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The Bottom Line: Anywhere is not just an idea; it is driving today's more than \$590 billion worldwide economy. This Yankee Group Report defines which countries we believe will lead the rising Anywhere revolution by making broadband connectivity truly ubiquitous.

Executive Summary

Most of us don't notice the vast majority of technology changes. We read about nanotechnology or solar power changes in the newspaper, nod, then turn to something that might affect us more directly, like the sports section. With no metrics to gauge its progress, technology use and adoption has become just one more change to deal with.

Yankee Group believes that Anywhere—the trend of ubiquitous connectivity—should be different. We predict that Anywhere will spur profound changes in networks, businesses and everyday people's lives. This Report provides facts and figures that underpin that prediction and enable readers to better understand its meaning.

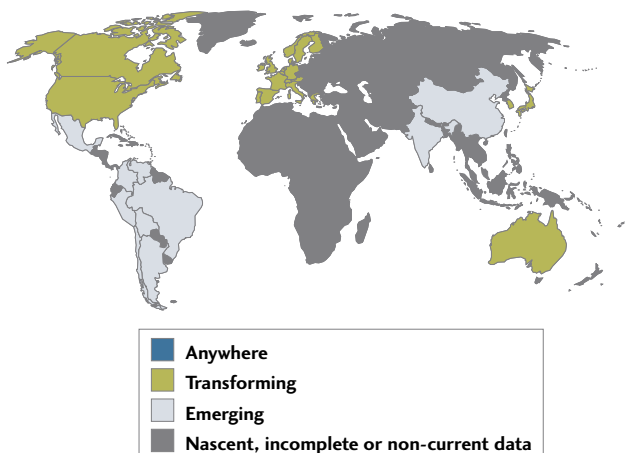
To illustrate this point, consider how television evolved in the United States. In 1949, there were 1 million televisions in the United States, or 1 TV for every 150 people in the country. By 1959, that number had risen to 67 million, or nearly 1 TV for every 3 people. In the process, television fundamentally changed consumer and business behavior far beyond the electronics industry. It created entire new business opportunities such as television networks and reinvented existing ones such as advertising. Once there was 1 television for every 3 people, US television advertising became a \$1.5 billion business, equivalent to \$11.5 billion in 2008 dollars. And along with its business prowess came social influence; historians often credit television for swaying US voters to elect John F. Kennedy to the presidency in 1960.

This Report shows that our Anywhere future is closer than television was in 1949 and, we believe, that the opportunities are larger. As we wire the world with fiber and extend our reach with wireless broadband, Yankee Group forecasts and analyses show that this Anywhere Network™:

- Already accounts for \$590 billion in spending annually and touches one out of seven people globally (see Exhibit below)
- Is approaching a tipping point in Japan, Sweden and Italy, with nearly one broadband line per person this year
- Will become ubiquitous in many areas of Europe, North America and Asia by 2012
- Will grow to more than \$903 billion in spending by 2012

The Anywhere Network Already Touches One Out of Every Seven People Globally

Anywhere Economies in 2008



Source: Yankee Group, 2008

In The News

Yankee Group News Releases

Yankee Group Releases Anywhere Network Scorecard Ranking of Communications Service Providers

Report advises service providers must transform their businesses to gain a sustainable market position

WiMAX World 2008

CHICAGO—At the WiMAX World 2008 Conference and Expo, Yankee Group released its *Anywhere Network Scorecard: Communications Service Providers* report, which explores the progress communications service providers have made to date in transforming their businesses to profit from the global Anywhere Network™. The Anywhere Network is Yankee Group's vision of a seamless, intelligent, ubiquitous network with broadband capacity, which delivers a connection for everyone to everything that can benefit.

This latest Yankee Group report points out that many service providers are seeing erosion in their capital value and advises them to transform their businesses to gain a sustainable market position. It scores AT&T, Verizon, Sprint, Orange/FT, British Telecom, Telstra and NTT based along six dimensions: core and transmission network economics; organizational alignment; business and operational systems alignment; financial position and addressable market scale; ecosystem and service distribution wealth; and access network performance.

"We see a great deal of transformational initiatives under way, but most continue to struggle to break the shackles of traditional telecom business models," said Philip Marshall, Ph.D., Yankee Group senior research fellow and technology strategist. "It is clear that service providers must transform as the Anywhere Network takes hold."

Read Phil Marshall's Report: [Anywhere Network Scorecard: Communications Service Providers](#)

Yankee Group Reports Declare the Anywhere Connectivity Revolution the Largest Technology Transformation Yet

Number of broadband connections will surpass the number of people in 16 countries by 2012; Economic effect will reach nearly US\$1 trillion in 5 years

BOSTON—Yankee Group today released two new reports that predict that the Anywhere connectivity revolution will be the largest technology transformation the world has yet seen, far surpassing the cultural and economic effects of the internet revolution. These Yankee Group reports, *The Anywhere Tipping Point* and *The Anywhere Economy*, reveal that Anywhere connectivity is a global phenomenon, with the financial impact of the Anywhere Network™ soaring to nearly US\$1 trillion in the next 5 years alone. The reports also forecast that 16 countries will reach the Anywhere "tipping point" by 2012, when the number of broadband lines will exceed the number of people in those regions.

"The scope of the Anywhere revolution will be massive, affecting all corners of the world and taking decades to fully unfold," said Emily Green, Yankee Group president and CEO. "We believe that Anywhere will dwarf previous technology revolutions, will disrupt billion-dollar businesses and create a near-trillion-dollar component of the global economy."

Yankee Group defines Anywhere as the trend of ubiquitous connectivity, bringing the ability to connect all of us and the things we care about. The Anywhere revolution is being sparked by three trends: 1) the internet as a digital communications standard; 2) increasing demand for broadband capacity; and 3) the game-changing ubiquity of wireless networks. These catalysts are inciting a revolution whose impact will be far greater than the sum of these parts.

Read Emily Green's Report: [The Anywhere Tipping Point](#)

Yankee Group Identifies the Five Anywhere Consumer Segments that Will Drive Mass-Market Technology Adoption

New report profiles Anywhere Consumers' needs, identities and how to reach them

BOSTON—Yankee Group has identified five consumer segments that are driving the mass-market adoption of technology products and services. With connectivity at the core of everything they do, Anywhere Consumers are driving a shift in buying behaviors that will have tremendous economic impact during the next 5 years. Increased understanding of this new marketplace is critical to the success of consumer electronics, wireless services, digital content and other consumer services.

Yankee Group Senior Analyst Joshua Martin explains further: "Products and services with connectivity—connected game devices, MP3 players, nav systems, etc.—need an Anywhere makeover of their message to speak to these new consumers. This Anywhere Consumer segmentation is a critical tool to help vendors identify how consumers think about connectivity and how to position products successfully to all of them."

Read Joshua Martin's Report: [They Want Their Anywhere](#)

In The News

Yankee Group Recent Press Quotes

Anywhere Consumers to Reshape the Way Tech Brands Market Online

By Tameka Kee

MediaPost

10/2/08

Although Actualized Anywheres only make up about 5% of the population, Yankee Group Senior Analyst Joshua Martin said that they are key targets for tech and media brands promoting their services. "Their opinions of products and services have huge ramifications on mass-market adoption of technologies and products, which can propel or obstruct carriers, manufacturers, service providers and retailers," Martin said. "This is especially true in an age of evolving technology where buyers rely on unbiased online reviews from owners when making their own buying decision."

Cisco Offers Web 2.0 Conferencing

By Brian Womack

Investor's Business Daily

9/25/08

WebEx Connect will be offered via Cisco's own hardware, a hot concept known as cloud computing. Business customers can access the WebEx software via the internet, so they don't have to load it onto their own computers. And Cisco built WebEx Connect so that other software developers can build their own programs on top of it, to increase the value of the software.

"WebEx is being positioned not only as a product, but also a product platform for development," said Zeus Kerravala, an analyst with the Yankee Group research firm.

Visa to Bring Mobile Payment Services to Google's New Phone

By Roger Cheng

Dow Jones

9/25/08

It took 15 years for the PC commerce market to reach \$100 billion in 2006, Yankee Group estimates that global mobile transactions will reach a similar level of maturity by 2012.

Global Broadband-Services Mkt Seen at \$900B by 2012—Report

By Roger Cheng

Dow Jones

9/4/08

The broadband market, which includes revenue from services to consumers and businesses, as well as the amount spent on equipment for the underlying infrastructure, is currently worth \$590 billion, Yankee Group said. By 2012, the market will grow to more than \$903 billion, it projected.

The estimates are part of Yankee Group's concept of an Anywhere environment, where there is at least one broadband connection for every person on the planet.

"The Anywhere revolution is gathering in steam," Emily Green, president and chief executive of Yankee Group, said in an interview with Dow Jones Newswires. She noted that it took 10 years for the internet to reach one billion people. The internet will double its reach by 2012, she said.

Cablevision Rolls Out Wireless Web in NY Suburbs

By Yinka Adegoke

Reuters

9/4/2008

"The latest frontier is Wi-Fi connectivity for cameras, media players and printers," said Berge Ayvazian, Yankee Group, chief strategy officer. "By mid-2009, we will start seeing a new category of 'mobile internet devices' all of which will be Wi-Fi connected."

Upcoming Events

Mobile Internet World
Oct. 21-23, 2008 - Boston, MA USA
unleashing the power of the anywhere network

Set to be Industry's Leading Mobile Internet Expo

Building on last year's huge success, Mobile Internet World 2008 will be the industry's leading global mobile internet expo. This event quite simply is a "must attend" forum

for anyone involved in the development, deployment and management of systems, equipment, software, content, networks, services and applications involving the mobile internet.

No event brings together the key mobile internet technologies, thought leaders, buyers and solution providers like Mobile Internet World. It is guaranteed to be the industry's largest and most critical B2B event

focused on how to profit from the next generation of the mobile internet. Yankee Group expects more than 2,500 attendees from 75 countries and 100 sponsors and exhibitors to congregate at Mobile Internet World from October 21 to 23 at the world-renowned Boston Convention and Exhibition Center.

For further information or to register, visit <http://www.mobilenetx.com/2008/boston>.

Yankee Group Live Webinar Series

Yankee Group continues its series of complimentary live webinars in October with *A Brave New World—Using Anywhere as a Competitive Differentiator for Consumer Markets* presented by Joshua Martin, senior analyst, October 30, 2008, 10:00 A.M. EST (14:00 GMT)

The concept of Anywhere—the emergence of ubiquitous connectivity—is transforming traditional consumer behaviors and the

adoption of mass-market technologies. The Anywhere Consumer™, with an increasing desire to have connectivity to enhance his or her daily experiences, will have a profound economic impact during the next 5 years.

So who is the Anywhere Consumer? What influence will he or she yield? A better understanding of this new class of consumers and their effect on the marketplace is critical to the success of those who create and sell consumer

electronics, wireless services, digital content and other consumer services.

This webinar will detail Yankee Group's Anywhere Consumer segmentation, providing insight into cutting-edge behavior and how this translates to mass-market adoption.



From the YG Blog



The Road to 4G

By Emily Green

October 1, 2008

Whether we all agree on what a fourth-generation wireless network will do, which technologies qualify to create one, or how to pay for the expense involved in getting there, the connectivity world is on an inexorable path to 4G.

Just one day after Sprint launched the first city for Xohm, its US WiMAX network, I'm in Chicago at Yankee Group's 4G World Executive Summit. I had a chance to chat with Mark Pecen, VP of Advanced Technology at Research in Motion. Some of his thoughtful observations:

- **What's driving us to 4G?** "When I first worked on wireless in the early '90s, there were big holes in US coverage, but no one cared. We were just glad it worked every now and then. Fast-forward a few years, soon people expected it to work everywhere except when they left the country. Now, we want it to work all the time, anywhere. There's no shortage of user expectations to try to meet."

Nearly every day, our analysts let loose from wherever they are and blog their opinions, impressions and ideas on all things Anywhere. Join the discussion at blogs.yankeegroup.com.

- **What are some of the core technical issues?** "Take any standard communications cable, send a signal through it, and measure it a thousand times—your results will hardly vary. Do the same thing with radio, and it's a different story: The standard deviation across a set of measurements like that will be quite large. Radio is a hard problem. Theoretical performance in the lab for any wireless technology is dramatically higher than actual results in the field, where signal interference is the dominant factor. The challenges have been the same since Marconi starting selling radios to shipping companies: spectrum, power, mobility. We just have to continue to evolve the solutions. We'll still be working on good power-efficient and spectrally efficient radio techniques 10 years from now."

- **What's challenging from a business perspective?** "Consumers don't understand the true cost of the devices and experiences they seek. Mobile operators have the same problem as airlines: extremely high fixed costs to run a network, and very low marginal costs to add the next user. So they develop some bad habits to get that next user onto their networks—and those are hard to break."

He's right on that one: Subsidizing device prices to users, and requiring long-term contracts and credit checks, actually damp progress to 4G as they tie consumers to current networks. YG's Phil Marshall published new work this week on the technology road to 4G. What do you think the big questions about 4G are? As we plan Yankee Group's next 4G conference, we'd love to hear from you.

New Hires New Additions to the Yankee Group Research Team



Ashvin Vellody

Senior Vice President

Anywhere Network Research

Ashvin Vellody has joined the firm as a senior vice president of Anywhere Network research. In this role, Ashvin will lead Yankee Group's research team focused on analyzing the technologies that are transforming Anywhere global connectivity, and advising clients on their market and economic impact.

Ashvin has more than 15 years of expertise as a leader in defining IT strategy. Before Yankee Group, he was director of enterprise architecture and strategy planning at US Cellular and, previously, a manager of consulting services at Capgemini LLC. Ashvin has also held consulting and engineering roles at I-flex Solutions and Asea Brown Boveri in India.

Ashvin earned an M.B.A. degree from the J.L. Kellogg Graduate School of Management at Northwestern University. He received a bachelor of electrical and electronics engineering degree from the National Institute of Technology in Suratkal, India.



Jennifer Pigg

Vice President

Anywhere Network Research

Jennifer Pigg has rejoined the company as vice president of Anywhere Network research. In her new role, Jenn will focus her research on the emergence of Anywhere connectivity through network infrastructure and other hardware technologies.

Jenn brings 20 years of experience with network convergence, policy management, IP services and hardware, and optical networking to her leadership role. She previously worked at Yankee Group for 12 years, from 1989 to 2001, ending her first tenure as the executive vice president of carrier convergence infrastructure. Before joining Yankee Group, Jenn was a manager of network planning and strategy for Wang Laboratories' corporate data network. She has also held a role in the IT research and development division of Commercial Union Insurance Companies.

Jenn earned her B.A. degree from Mount Holyoke College. She is a highly regarded speaker at industry events and is frequently cited in the popular and trade presses.

WiMAX World 2008 Continues the Tradition of Success and Leadership



Yankee Group's events and publishing division, Trendsmidia, has been successfully delivering its WiMAX World events series for 5 years. WiMAX World attracts the complete ecosystem of WiMAX and wireless broadband players, press, investors and other key stakeholders from around the globe. With events in Europe, Asia and North America, the WiMAX World global event series is the largest and most respected WiMAX forum in the world.

This year's WiMAX World 2008 continued Yankee Group's tradition of success and leadership in the WiMAX market. The event delivered a 10% year-over-year growth in attendance and a 15% increase in sponsors and exhibitors. McCormick Place in Chicago played host to more than 9,000 professionals who heard from executives from leading WiMAX ecosystem members such as Clearwire, Motorola, Huawei, Intel, Nokia Siemens Networks, Samsung and Xohm.

WiMAX World 2008 featured more than 350 exhibitors and sponsors, and presentations from more than 175 speakers. Summits and workshops covered a wide range of topics all focusing on three key themes: WiMAX deployment; enabling technologies and demand generation for mobile broadband.

Our exhibitors were clearly impressed by the event. Sue Spradley, president, North America for Nokia Siemens Networks, commented, "For Nokia Siemens Networks, WiMAX World has provided an excellent platform for us to demonstrate our commitment to and progress in WiMAX. WiMAX World also has served as a showcase for the entire WiMAX ecosystem to communicate its progress in the market and confirm that indeed WiMAX is here and now."

If Spradley was impressed, consider what the attendees thought. They caught the latest news on "The New Clearwire" from Benjamin G. Wolff, chief executive officer and director of Clearwire. Workshops facilitated exchanges of best practices for emerging WiMAX markets and deployments. Whether attendees were looking for business or technical insights, the event covered almost every facet of the industry.

New to this year's WiMAX World was the 4G Executive Summit. The 1-day summit leveraged Yankee Group's extensive research and focused on assessments of key technologies

and new business models that enable service providers to profitably deliver the intrinsic value of mobile internet access to businesses and consumers. Expert-led breakout sessions offered attendees the opportunity to examine technology infrastructure and device and applications strategies as well as explore regulatory and spectrum policy challenges. Exceeding our expectations with over 800 in attendance, Yankee Group provided attendees with a clear road map for success as they begin to build their business models for the future.

The success of WiMAX World 2008 wouldn't have been possible without an enthusiastic and dedicated team.

The sixth annual WiMAX World 2009 event will be held again at McCormick Place in Chicago from September 15 to 17, 2009.



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Web Site Updates

File Edit View Go Bookmarks Tools Help

<http://www.yankeegroup.com>

Improved search and customization tools on www.yankeegroup.com

We're making it easier for clients to navigate the Anywhere revolution.

To improve your access to our resources and publications, we've added a new search engine and improved customization tools on www.yankeegroup.com.

You can now:

- Conduct more relevant and refined searches
- Save and store favorite documents
- Create custom e-mail alerts and RSS feeds
- Easily identify current and upcoming research topics

Log on to check out these enhancements. Note that **all clients need to reselect preferences** to take advantage of these new features.

We welcome your feedback at clientexperience@yankeegroup.com.