

**FMC 2.0:
Global Service Provider Survey**

December 14, 2009

TABLE OF CONTENTS

INTRODUCTION 1

TOP TAKEAWAYS 1

METHODOLOGY AND DEMOGRAPHICS 1

 73% of respondents are incumbents.....1

 Almost 2/3 of respondents are EMEA operators2

 Respondents have strong purchase influence3

 . . . and account for 19% of worldwide telecom capex4

% OF RESPONDENTS ARE CURRENTLY BUNDLING FIXED AND MOBILE SERVICES 4

 show significant growth over the next year5

 , the most popular seamless FMC implementation, will lose some steam between now and next year.5

3G AND 4G FEMTOCELL-BASED CELLULAR HOME ZONES ARE BUILDING UP STRONG MOMENTUM IN THE SHORT AND LONG RUN, RESPECTIVELY 7

 From 2015, there is a shift to 4G femtocell-based cellular home zones7

 IMS between 2010 and 2012, and in 2015 or later.....8

AND ARE “MUST HAVE,” SD VIDEO AND TV ARE RISING 9

THE SUBSCRIBER DRIVES FMC, WHICH CREATES ORGANIZATIONAL CHALLENGES 11

 is the top FMC service challenge.....12

 There are no significant barriers to offering FMC services14

BOTTOM LINE 15

This is a paid service intended for the recipient organization only; reproduction and sharing with third parties is prohibited.

LIST OF EXHIBITS

EXHIBIT 1 RESPONDENT SERVICE PROVIDER TYPES 1

EXHIBIT 2 REGIONAL DISTRIBUTION OF RESPONDENTS 2

EXHIBIT 3 RESPONDENTS HAVE STRONG PURCHASE INFLUENCE..... 3

EXHIBIT 4 CAPEX AND REVENUE REPRESENTED BY RESPONDENTS 4

EXHIBIT 5 FMC TELEPHONY IMPLEMENTATION TYPES, NOW AND BY 2010 6

EXHIBIT 6 FMC ROADMAP 8

EXHIBIT 7 FMC SERVICES OFFERED, NOW AND BY 2010 9

EXHIBIT 8 FMC SERVICE DRIVERS..... 11

EXHIBIT 9 FMC SERVICE CHALLENGES 13

EXHIBIT 10 FMC SERVICE BARRIERS..... 14

This is a paid service intended for the recipient organization only; reproduction and sharing with third parties is prohibited.

Copyright © 2009 by Infonetics Research, Inc. All rights reserved.

METHODOLOGY AND DEMOGRAPHICS

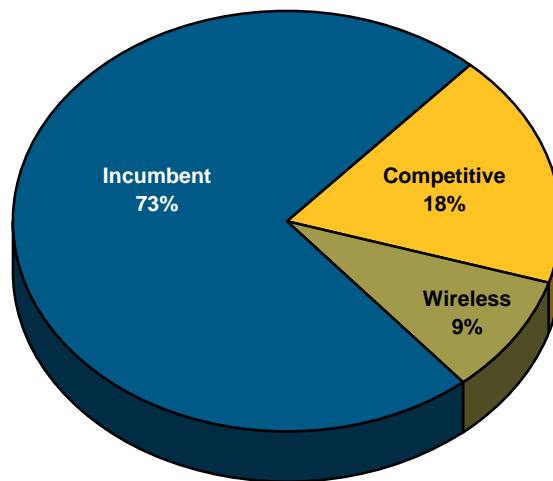
To qualify for our survey, respondents must currently offer FMC services. As there are still not many service providers in the world who offer FMC services—only a dozen offer UMA-based services—we targeted vertically integrated service providers that operate both wireline and wireless networks, mainly incumbents. We ended up with a sample of 11 service providers that we interviewed in October and November 2009.

73% of respondents are incumbents

The others are competitive service providers (18%) and wireless-only operators (9%). Interestingly, although we have not been able to interview a cable MSO offering FMC services, one of our competitive operators actually operates a mobile and an HFC-based cable network.

Exhibit 1

**Respondent Service Provider Types
n=11**



This is a paid service intended for the recipient organization only; reproduction and sharing with third parties is prohibited.

Copyright © 2009 by Infonetics Research, Inc. All rights reserved.

FMC AND FEMTOCELL CRS

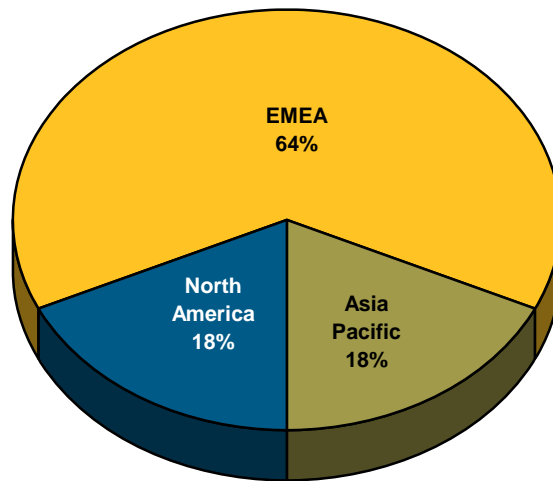
FMC 2.0: GLOBAL SERVICE PROVIDER SURVEY

Almost 2/3 of respondents are EMEA operators

As most of the FMC activity has been going on in EMEA so far, this is hardly surprising. Instead, the surprise comes from Asia Pacific, where operators are waking up after a long period of total disregard for FMC, claiming customers were not interested. North America, on the other hand, is characterized by a substantial level of FMC activity that covers almost the entire spectrum of options.

Exhibit 2

**Regional Distribution of Respondents
n=11**



This is a paid service intended for the recipient organization only; reproduction and sharing with third parties is prohibited.

Copyright © 2009 by Infonetics Research, Inc. All rights reserved.

FMC AND FEMTOCELL CRS

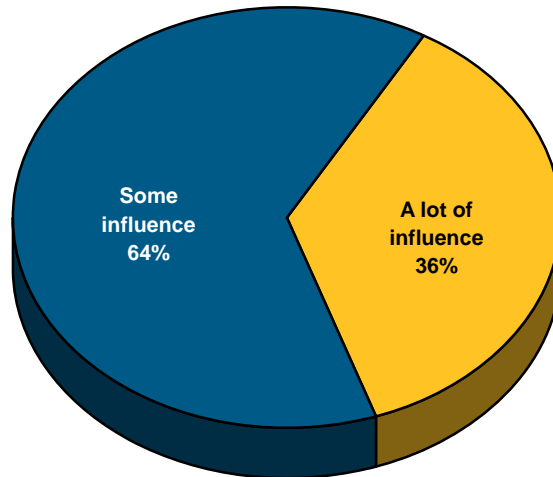
FMC 2.0: GLOBAL SERVICE PROVIDER SURVEY

Respondents have strong purchase influence . . .

To participate in the survey, all respondents must have detailed knowledge of their company's FMC services, networks, products, and devices. Respondents also must have influence in the purchase decision for FMC network equipment. The majority of respondents (64%) have some influence, while more than a third have a lot of influence. This is a key part of the screening process: it ensures that we're talking to knowledgeable decision-makers in the buying process.

Exhibit 3

**Respondents Have Strong Purchase Influence
n=11**



This is a paid service intended for the recipient organization only; reproduction and sharing with third parties is prohibited.

Copyright © 2009 by Infonetics Research, Inc. All rights reserved.

FMC AND FEMTOCELL CRS

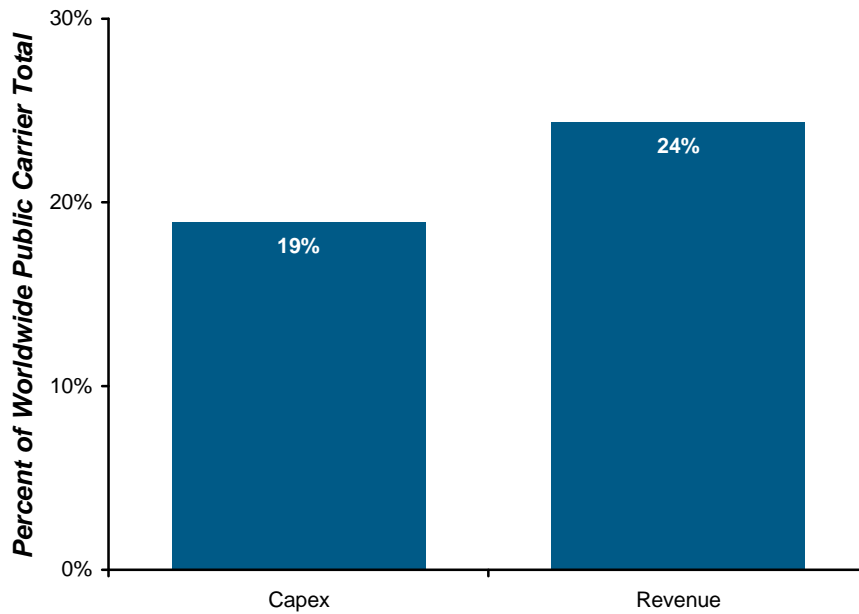
FMC 2.0: GLOBAL SERVICE PROVIDER SURVEY

... and account for 19% of worldwide telecom capex

The fact that our small sample accounts for 19% of capex and 24% of revenue worldwide indicates we interviewed some of the world's largest service providers. In addition, the large majority of respondents are incumbents; our sample has impact.

Exhibit 4

**Capex and Revenue Represented by Respondents
n=11**



This is a paid service intended for the recipient organization only; reproduction and sharing with third parties is prohibited.

Copyright © 2009 by Infonetics Research, Inc. All rights reserved.