General Overview of Broadband Markets

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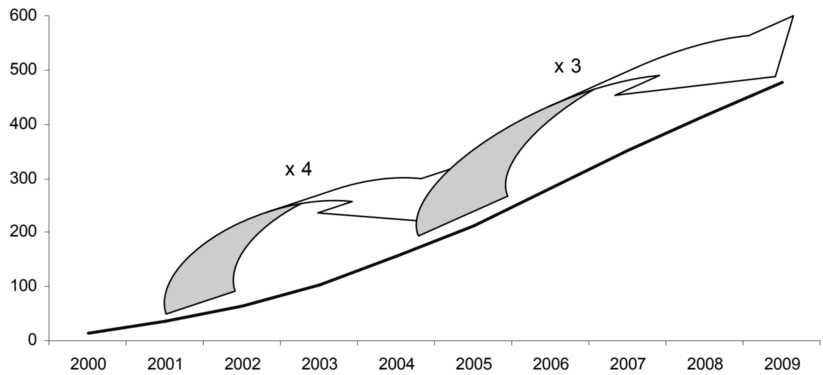
Abstract: This introductory paper gives an overview of the present status of broadband markets around the world, hence focusing on fixed broadband.

World broadband market

Estimates for the end of 2009 indicate 477.4 million Internet users around the world with a broadband connection, which are 62.5 million more than the year before (+15%) or more than double compared to the user base four years ago (212.6 million at the end of 2005). From a geographical perspective, take up is high in North America (27.5 broadband connections per 100 pop at the end of 2009), in Western Europe (27.2%) and in Advanced Asia (27.0%) while it is 7.4% globally. Around three quarters of all Internet connections are now broadband.

Figure 1 - Broadband subscriber base in the world (in millions)



Broadband market by geographical area

Europe is the largest broadband market with 152.6 million subscribers at the end of 2009 (one out of three subscribers in the world). Broadband density is now 20% on average (20 broadband subscribers per 100 pop) and 25% in the EU-27. Several countries in the region are amongst the most equipped globally: Denmark with a 38% density or the Netherlands with 37%.

Table 1 – Broadband subscribers by geographical area at the end of 2009 (in millions)

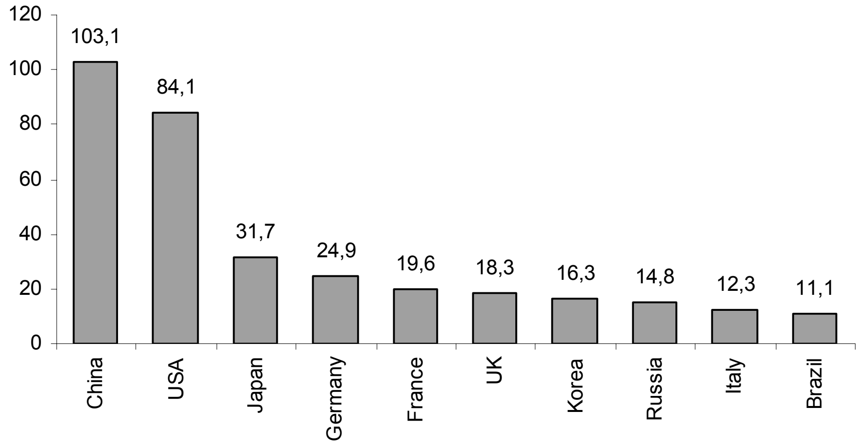
	ADSL	*Cable modem*	*Other (FTTx, WLL, satellite…)*	*Total Broadband (*)*
Europe	114.1	25.0	13.6	152.6
o/w EU-27	96.5	19.1	7.7	123.4
North America	35.0	49.7	9.1	93.7
Asia	123.3	13.1	50.6	187.0
Latin America	21.9	7.9	3.1	33.0
Middle East & Africa	9.9	0	1.2	11.1
TOTAL World	304.2	95.7	77.5	477.4

North America is also well advanced with 93.7 million broadband subscribers at the end of 2009 (density of 27.5%). Same for advanced Asia (Japan, South Korea, …), which accounts for one third of the subscriber base of Asia Pacific: South Korea in particular has been a pionner in broadband deployment and more than 85% of housesolds now have broodband access at home.

Developing Asia (China, India, …) is progressing rapidly but there is room for further developments: broadband density in China was only 8% at the end of 2009 and it was less than 1% in India.

Latin American market has also been very dynamic over the recent period as it was, to a lesser extent, in MENA countries while it is still embryonic in sub-saharan Africa.

Figure 2 - Top 10 countries concentrate more than 70% of the global broadband subscriber base at the end of 2009



Source: IDATE

Broadband market by technology

ADSL is still the most widely used access technology, supplying 63.7% of all fixed broadband connections. Its development has been based chiefly on telcos' copper phone networks, and soon overtook cable which had been the first access technology available. Cable accounted for 54% of broadband connections in 2000, but for only 20% at the end of 2009.

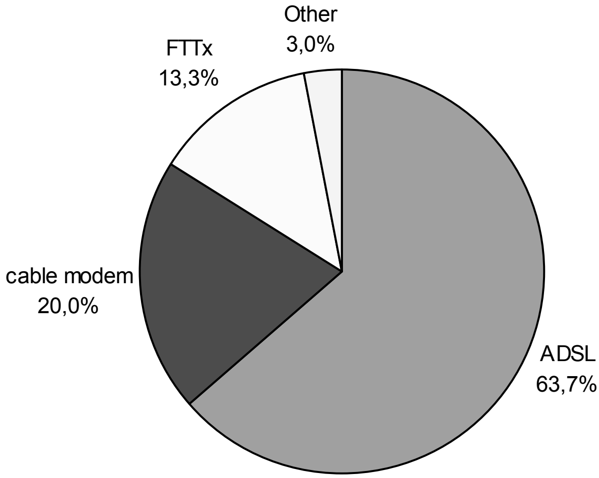
One exception here is the United States where cable companies have always been heavily involved in broadband rollouts, and continue to supply just over half of the countries high-speed connections (53% while ADSL connections account for 37%). From a more general perspective, ADSL, whose momentum has been sustained by regulatory provisions (unbundling obligations) and unprecedented competition, appears to be reaching a plateau in a number of mature markets.

For the first time ever, FTTH subscribers outnumbered ADSL subscribers in Japan in 2009. In South Korea, FTTH/B just became the most widely used access technology locally.

But these two countries are still exceptions as fibre access is developing only gradually everywhere else: 6.8 million customers (FTTH/FTTB and FTTN + VDSL) at the end of 2009 in the United States, out of a total 84.1

million broadband connections, while in Western Europe less than one out of every 50 broadband connections is supplied over optical fibre. On a global scale, FTTH/B represents only just 8% of all high-speed customers.

Figure 3 - Global broadband market share by access type, end of 2009



Finally, it is also to be noted that the deployment of mobile broadband access networks, which appears to be complementary to fixed broadband in advanced markets, could serve as a by-pass to fixed networks in emerging markets. In the longer term fixed mobile convergence should affect broadband markets more globally.