

CrossTalk™

Feb 2010

NEWSLETTER FOR TELCO CARRIERS

Welcome to CrossTalk, a Telco-Broadband publication designed to provide you with timely, valuable information in a clear and simple format. Crosstalk strives to provide a centralized guide to the latest market research and technology advancements that allow our industry to stay competitive, reduce customer churn and increase profitability. We will also provide updates on the latest developments here at Actiontec. We hope you enjoy this issue, and continue to look for our updates in the future. We also look forward to any feedback you may have on how we can make this newsletter more valuable to you.

Latest Industry News

New Fibre-to-the-home (FTTH) rollout announced for Quebec City region

go to <http://www.bce.ca/en/news/releases/bev/2010/02/04/75344.html>

ISP Offers 200 Mbps Residential Service In Vancouver

go to <http://www.dslreports.com/shownews/ISP-Offers-200-Mbps-Residential-Service-In-Vancouver-106740>

Apple Unveils The iPad

go to <http://www.dslreports.com/shownews/Apple-Unveils-The-iPad-106618>

USDA Hands Out \$310 Million For Rural Broadband

go to <http://www.dslreports.com/shownews/USDA-Hands-Out-310-Million-For-Rural-Broadband-106586>

FCC encourages cooperation between broadband, smart grid

go to <http://connectedplanetonline.com/topics/smart-grids/broadband-smart-grid-cooperation-0122/>

Update from NTCA Annual Conference

CrossTalk recently attended the NTCA annual conference for the first time. This year's conference was focused on education, and featured a presentation from Dale Merten of **Toledo Telephone**, titled "Pursuing the Competitive Edge of Video." What follows is a thumbnail sketch of the presentation.

Toledo Telephone operates approximately 2100 access lines. With its customers located in a section of Washington state that doesn't receive broadcast TV signals, Toledo made the decision to offer a free Vudu box to any customer who upgraded their premium DSL package. Toledo technicians did all of the installation, including the Vudu box, helped customers set up a Vudu account, and even assisted them in renting their first movie. While Toledo's take for the Vudu box was only 10%, many of their customers upgraded to the faster service without getting the free Vudu box. Toledo Telephone is quite pleased with the results of their first **deployment of Over-the-Top Video**.

FREE Market Research

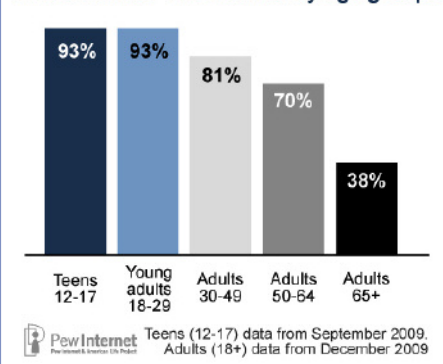
Social Media & Mobile Internet Use Among Teens and Young Adults from Pew Research

Pew Internet & American Life Project released a new study, "Social Media and Young Adults." While the primary focus is on teens and young adults, the report covers all age groups.

Some highlights:

- 1 The percentage of adults using social networking sites has increased from 37% in Nov. 2008 to 47% in Sept. 2009
- 2 72% of online 18-29 year olds use social networking
- 3 **Facebook is the most popular tool – 73% of adults have created a profile**
 - 48% use MySpace
 - 14% use LinkedIn
- 4 The use of tools like Facebook provides an opportunity to get older adults online

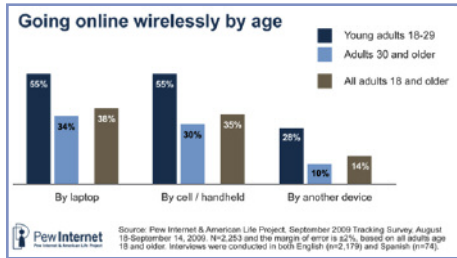
Who's online? The internet by age groups



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5 81% of 18-29 year olds access the Internet wirelessly

- 63% of 30-49 year olds
- 34% of 50+



for more information go to <http://pewinternet.org/Reports/2010/Social-Media-and-Young-Adults.aspx>

LTE - The Market and Its Requirements: Free Advisory Report from Current Analysis

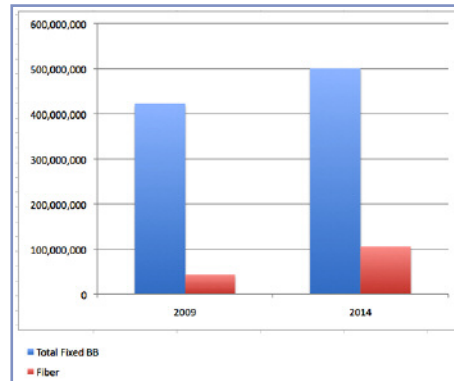
Current Analysis has released another market advisory report, "LTE: The Market and Its Requirements." The report highlights current state of this market segment, and makes recommendations for vendors.

for more information go to <http://www.currentanalysis.com/f/2009/lte/>

PAY FOR Market Research

Broadband Subscribers Market Data from ABI Research

ABI Research continues its investigation into broadband subscriber trends with the latest edition of "Broadband Subscribers Market Data." The study, updated quarterly, provides detailed market trends and forecast information categorized by operator, country, and technology. Below is an example of the kind of data available.

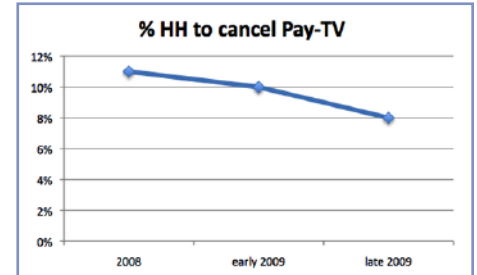


for more information, or to purchase the study, go to <http://www.abiresearch.com/press/1597-Fiber+Broadband+Subscribers+to+Total+106+Million+Worldwide+in+2014>.

All Eyes on Video from Parks and Associates

According to Parks and Associates latest study, "All Eyes on Video," **the percentage of households that would consider canceling their pay-TV services for online video only continues to DECLINE.** Instead, the study finds, the priority for most people has shifted to the ability to watch video anytime, anywhere, using a variety of platforms. "The households likely to switch or cancel their services watch a whopping 10 hours of online video each week, much

higher than typical video consumers," claims the study, supported by data as shown below.



for more information, or to purchase the study, go to http://newsroom.parksassociates.com/article_display.cfm?article_id=5214

Wi-Fi Equipment Market Data from ABI Research.

ABI Research also covered the burgeoning 802.11n segment in another study, "WiFi Equipment Market Data." In it, ABI finds that 802.11 WLAN access point shipments increased by more than 40% in 2009, with particular strength coming from enterprise solutions. According to research associate Khin Sandi Lynn, "Vendors are trying to gain market share by providing products which offer more reliable coverage and consistent performance, as well as lower prices."

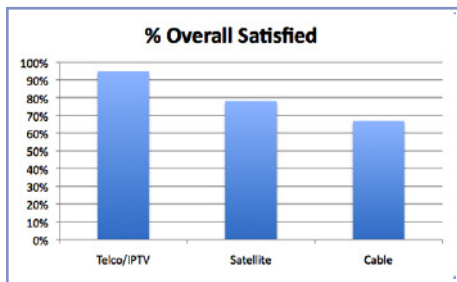
for more information, or to purchase the study, go to <http://www.abiresearch.com/press/1584-Consumer+802.11n+Wi-Fi+Access+Point+Shipments+Forecast+to+Exceed+32+Million+in+2010>

"Digital TV Customer Satisfaction: US Survey Results 2H'09" from Strategy Analytics

More than two-thirds of domestic pay television subscribers would be willing to **switch providers if offered a 20% price discount.** This rather surprising finding comes from Strategy Analytics latest effort, "Digital TV Customer Satisfaction: US Survey Results 2H'09." Strategy Analytics also found that the level of overall customer satisfaction varied greatly among the different type of carriers, as shown in the graph below.

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The report also found that while **Telco TV/IPTV is expected to make serious gains in the next few years**, the platform's success is not guaranteed. According to Ben Piper, Director of the Strategy Analytics Multiplay Market Dynamic service, "In a highly penetrated market such as the United States, growth will not be organic. Rather, Telcos will need to articulate a compelling case for users to switch."



for more information, or to purchase the study, go to <http://telecom.tekрати.com/research/10627/>

Competitor Watch

• **Could cable lose its grip on TV business?**

for more information go to http://news.cnet.com/8301-30686_3-10447250-266.html?part=rss&subj=news&tag=2547-1_3-0-20

"But even though these companies managed to report profits and a boost in new broadband subscribers, they each **lost video subscribers**. The sluggish economy and slumping housing market are mostly to blame for the poor performance in the TV market. But growing competition, especially from phone companies offering their own TV services, is also taking a toll on cable's subscriber base."

• **Comcast's profit climbs; demand increases for broadband**

for more information go to <http://www.marketwatch.com/story/comcasts-profit-more-than-doubles-2010-02-03?siteid=rss&rss=1>

• **Cablevision's Optimum Lightpath Zooms To 40 Gbps**

for more information go to http://www.multichannel.com/article/447231-Cablevision_s_Optimum_Lightpath_Zooms_To_40_Gbps.php

• **Comcast Will Be Shaking Up Their Speed Tiers**

for more information go to <http://www.dslreports.com/shownews/Comcast-Will-Be-Shaking-Up-Their-Speed-Tiers-106671>

• **Cox wraps up 4G wireless tests, rolling out 3G**

for more information go to <http://atlanta.bizjournals.com/atlanta/stories/2010/01/25/daily62.html?>

Upcoming Events

• **2010-02-15: Telecom Environment Management in Orlando, FL (Feb 15-17)**

for more information go to <http://www.aotmpevents.com/tem2010/tem2010.html>

• **2010-03-01: BMMA Annual Meeting and Spring Conference (March 1-5)**

for more information go to <http://www.bmma.us/events/#id182>

• **2010-03-07: NTCA Telecom Executive Forum (March 7-9)**

for more information go to http://www.ntca.org/index.php?option=com_content&view=article&id=3420&Itemid=1162

• **2010-03-08: Broadband Forum First Quarter Meeting in Florence, Italy (March 8-12)**

for more information go to <http://www.broadbandforum.org/meetings/registration.php>

• **2010-03-10: IDC's Directions 2010 Conference; Santa Clara, CA**

for more information go to http://www.idc.com/getdoc.jsp?sessionId=&containerId=IDC_P19546

This year's Directions 2010 focuses on capitalizing on the recovery, and maps a path for attendees toward strong, sustained growth in the future. Attendees will benefit from the following:

- Market intelligence and actionable guidance to help optimize growth opportunities
- Conversations with IDC and Insights analysts during one-to-one meetings, product demos, breaks, and lunch roundtable discussions
- Hot-off-the-press forecasts of 2010 technology market growth rates
- Predictions surrounding the best-positioned vendors, products, technologies, and strategies

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- Numerous breakout sessions, breakfast discussions, and lunch roundtables covering key topic areas, allowing you to customize the day's agenda for your specific needs
- The opportunity to meet and compare notes with your colleagues and potential business partners throughout the industry
- Post-event, online access to Directions presentations, including audio and visuals

22010-03-23: CTIA Wireless; Las Vegas, NV (March 23-25)

for more information go to <http://www.ctiawireless.com/>
The International CTIA Wireless convention brings together the wireless and converged communications, wireless broadband, applications, mobile web, and data industries.

- CTIA Wireless is the largest tradeshow for wireless industry
- Covers everything from wireless broadband, wireless LAN, Bluetooth, Hot Spot service, and more
- Attracts significant coverage from the worldwide press, as well as influential online analysts

2010-03-24: FTTH Council's 1st Broadband and FTTH Best Practices Workshop in Raleigh, NC

for more information go to <http://www.ftthcouncil.org/en/events/workshops/2009/11/20/march-2010-the-national-broadband-plan-and-impact-on-ftth>

2010-04-13: IP Possibilities Conference & Expo in St. Louis, MO (April 13-15)

for more information go to <http://www.buildipnow.com/>

2010-04-18: WTA's 2010 Spring Meeting (April 18-22)

for more information go to <http://w-t-a.org/conventions/>

2010-04-25: NTCA's PR and Marketing Conference in Baltimore, MD (April 25-27)

for more information go to http://www.ntca.org/index.php?option=com_content&view=article&id=3491&Itemid=1203

2010-05-24: Broadband Forum Second Quarter Meeting in Ottawa, Canada (May 24-28)

for more information go to <http://www.broadband-forum.org/meetings/upcomingmeetingsataglance.php>

2010-06-08: Connections: The Digital Living Conference and Showcase in Santa Clara, CA (June 8-10)

for more information go to <http://www.parksassociates.com/events/connections/2010/index.html>

Past Issues of CrossTalk

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Suggestion Box

Have an idea for an article, want to contribute an article, or just have a suggestion for improving this newsletter? Feel free to contact Lesley Kirchman at lkirchman@actiontec.com. See you next time.

About Actiontec Electronics, Inc

Building off of a history of shipping 20 million Internet access devices, Actiontec Electronics leads the market in developing innovative broadband connectivity and broadband-powered solutions that simplify and enrich the digital life. Actiontec offerings range from the market's broadest selection of IPTV-capable broadband home gateways for bringing IP-based video services into the home, to DSL modems, wireless networking devices, routers and digital entertainment devices. The company's carrier-class products are easy to install, manage, and use, and are sold through retail channels and broadband service providers. Founded in 1993, Actiontec is headquartered in Sunnyvale, CA, and maintains branch offices in Colorado Springs, CO; Shanghai, China; and Taipei, Taiwan. For more information, call 408-752-7700 or visit <http://www.actiontec.com>.

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