

Just Wait 'Til This Year

Telecom isn't recession-proof, but it fared relatively well in 2009. Five top analysts share their outlook for 2010 and beyond.

BY TIM KRIDEL

Despite the worst economy in 70 years, some parts of the telecom market not only survived the past year, but thrived. That good news, along with the outlook for this year and beyond, were among the topics that analysts discussed at the 2009 Tellabs analyst conference, held Sept. 15-16.

Following are some highlights from those conversations. For each analyst's full Q&A, visit www.tellabs.com/news/inspire.

Michael Howard, principal analyst and co-founder at Infonetics Research:

One thing that has not gone down during the downturn is bandwidth use. People keep using more. What carriers have been doing is prepare their networks for the next 10 years.



Everybody's being more mobile, so they're adding mobility. They're also preparing their networks for IP. Over a long period of time, the old TDM networking layer will go away, the SONET and SDH layer. Networks will become more a transport layer of Ethernet and WDM.

Warren Chaisatien, research director at Telsyte:

One of the most significant trends that I can see now is the rise of consumer cloud computing. You and I are now starting to feel very comfortable posting and sharing our personal digital content online in a cloud, allowing our friends and family and perhaps colleagues to access our personal pictures, videos, blogs and other files. That will be driving tremendous shifts from a carrier perspective.



It will revolutionize the way service providers position themselves. Instead of providing dumb pipe access to the content, they will have to add intelligence into the network and add a personalized service to consumers.

Ron Kline, research director at Ovum:

Ethernet is really becoming the new network currency as we transition from SONET SDH to a more packet-oriented world, with Ethernet as the multiplex layer. In the core of the network, we're seeing this transition to OTN switching because of the transparency it provides in switching: not only traditional SONET SDH, but also the emerging Ethernet-type services, as well as other storage area-type protocols.



As we get better at making Ethernet more predictable and acting like traditional SONET SDH with all the OA&M capabilities and such, we'll start to see that adoption really ratchet up. That's because it's a more cost-effective method for connecting to the network for not only enterprises, but internal networks, as well, both wireline and wireless.

Sterling Perrin, senior analyst at Heavy Reading:

The most disruptive trend we're seeing is the growth of packet optical transport. At the highest level, we're seeing three different approaches: IP over DWDM; carrier Ethernet switches, which can be combined with an optical layer; and a converged system, "packet optical transport systems," which combine a WDM layer with SONET and SDH transport, as well as high-capacity Ethernet switching and increased con-



trol plane technology on top of that.

We're tracking very closely the evolution of the SONET and SDH infrastructure and the standalone WDM infrastructure into these new systems. It's that trend that we're really seeing starting to gather a lot of momentum, especially in 2009 and into 2010.

Ian Redpath, principal analyst at Ovum:

At Ovum, we've just gone through looking at the market from the second quarter, 2009 point of view, and North America and Europe are still suffering from the recession. But Asia-Pacific is doing quite well. Tellabs has a good strategy for the Chinese market, India and Indonesia, and it's where they need to be.



Another key thing I learned at this conference was Tellabs' intention of bringing a terabit OTN switch to the marketplace. With Tellabs' strong DNA in the bandwidth management category, we did think it was a bit of an inevitability. We're pleased that Tellabs is moving forward on that particular product front. ■

OA&M: Operations, Administration and Maintenance **OTN:** Optical Transport Network **DWDM:** Dense Wave Division Multiplexing **SDH:** Synchronous Digital Hierarchy **SONET:** Synchronous Optical Networking **TDM:** Time Division Multiplexing **WDM:** Wave Division Multiplexing

➔ For more insights into the cloud computing opportunity for service providers, see "Clouds in the Forecast," available in the December 2008 issue of *Inspire* at

www.tellabs.com/news/inspire