



CONVERGED COMMUNICATIONS
COMPETITIVE INTELLIGENCE

Telsyte

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Australia's \$24 Billion Telecom Market Slowed Markedly in 2006, Finds Telsyte

Sydney, 2nd April 2007 - Telsyte, Australia's converged communications competitive intelligence expert, today released three studies as part of its **2007 Market Analysis and Forecast Report Series**, offering a review of the 2006 industry performance and a five-year analysis and forecast for the Australian Fixed Line, Mobile, and Enterprise Communications markets.

Warren Chaisatien, Telsyte managing director, said that a lack of compelling next-generation applications and the continued commoditisation of basic services have caused growth in Australia's telecom market to slow markedly to just over 2.5% last year. Broadband speeds remained a bottleneck for both business and consumer, while 2G-type of non-voice usage still dominated the mobile segment, observed Mr. Chaisatien.

Highlights of the major findings include:

- Australia's the top three carriers - Telstra, Optus, and Vodafone - generated three-quarters of the \$24.4 billion spent on telecom services in 2006.
- Next-generation IP-based services only made up one-fifth of total spending, and although that proportion will double in five years' time, Australia will remain an "old-generation" telecom market by 2011.
- Reaching 100% penetration, mobile unseated PSTN to emerge as the largest segment for the first time last year, while 3G finally made its presence felt by putting a break on the industry's incessant ARPU slide.
- Broadband users managed to outnumber dial-up users in 2006, and the VoIP subscriber base is poised to increase five-fold in the next five years.
- The enterprise telephony market entered an anticipated slump last year, registering growth of a mere 3% after enjoying four consecutive years of 20%+ expansion.
- With the gap between enterprise telephony market leaders Cisco and Avaya closing in 2006, future gaps between market leaders and followers will also narrow as vendor differentiation diminishes.

Published annually, the **Market Analysis and Forecast Series** reports are designed to provide a detailed investigation and comprehensive analysis of Australia's converged communications space as well as deliver unique insights and valuable recommendations to market players. Data sheets for 2006 market data and 2007-2011 forecast data are also available for purchase from our **Instant Forecast** online database service.

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About Telsyte

Telsyte is an Australian-based market research and consultancy specialised in the competitive intelligence of the converged communications market. Telsyte provides industry insights through custom research and consulting as well as ongoing research, which includes market reports and online databases. Telsyte is a business unit of Australia's largest independent telecom consultant Gibson Quai-AAS Pty Ltd.