

## **Exploding Demand for Broadband From Many Parts of the Economy Driving New Requirements for Carriers and Enterprises Alike, According to M/C Venture Partners' Top 10 Trends To Watch List**

*Despite Sluggish Economy, Demand Will Accelerate Move to 10+ Gbps at the Cloud's Edge; LTE and DOCSIS 3.0 Bring Market Changes, According to Venture Capital Firm*

**BOSTON, MA (November 30, 2009)**—Unprecedented bandwidth demand by consumers and enterprises will drive communications services providers to offer more powerful bandwidth solutions in the coming year, according to M/C Venture Partners, which today is releasing its annual list of the Top 10 communications and media industry trends to watch in 2010. New technology platforms and capabilities such as 4G LTE (Long Term Evolution), DOCSIS 3.0 cable modems and 10+ Gbps fiber-based data offerings are becoming demand-driven realities, according to the venture capital firm's list.

M/C Venture Partners compiled the list as part of its ongoing research to understand industry trends and identify investment opportunities in the communications, media, and information technology sectors.

According to M/C Venture Partners, the leading trend in the new year will be this demand-driven shift to faster bandwidth connections to quench the consumer and enterprise thirst for high speed connectivity to match requirements of end-user applications. "Consumers are sharing and demanding more rich media than ever before, and they are doing so in new ways, which places more stress on their data connections. They expect their Internet experience will meet their needs," according to James Wade, managing general partner, M/C Venture Partners. "The workplace carries the same expectations, so enterprise networks are also being pushed for faster speeds. We'll be seeing upgrades in all areas."

Trends on the M/C Venture Partners' list include:

1. **10+ Gbps broadband speed, a prevalent speed at the core of the cloud, is now being demanded closer to the cloud's edge, to connect enterprises and other network nodes.** Continued demand increases for Ethernet services and the shift away from copper-based TDM services by large enterprises and by wireless carriers to support more intensive network applications and more powerful Smartphones underpin these changes.
2. **DOCSIS 3.0 combined with dense metro network footprints among MSOs will change the nature of competition for enterprise broadband services.** The most recent evolution in the CableLabs standards delivers a new level of high bandwidth asymmetrical broadband service to the enterprise and will put pressure on other carriers to innovate their business models.
3. **Video consumption amongst consumers will continue to drive an unprecedented growth in bandwidth usage in the home.** However, consumers pay much less per megabyte of video than any other content or service. This

disparity in cost and value will cause revenue and pricing models to adjust to re-capture latent value, which in turn will trigger further investment in network services to consumers.

4. **With the emergence of 4G LTE, historically disparate wireless network standards will begin merging into a globally scalable network platform.** This will lead to accelerated innovation as economies of scale fully enable handset OEMs, application developers and carriers as never before. This trend will become more discernible in late 2010 and may lead to further commoditization of wireless network services, which carriers will carefully try to avoid.
5. **The popularity of social networking is driving competitors in the wireless industry, including handset makers and applications developers, to consider a next generation of “unified messaging” on handsets.** Email, SMS, IM and social networking will mesh into a consumer-driven experience of seamless messaging.
6. **Disparate handset application universes create barriers and switching costs for users and consternation among carriers who are ceding market power to handset OEMs.** Manufacturers such as Apple, Nokia, Blackberry and Palm, adopting a handset-centric application experience have shifted the balance of power from the carriers and created barriers around their own handset domains. Carriers will respond to mitigate commoditization of their networks.
7. **Smartphones will begin enabling voice applications in the enterprise.** Voice services continue to become more application-oriented in the enterprise through VoIP-desktop interoperability. At the same time, voice enhancements such as visual voicemail and voicemail-to-text are creating improved user experiences for mobile customers. Smartphones’ inherent computing and messaging capabilities will combine these voice innovations, providing a building block for fixed-mobile convergence.
8. **Recent consolidation of competitive local carriers points to more consolidation in the future.** Transactions by Comcast and Windstream show that MSOs and RLECs have viable business cases for acquiring CLECs and they will stimulate more activity in 2010 as CLECs continue to develop their businesses and prospective buyers pursue new market opportunities.
9. **Communications services companies will become more application-centric and focus on the consumer’s share of wallet, giving less consideration to network access methods.** As cable companies become more competitive with improved data offerings and as wireless carriers deliver a stronger consumer value proposition with mobile data, seemingly disparate products will encroach on each other and communications services companies will focus on capturing a “wallet share”.
10. **Unbridled power consumption in data centers will come under increased scrutiny.** Virtualization and decommissioning of older infrastructure will unlock power cost savings, while cloud computing and high-density data center

environments will place new power demands on operators. Energy management will become a key factor in improving data center profitability and data center power management innovations will appear on the horizon.

#### About M/C Venture Partners

M/C Venture Partners is a venture capital firm focused exclusively on the communications, media, and information technology sectors. The firm has invested over \$1.8 billion into nearly 100 companies in those sectors. Companies M/C has backed include Accent Health, Brooks Fiber, Fusepoint, GTS, ICG Communications (restructuring), Legendary Pictures, Lighttower (formerly National Grid Wireless), Melita Cable, MetroPCS, NuVox, Revol Wireless, and Zayo Broadband. The firm has strong institutional backing from leading pension funds and endowments as well as a long track record of success. M/C Venture Partners has offices in Boston, San Francisco and London. For more information, visit [www.mcventurepartners.com](http://www.mcventurepartners.com).

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**Contact:**

Neal Stein  
Boldbrook Marketing & Public Relations, Inc.  
321.253.8225  
[nealjstein@boldbrook.com](mailto:nealjstein@boldbrook.com)