

Wireless Communications Topical Report

Mobile Infrastructure Market: Hoping that LTE is Not Too Late

By Jagdish Rebello, PhD., Senior Director & Principal Analyst

Forecast**Frequency, Time Period**

- 6-year historical + 5-year annual forecasts

Measures

- Global capex and wireless infrastructure capex budgets of the wireless carriers
- Subscribers by networking generation
- Infrastructure market by networking generation
- Semiconductor market for infrastructure by networking generation

Regions, Markets

- Global

Detail Level

- By air interface standard

Applications/Products Covered

- Wireless infrastructure
 - Macro, micro, pico and femto base station units
 - Base station controllers and mobile switching centers (revenue, units)
 - Transceiver units
- Femto base stations

Technologies Covered

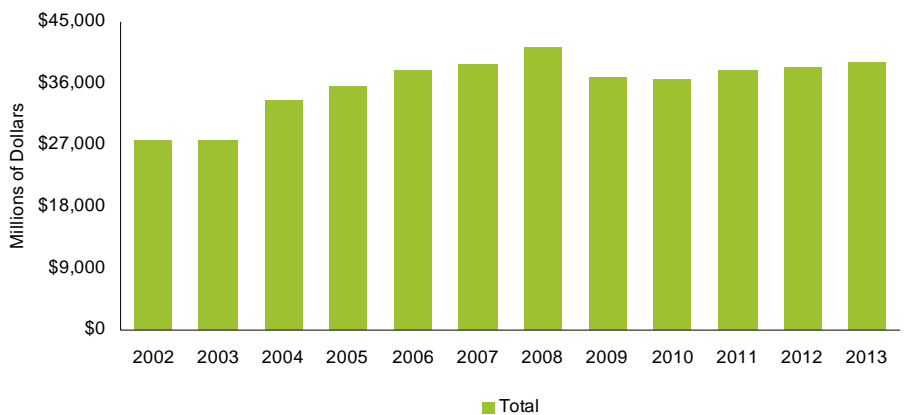
- GSM, GPRS/EDGE
- cdmaONE,
- CDMA2000-1x
- CDMA2000-1x-EV-DO
- W-CDMA/HSDPA/HSUPA
- LTE, WiMAX

The wireless infrastructure market which experienced modest growth between 2003 and 2008, contracted by 10.5% in 2009 to \$36.9 billion. The contraction was primarily driven by carriers in the developed nations given the slowing pace of their investments in data-centric 3G/3.5G technologies. In an uncertain macroeconomic environment and reduced customer spending, carriers have been extremely cautious on their capital expenditures.

iSuppli expects this cautious attitude to continue into 2010 as carriers seek to maintain a positive cash flow. Carriers that invested heavily in 3G technologies, will seek to recover these infrastructure investments before migrating to 4G. Many of these carriers will migrate to HSPA+ before deploying 3G. When 4G happens in 2011, it will be OFDMA based. And LTE will be the dominant 4G technology. But LTE will require significant infrastructure capital investments as existing 3G base stations will not be compatible without LTE or if significant modifications were not made.

For OEMs and semiconductor suppliers, data-centric 3G and 3.5G technologies represent a growing market opportunity through the forecast period. But while the market will grow, there will be a shake-up among the suppliers in the industry. It is more critical than ever to have the right strategy to succeed in the new paradigm that defines the infrastructure market.

Global Wireless Infrastructure Market By Networking Generation

**Key Issues Addressed:**

- What are the dynamics impacting the mobile infrastructure market? What are the capital spending plans of the wireless carriers in different regions of the world?
- What is the market for macro, micro and pico base stations and base station transceivers for different cellular technologies? What is the market for base station controllers and mobile switching centers?
- What are the potential 3.5G and 4G technologies?
- When will 4G happen? How will carriers transition to 4G?
- Which 4G technology will dominate? What is the market for WiMAX and LTE?

Applicable To:

- Semiconductor Suppliers, Wireless Infrastructure OEMs
 - Strategic managers
 - Product managers
- EMS/ODMs
 - Product managers
 - Procurement managers

Lead Analyst**Jagdish Rebello, Ph.D.,
Senior Director & Principal Analyst**

Jagdish is responsible for research and competitive analysis of various optical and opto-electronic components, wireless infrastructure and applications in optical networking communications. He also provides insights into emerging optical and wireless technologies such as Passive Optical Networks and WiMAX, while assessing their market impact.

Jagdish Rebello also directs the iSuppli India research initiative and analyzes the rapidly growing demand for consumer, automotive and wireless electronics in India as well as the emerging supply of electronic design and integration capabilities in India.

Prior to iSuppli, Jagdish worked with ADC Tele-communications as a Product Manager for several photonic components, directing the strategic and tactical marketing of MEMS switches, FBGs, optical couplers and WDMs - all specific to the telecommunications market.

Jagdish also successfully managed the optical spectroscopic detector line for Jobin Yvon, Inc. Jagdish has a PhD and MS in mechanical engineering from Ohio State University, an MBA in finance and marketing from Rutgers University, and a BS in mechanical engineering from the University of Bombay.

Table of Contents

- Executive Summary
- Findings and Implications
- Infrastructure Market: Not Immune to the Global Economic Downturn
 - 3G/3.5G to Dominate Mobile Infrastructure Spend
 - 3G/3.5G Evolution to Continue Through 2013
 - LTE will be Dominant 4G Technology
- Wireless Carrier Capex: The Engine Driving the Infrastructure Market
- Wireless Infrastructure Market Dynamics by Region
 - North American Wireless Market: Infrastructure Spend Dominated by 3.% Upgrades
 - European Wireless Market: Carriers Deploying 3.5G Enhancements
 - Asian Wireless Industry: Diversity across the technology spectrum
 - Latin America, Middle East, and Africa
- The Mobile Wireless Infrastructure Market
 - Backhaul Equipment Market
 - Impact of Network Sharing on Infrastructure Market
 - Femto Base Station Market: Extended Trials in 2009; Commercial Deployments in 2010
- The Live Wires of Wireless Infrastructure
 - Ericsson
 - Nokia Siemens Networks
 - Alcatel-Lucent Technologies
 - Motorola
 - Huawei
- Semiconductor Demand
- Appendix: Different Generations of Cellular Technology

Figures

- Global Capital Expenditure by Wireless Carriers for Infrastructure Equipment
- Wireless Systems —The Need for Speed
- Components of Worldwide Capital Expenditures for Wireless Communications
- Wireless Infrastructure Equipment Capital Expenditures by Region
- North American Wireless Infrastructure Capex by Technology
- European Wireless Infrastructure Capex by Technology
- Asia-Pacific Wireless Infrastructure Capex by Technology

- Latin American Wireless Infrastructure Capex by Technology
- Global Wireless Infrastructure Market by Networking Generation

Tables

- Total Capex Budgets of Major Wireless Carriers and Countries Worldwide
- Components of Worldwide Capital Expenditures for Wireless Communications
- Wireless Infrastructure Capex by Region
- Subscriber Forecast by Technology for the North American Wireless Industry
- Infrastructure Capex Forecast for North American Wireless Carriers
- Infrastructure Capex Forecast by Technology for the North American Wireless Industry
- Subscriber Forecast by Technology for the European Wireless Industry
- Countries of Operation for European Wireless Carriers
- Wireless Infrastructure Capex by Carrier in Europe
- Infrastructure Capex Forecast by Technology for the European Wireless Industry
- Wireless Infrastructure Capex by Carrier in Asia-Pacific
- Infrastructure Capex Forecast for Wireless Carriers in Asia-Pacific
- Subscriber Forecast by Technology for Asia-Pacific
- Latin America Wireless Infrastructure Spend by Technology
- Latin America Wireless Infrastructure Spend by Carrier
- Latin America Subscriber Base by Technology and by Carrier
- Middle East and Africa Wireless Infrastructure Spend by Technology
- Middle East and Africa Wireless Infrastructure Spend by Country
- Middle East and Africa Subscriber Base by Technology and by Country
- Global Wireless Infrastructure Factory Revenues by Networking Generation
- Global GSM Infrastructure Markets
- Global GSM Infrastructure Unit Shipments
- Global GSM Transceiver Unit Shipments
- Global CDMA2000-1x Infrastructure Markets
- Global CDMA2000-1x Infrastructure Unit Shipments
- Global CDMA2000-1x Transceiver Unit Shipments
- Global GPRS/EDGE Infrastructure Markets

Table of Contents (continued)

- Global GPRS/EDGE Infrastructure Unit Shipments
- Global GPRS/EDGE Transceiver Unit Shipments
- Global CDMA2000-1x-EV-DO Infrastructure Markets Table 31: Global CDMA2000-1x-EV-DO Infrastructure Unit Shipments
- Global CDMA2000-1x-EV-DO Transceiver Unit Shipments
- Global W-CDMA/HSDPA/HSUPA Infrastructure Markets
- Global W-CDMA/HSDPA/HSUPA Infrastructure Unit Shipments
- Global W-CDMA/HSDPA/HSUPA Transceiver Unit Shipments
- Global LTE Infrastructure Markets
- Global LTEA Infrastructure Unit Shipments
- Global LTE Transceiver Unit Shipments
- Backhaul and Gateway Infrastructure Markets
- Femto Base Station Infrastructure Markets
- Femto Base Stations vs. Wi-Fi Hot Spots for Indoor Cellular Coverage
- Leading Suppliers of Mobile Infrastructure Equipment in Past Five Years
- Leading Suppliers of GSM/GPRS/EDGE Mobile Infrastructure Equipment
- Leading Suppliers of W-CDMA/HSDPA Mobile Infrastructure Equipment
- Leading Suppliers of CDMA2000-1X/EV-DO Mobile Infrastructure Equipment
- Worldwide Semiconductor Market for Wireless Infrastructure
- Worldwide Semiconductor Market for Wireless Infrastructure by Functional Type
- Worldwide Semiconductor Market for GSM/GPRS/EDGE Wireless Infrastructure by Functional Type
- Worldwide Semiconductor Market for W-CDMA/HSDPA Wireless Infrastructure by Functional Type
- Worldwide Semiconductor Market for CDMA2000-1X/EV-DO Wireless Infrastructure by Functional Type
- Leading Suppliers of Semiconductor Solutions (Baseband, RF/IF ICs, and Power Management) to Mobile Infrastructure
- Leading Suppliers of GSM/GPRS/EDGE ASIC & ASSP Baseband Solutions to Mobile Infrastructure
- Leading Suppliers of W-CDMA/HSDPA ASIC & ASSP Baseband Solutions to Mobile Infrastructure
- Leading Suppliers of CDMA200 1X/EV-DO ASIC & ASSP Baseband Solutions to Mobile Infrastructure
- Leading Suppliers of RF/IF IC Solutions to Mobile Infrastructure
- Leading Suppliers of Power Amplifiers (including Power Amplifier Modules)
- Supplier-OEM relationship for Baseband Solutions for W-CDMA/HSDPA Mobile Infrastructure