

Latest analyst report from Senza Fili Consulting

Bringing wireless broadband to vertical markets

A high-margin revenue stream for operators and compelling services for enterprises and public entities.

Vertical applications are one of the best growth opportunities available to wireless operators in developed markets where retail subscribership is reaching saturation and ARPU are stagnant. Vertical applications for the enterprise open an entirely new market that wireless operators have thus far neglected. Even in emerging markets, enterprises are underserved and the prospective market promises to be profitable for operators.

For wireless operators, vertical applications can be quite attractive: revenues per connection may be lower (but not necessarily so for applications that require broadband), but so are churn and customer acquisition costs, while contracts often extend to 10 years and devices do not require subsidies.

Enterprises, too, stand to benefit from vertical applications, by reducing their capital (if they operate their own telecom infrastructure) and operating costs, and increasing the efficiency of their operations—in some cases, radically transforming them.

Vertical applications promise to radically change the wireless industry. The focus will no longer be exclusively on connecting people. Wireless operators will be able to connect the entire environment—people, vehicles, and machines. Several factors are encouraging this transformation:

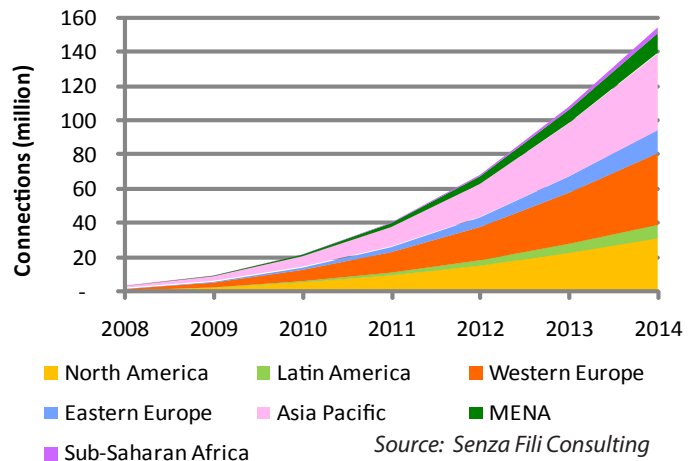
- Vertical markets are largely underserved—but demand is growing fast, and it is an opportunity specifically well suited to WiMAX and LTE operators
- Vertical applications will be crucial to the success of WiMAX and LTE operators: they can accelerate the progress to profitability with a very limited marginal cost of support
- Vertical players are showing a keen interest in mobile broadband functionality to improve their operations and reduce costs

But it is not easy to address vertical markets:

- Operators need to understand the specific requirements of vertical players
- Vertical markets are fragmented and require support for a wide range of applications
- New business models and marketing approaches are needed to address vertical players' requirements and expectations

This report from Senza Fili Consulting looks at the opportunity that vertical applications offer to wireless broadband (3G, WiMAX, LTE) operators worldwide. It combines an extensive forecast with an in-depth analysis of the industry drivers.

Vertical connections by region



Extensive forecast of vertical market applications for 3G, WiMAX, and LTE (2008-2014)

- Global forecast, with in-depth data for 7 regions and 16 countries
- Number of connections, service revenues, and device revenues by:
 - Technologies: 3G, WiMAX, LTE
 - Devices: M2M, In-Vehicle, Mobile
 - Applications: Telemetry, Vehicle Telematics, Financial Transactions, Building Monitoring, Surveillance, Content Delivery, Mobile Workforce

Key results by 2014

- Vertical applications will generate USD43 billion in service revenues
- Vertical connections will be equivalent to 7% of retail wireless broadband connections
- The largest market for vertical applications will be Asia Pacific, with 29% of connections
- Vehicle telematics and connectivity to the mobile workforce will be the two main applications
- Vertical connections equal 24% of WiMAX retail connections, 16% of LTE retail connections, and 8% of 3G retail connections



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Table of Contents

1	Executive Summary	10.2	3G
2	Report road map	10.2.1	3G connections by region
3	Introduction: connecting the environment	10.2.2	3G service revenues by region
4	The addressable market	10.2.3	3G connections by application
4.1	Moving from niche to mainstream	10.2.4	3G connections by device type
4.2	Why now? Global drivers to growth	10.3	WiMAX
4.2.1	Wireless broadband	10.3.1	WiMAX connections by region
4.2.2	Wireless connectivity in vertical markets	10.3.2	WiMAX service revenues by region
5	The value proposition	10.3.3	WiMAX connections by application
5.1	Network operators: the business case	10.3.4	WiMAX connections by device type
5.2	Vertical players: better functionality, lower costs	10.4	LTE
5.3	An ecosystem supporting multiple business models	10.4.1	LTE connections by region
6	Forecast approach and model	10.4.2	LTE service revenues by region
6.1	Our definition of vertical markets	10.4.3	LTE connections by application
6.1.1	Requirements	10.4.4	LTE connections by device type
6.1.2	Exclusions	11	Segments: the addressable market
6.2	Segments, applications, devices, technology	11.1	Global connections and service revenues by segment
6.3	Vertical market segments	11.2	Distribution of applications across segments
6.4	Vertical market applications	11.3	Connections and service revenues by region
6.4.1	Examples of vertical applications	12	Geography: forecast by region and country
6.5	Devices: M2M, vehicles, human	12.1	Asia Pacific
6.6	Wireless broadband technologies: 3G, WiMAX, LTE	12.1.1	Japan
6.7	Geographic coverage	12.1.2	China
6.8	Assumptions and methodology	12.1.3	South Korea
6.8.1	Assumptions	12.1.4	India
6.8.2	Sources	12.1.5	Australia
6.8.3	Comparison to the cellular market	12.2	Western Europe
6.8.4	Retail and vertical markets	12.2.1	Germany
6.8.5	Wholesale and retail models	12.2.2	UK
6.9	The forecast model	12.2.3	Italy
7	Forecast summary: global and regional markets	12.2.4	France
7.1	Connections by region	12.2.5	Spain
7.2	Service revenues	12.3	North America
7.3	Device revenues	12.3.1	USA
8	Applications	12.3.2	Canada
8.1	Overview of global forecast by application	12.4	Eastern Europe
8.2	Telemetry	12.4.1	Russia
8.3	Vehicle telematics	12.5	MENA
8.4	Financial transactions	12.6	Latin America
8.5	Building monitoring	12.6.1	Brazil
8.6	Surveillance	12.6.2	Mexico
8.7	Content delivery	12.6.3	Argentina
8.8	Mobile workforce	12.7	Sub-Saharan Africa
9	Devices: M2M, in-vehicle, human	13	Conclusions: new room for growth
9.1	Overview of global forecast by application	14	Acronyms and abbreviations
9.2	M2M devices		
9.3	In-vehicle devices		
9.4	Human devices		
10	Technologies: 3G, WiMAX, LTE		
10.1	Global comparison across technologies		
10.1.1	Connections		
10.1.2	Service revenues		
10.1.3	Applications		
10.1.4	Devices		

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