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# Emerging Markets: Technology Infrastructure Opportunity and Implications

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# Agenda

- Emerging Markets (EM) Definition
- Why EM are even more important than one would think
- Implications for infrastructure business
- Technology vendor positioning in EM
- Key takeaways

# Defining Emerging Markets

Gartner Includes in EM:

1. Latin America
2. Eastern Europe
3. Middle-East and Africa
4. Asia (excluding: Japan, S. Korea, Australia, New Zealand, Hong Kong, Taiwan, Singapore)

# EM Technology Infrastructure Opportunity – More Important than one would think

- EM already over 60% of WW telecom connections in absolute numbers
- Large and growing population - 85 percent of world population today
- Accelerating economic growth - faster than world average 2005-2010
- Telecom investment climate improving as many countries attempt to introduce competition and liberalization
- Vastly under-penetrated telecom markets. Under 15% penetration for fixed line connections about a quarter for mobile connections
- Between 2007-2010 100% of all growth in fixed line connections
- EM will account for 87% of the 1 billion + new mobile connections expected to be added WW during this time frame

# EM Technology Infrastructure Opportunity – More Important than one would think

- INNOVATION - THE DARK HORSE
- EM COULD BE THE LEADER FOR GLOBAL INNOVATION
  - It is needed more urgently there
  - It will be tried there first
  - It will be commercialized there first
  - Somebody will think of it there first
  - There will be more people thinking of it there

# EM Implications for Infrastructure Business

- Heterogeneous opportunity, need to get the must have markets right
- Five countries—China, India, Indonesia, Russia, and Brazil will account for 50% of total new telecom connections between 2005-2010
- China is a key target but many of the benefits cannot be exported
- India will grow as much as China in terms of connections over the next 5 years and is more outward looking
- Need to master a complex set of skills as illustrated by the Gartner Emerging Markets Vendor Scorecard Methodology

# EM Implications for Infrastructure Business

- Gartner Emerging Markets Scorecard Methodology
  - Product capabilities
  - Service and value added applications capabilities
  - Financial capabilities (internal and external financing)
  - Local presence
  - Track record in EM
  - Focus on EM

# Technology vendor positioning in EM

Figure 7. Telecom Vendors' Overall Scores in Emerging Markets

	Poor	Neutral	Good	Very Good
Alcatel				
Cisco				
Ericsson				
Huawei				
Lucent				
Nokia				
Siemens				
UTStarcom				
ZTE				

Source: Gartner Dataquest (August 2006)

# Key Takeaways

- EM key for the future technology business
  - Growth and innovation
- India most important single country
- Vendors need to master a complex skillset
- Ericsson currently overall best positioned vendor