

## World Mobile Equipment Market

**The global equipment market represented a total 284 billion euros in 2009, and IDATE predicts an increase of 1.5% for 2010**

Barcelona, Spain, 15 February 2010 - **As expected, 2009 was a tough year for the telecom equipment market. With the first warning signs of a slowdown in summer 2008, equipment manufacturers were the hardest hit by the recession. The difficulties encountered by the telecom equipment market were due especially to telcos' reduced spending that was slashed even further as the economy tanked. Dipping more than expected, especially after years of growth, the market is expected to shrink by 2% in 2009.**

- **Download the complete report - Mobile 2010: Markets & Trends**

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- **Attend the public presentation on "LTE perspectives"**

→ by Frédéric PUJOL, Head of the Mobile Broadband Practice  
**15 February – 15:40, Hall 2, Booth (French Pavilion)**

- **Schedule a meeting with our Consultants in Barcelona**

→ [b.sikanic@idate.org](mailto:b.sikanic@idate.org)

**Mobile 2010**  
Markets & Trends | Facts & Figures

The mobile phone market has been deeply affected by the global economic crisis that began in 2008. With strong pressure on sales, the mobile handset market has gone from double-digit growth in 2002 to negative growth (-4%) in 2009. In terms of volume, the number of handsets sold dropped by 6% in 2009, down to 1.12 billion units, on the heels of +6% growth in 2008, which was nevertheless below initial predictions. The overall downturn that is currently affecting the cellular market is expected to continue and constrict growth in 2010 (+2.5% YoY).

Operators have been selective in their spending on network infrastructure, confining their investments to IP-based and optical transmission equipment, to be able to satisfy their residential and business customers' ever-increasing bandwidth requirements. Mobile equipment sales have come under strong pressure, although vendors do see certain regions, especially the Middle East, Africa and Latin America, as future growth areas once 3G auctions have wrapped up. Mobile equipment in fact continues to dominate telecom industry spending around the globe.

The wireline infrastructure market was down again in 2009, and carriers' transition to NGA networks – and particularly to FTTx infrastructure – was not enough in the grim economic climate to offset the decline of DSL equipment sales (-15% decrease in DSL port shipments in 2009).

On the flipside, the current economy has stepped up demand for services, such as managed solutions, that provide increased efficiency. Carriers' cost-cutting measures have translated into weakened control over their networks which, in 2009, meant a real upswing in infrastructure outsourcing deals and a growing number of operators turning to infrastructure sharing.

## World telecom equipment market, by segment

(million EUR)	2006	2007	2008	2009	2010	2011	2012	2013
<b>Mobile handsets</b>	<b>105 948</b>	<b>120 416</b>	<b>124 712</b>	<b>120 022</b>	<b>123 091</b>	<b>128 372</b>	<b>137 676</b>	<b>146 138</b>
<b>Enterprise equipment</b>	27 945	29 537	30 844	29 443	29 106	29 260	29 624	29 687
<b>Wireline access</b>	5 964	6 465	6 602	6 430	6 514	6 590	6 670	6 846
<b>Mobile access</b>	26 299	25 667	26 260	26 214	26 085	26 476	26 856	27 661
<b>Voice switching</b>	18 006	17 501	17 074	13 645	11 146	10 145	9 235	8 079
<b>Optical transmission</b>	12 183	13 670	14 683	15 375	15 595	16 167	16 578	17 325
<b>Carrier routers and switches</b>	7 742	8 400	8 692	8 687	8 756	8 963	9 096	9 231
<b>OSS/BSS</b>	6 942	7 256	7 402	7 172	7 257	7 415	7 440	7 499
<b>Infrastructure services</b>	17 924	20 424	22 430	24 050	26 360	29 214	32 922	36 332
<b>Total Infrastructure</b>	<b>123 005</b>	<b>128 920</b>	<b>133 988</b>	<b>131 016</b>	<b>130 819</b>	<b>134 229</b>	<b>138 420</b>	<b>142 661</b>

Source: IDATE

### Changes in the equipment market landscape

The gap between vendors' performance widened in 2009, a year that served chiefly to expose their struggles. Nortel was the first victim, and its bankruptcy reshuffled the landscape as the company auctioned off its business, piece by piece. Virtually all infrastructure suppliers have been affected by the downturn, and the market is now populated by five heavyweights, including Ericsson which has managed to strengthen its position by taking over some of Nortel's assets and expanding its foothold in the North American market.

Meanwhile, some of the smaller manufacturers, such as Motorola, have really felt the squeeze – their lack of critical mass making it hard to withstand intensified price wars. Mega mergers have also resulted in underperforming revenue growth, with both Alcatel-Lucent and Nokia-Siemens posting negative revenue growth for two years running.

Chinese manufacturers continued to enjoy a healthy growth momentum, albeit at a lesser pace than in the five past years. Huawei, which had been boasting a 40% growth rate, is expected to report a 20% increase in income in 2009, which still puts it near the top of the ranks, alongside ZTE.

Nokia remained the top handset manufacturer, with a 36% market share in 2009. However, with sales in emerging markets slowing because of the downturn, pressure from the competition is increasing. The two major Korean manufacturers Samsung and LG, consolidated their positions and moved into second and third spot in the global rankings – having increased their market share over 2008 through their commitment to high-end and innovative devices. Meanwhile, Motorola continued its struggle to overcome certain difficulties, while Chinese equipment manufacturer ZTE increased its market share, rising through the ranks to become the globe's 6<sup>th</sup> largest handset maker.

### 2009 Top 10 network equipment providers (provisional)

Ranking	Network equipment provider	2009 F	2008	Growth rate 2009/2008
1	<b>Cisco</b>	25 202	26 642	-5.4%
2	<b>Ericsson</b>	21 834	21 555	+1.3%
3	<b>Alcatel-Lucent</b>	15 286	16 692	-8.4%
4	<b>Nokia Siemens Networks</b>	13 768	15 309	-10.1%
5	<b>Huawei</b>	12 464	10 345	+20.5%
6	<b>NEC</b>	6 093	6 579	-7.4%
7	<b>Motorola</b>	6 043	6 196	-2.5%
8	<b>Nortel</b>	4 540	6 933	-34.5%
9	<b>Juniper</b>	2 410	2 430	-0.8%

Ranking	Network equipment provider	2009 F	2008	Growth rate 2009/2008
10	ZTE	4 253	3 051	+39.4%

Source: IDATE

## Recent reports on the mobile market published by IDATE consultants

- **World LTE market** (Watch Service, 2010)
- **World Telecom Equipment Market** (Market & Data Report, 2010)
- **World Telecom Services Market** (Market & Data Report, 2010)
- **Telecom Service Pricing** - Fixed Broadband and Mobile Service Benchmark (Market & Data Report, 2010)
- **Mobile Internet** (Market & Data Report, 2010)
- **Mobile VoIP** (Innovation Report, 2009)
- **Mobile TV – Hybrid networks** (Innovation Report, 2009)
- **Connected Devices** (Innovation Report, 2009)
- **Fixed-Mobile Convergence in the Business World** (Innovation Report, 2009)
- **M2M** (Market & Data Report, 2009)
- **Radio Spectrum** (Innovation Report, 2009)
- **Femtocells** (Market & Data Report, 2009)
- **Mobile Network Outsourcing & Sharing** (Innovation Report, 2009)

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- **An independent consultancy** - IDATE has established its credibility and independence in conducting consultancy and study assignments on behalf of its clients: market reports (techno-economic monitoring, modelling and forecasts, sector-specific analysis, surveys); international benchmarking (positioning studies, convergence strategies, competition analysis); assistance in the launch of new products (technical analysis, competitive environment, business planning); public policies (public policy definition and assessment, socio-economic impact, project implementation and management, regulatory benchmarking).
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