



PRESS RELEASE

Tellumat

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The future of customer premises equipment providers

The move towards broadband and hosting will not diminish the role of CPE providers

As telcos push ADSL broadband to counteract slowing growth in voice income, small and micro businesses will be able to buy an end-to-end broadband, hosting and voice-over-IP (VOIP) service from one provider, carried by one line. Such providers will focus on hosting to get a return on investment.

But even in a hosting environment there will always be a need for some form of customer premises equipment (CPE), says Bennie Langenhoven, GM of Tellumat Communications, the telecoms equipment provider in the Tellumat group. "This may include gear such as Wi-Fi connectivity, mobility solutions, gateways and basic network functionality."

Hosting is at any rate not always the best answer, he says. "It is not suitable for all applications yet. Consider also that server and domain hosting require a fixed IP address, and that this is not available with ADSL. Lastly, I believe that while a hosted model is good for smaller IT budgets, mid-sized and larger firms will always prefer to own their equipment."

Langenhoven says the solid growth in broadband ADSL in the last year has largely been the result of significant uptake among business, mainly small and medium-sized businesses. "Moreover, many of these are first-time connectivity customers, meaning the market for broadband is growing significantly, and with it, the market for hosting and CPE infrastructure."

"Even bigger companies install ADSL lines for applications like Web browsing. They may prefer Diginet's Quality of Service [QoS] for mission-critical applications like e-mail and voice, but they're happy with the more cost-effective, best-effort service of ADSL on other applications. We often find that, as companies start using more bandwidth than it needs QoS for, the overflow is caught with ADSL."

He adds that ADSL's popularity has hurt dialup, which, while still growing, has all but reached the end of its life as a connectivity technology. "ISDN was briefly popular a few years ago, but it, too, has been overtaken because of the superior price-performance ratio of ADSL." Langenhoven says this means the type of CPE equipment sold to customers is changing, to reflect the new broadband reality.

So for what categories of CPE equipment does a need exist? For one thing, says Langenhoven, there is a huge call for office-in-a-box solutions, with Ethernet (Wireless) network ports, ADSL connectivity, telephone jacks, cordless extensions and even fax functionality. "Bundled with a hosted service, this gives the customer an end-to-end voice and data comms solution."

What about VOIP? Langenhoven believes the technology issues with readying a network to handle voice VLANs for quality of service mean VOIP is not for everyone. "Greenfield implementations have a lot to gain from it, but without the correct preparation or the QoS backup of time-division multiplexing [TDM] voice equipment, organisations may run into problems."



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Langenhoven says IP ports shipped in the US now amount to half of all ports shipped, but it could take three to five years before the conversion to IP attains the same momentum locally. "There are a lot of mavericks out there selling VOIP, and open source is a big drive in a cost-conscious market, but you have to be conservative in your approach to VOIP."

With this in mind, he says hybrid solutions with TDM backup or in-skin IP functionality, featuring proprietary Session Initiation Protocol (SIP), are the current reality. "Down the line a next-generation of from-the-ground-up IP solutions, featuring open SIP protocol, will start taking off."