

Emerging Media Dynamics **Special Report**

Broadband Hits Maturity: Implications of a Slower- Growing Market

August 2007

A Strategic Report by
Emerging Media Dynamics
www.emediadynamics.com
www.ipmediamonitor.com



Emerging Media Dynamics, Inc.™

Table of Contents

Introduction and Summary	1
I. Signs of a Broadband Growth Slow-Down Emerged in Q2 07	4
II. Hitting the Growth Wall: Diminishing Broadband Gains Lie Ahead	9
A. Key Caveats to Our Projections	9
B. Growth Cool-Down Could Hit Cable and Phone Industries Unevenly	10
III. Round Up of Other Competitive Dynamics That Affect Broadband Growth	15
A. Cable Basic Subscriber Growth Reversed Itself in Q2 07	15
B. Telcos Continued to Lose Access Lines	17
C. Cable Operators Continued to Accelerate Telephony Gains	17
D. Phone Companies Continued to Accelerate Video Subscription Growth	19
E. Telco Mobile Service Gains Continued at Slower Rate	20
IV. Implications of the New, Slower-Growing Broadband Market	21
About Emerging Media Dynamics	23

List of Tables

Table 1 – High-Speed Subscriber Counts for Top Cable and Telco Providers, Q4 05 to Q2 07	5
Table 2 – Detailed U.S. Residential Internet Subscriptions, By Type of Service, 1997 to 2017 ...	11
Table 3 – Top Cable Operator Homes Passed and Basic Subscriber Counts, Q4 05 to Q2 07 ...	16
Table 4 – Top Telco Access Line Counts, Q1 06 to Q2 07	17
Table 5 – Cable Telephony Subscriber Counts by Company, Q1 06 to Q2 07	19
Table 6 – Incumbent Telco Video Subscribers, Q2 06 to Q2 07	20
Table 7 – Incumbent Telco Mobile Voice Customers, Q2 06 to Q2 07	20

List of Figures

Figure 1 – Total U.S. Internet and Broadband Penetration, 1997 to 2017	1
Figure 2 – Net High-Speed Subscriber Additions, Top Cable Operators, Q1 06 to Q2 07	4
Figure 3 – Net High-Speed Subscriber Additions, Top Incumbent Telcos Q1 06 to Q2 07	6
Figure 4 – Net High-Speed Subscriber Additions, Top Telco and Cable Companies, Q1 06 to Q2 07	7
Figure 5 – Cable’s Share of Total Broadband Subs., Net Adds, Q1 06 to Q2 07.....	8
Figure 6 – Total Residential Broadband Units, All Types, 1997 to 2017	12
Figure 7 – U.S. Total Broadband Unit Growth on Annual Basis, 1998 to 2017.....	12
Figure 8 – U.S. Telco Broadband Unit Annual Growth, 1998 to 2017.....	13
Figure 9 – U.S. Cable Modem Unit Annual Growth, 1998 to 2017	14
Figure 10 – Top Cable Operator Quarterly Basic Subscriber Gains (Losses), Q1 06 to Q2 07....	15
Figure 11 – Top Cable Operator Net Telephony Subscriber Gains, Q1 06 to Q2 07.....	18



Special Report

Broadband Hits Maturity: Implications of a Slower-Growing Market



Emerging Media Dynamics, Inc.™

August 2007

About Emerging Media Dynamics

Emerging Media Dynamics provides data-rich, well-informed and up-to-the-minute customized reports, analyses and presentations that decipher, interpret and explain the rush of corporate, technological and policy changes driving the development of cutting-edge communications applications. Video-over-IP, voice-over-IP and video messaging are among only some of the quickly advancing services made possible due to the integration of IP technology into traditional voice, video and data businesses.

Our Skills

Emerging Media Dynamics draws on a team of industry experts with the skill, knowledge and experience to quickly analyze the onrush of corporate mergers, technology shifts, evolving business models and government policy changes to keep media, telecommunications, entertainment and technology companies up-to-speed on IP-enabled business opportunities – and threats.

Emerging Media Dynamics was founded by veteran analyst Cynthia Brumfield. Ms. Brumfield has honed her expertise through extensive experience at top-flight research firms. In 1999, Ms. Brumfield launched her first advisory services practice and developed the first daily publication devoted to the rapidly developing broadband infrastructure. Ms. Brumfield also served as a Senior Analyst at Paul Kagan Associates, Inc. and spent ten years as the Vice President of Research and Policy Analysis at the National Cable and Telecommunications Association. Before joining NCTA, Ms. Brumfield was the Director of Research at the Media Institute, a nationally recognized, nonprofit research organization.

Customized Client Advisory Services

Among the customized client services provided by Emerging Media Dynamics, in both written and in-person presentation formats, are:

- In-depth coverage of the latest developments driving the high-speed, IP-enabled communications services.
- Analysis of the key companies driving the development of new broadband and IP-enabled services.
- Up-to-date and thorough status reports on the financial, operating and technology development status of major broadband providers, technology vendors and content suppliers.

Emerging Media Dynamics also develops proprietary reports, publications and events focusing on new IP-enabled content and application services. For more information, please contact Cynthia Brumfield at Cynthia@emediodynamics.com or call 240-235-1994

Web-Based Publications

Emerging Media Dynamics also produces web-based publications, including the fast-growing IP Media Monitor (www.ipmediamonitor.com) and the A-list blog IP Democracy (www.ipdemocracy.com). IP Media Monitor is the definitive publication that provides insight, analysis and news on the emerging services and applications that ride on top of the IP platform. From voice-over-IP to IPTV to online gaming and more, IP Media Monitor cuts to the chase and delivers information to help cable, phone, wireless, content and technology companies navigate the new world of IP-based voice, video and audio services.