



NEW PARADIGM RESOURCES

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**TELECOM CARRIERS & CABLECOs ON THE BRINK OF
HANDING COMMUNICATIONS INDUSTRY FUTURE
TO WEB-ERA SERVICE PROVIDERS**

New Study Examines the Trajectory Towards Telco and Cableco Irrelevancy

**“THE MOBILE TRAFFIC DELUGE & THE REAL IMPLICATIONS
FOR THE COMMUNICATIONS INDUSTRY”**

Chicago, IL April 25, 2011 - Traditional telecom carriers and their wireline cousins, the cable companies, are on the brink of relegating themselves to little more than providers of commodity inputs for the next generation applications and communications services increasingly provided by Web-era, IP-centric service providers such as Apple and Google. Adding further momentum to this trend is the continued explosion and richness of “communications” services and the de-tethering of these services from wired circuits. These conclusions and their bases are at the core of New Paradigm Resources Group, Inc.’s (NPRG) most recent study *The Mobile Traffic Deluge & the Real Implications For The Communications Industry*.

“To date, most analysis of the prospect of mushrooming Mobile Broadband Demand Growth has been a lot of hand-waving and head-nodding,” explained NPRG’s President, Craig Clausen. “Everyone can spout off astronomical growth figures, but decision-makers, the people sitting in the Executive Suites of some of the world’s largest carriers, need more than another set of forecasts. They need a “bottom-up” model that not only forecasts network traffic growth, but also disaggregates growth components for careful scrutiny.”

The Report reveals dramatic findings and analyses, including:

- Consensus forecasts of Mobile Data to 2015 – such as the Cisco VNI – *understate* likely demand by an *order of magnitude or greater*;
- The actual demand DELUGE and the limited ability of carriers to respond will expose sharply divergent interests of the Web-based companies, such as Google, Apple, Facebook and others, versus the entrenched carriers;
- Dynamic new strategies will be required if the Web-based growth companies wish to avoid seeing their spectacular growth rates curbed;
- The study also introduces new concepts for studying demand such as: Interdependence of Apps and Base Load Demand; in addition to User-Initiated Demand.

Noteworthy Report Based on Executive Suite Experience

“This study had to be performed by true thought-leaders with a unique set of insights, experience and expertise,” Clausen noted. “Given the ramifications of the study’s findings, decision-makers – our clients – have to be confident that the principal authors understand the data and analysis they need as input into their strategy setting process. The authors of *The Mobile Traffic Deluge* have that and more.”

NPRG’s Senior Directors *Al Boschulte* and *Victor Schnee* are the study’s principal analysts. The two have over fifty years of industry experience as leaders in the broadband. wireless field. They have successfully run wireless companies – Mr. Boshulte was CEO of NYNEX Mobile and also founded and ran a GSM company, Excelcomindo, in Indonesia. Mr. Schnee is a highly acclaimed industry analyst and forecaster and draws on his deep background in finance and venture capital who has directly completed deals with people as prominent as Craig McCaw.

Foretelling of Major Changes to the Structure of the Telecom Industry

Study co-author Al Boschulte notes, “The carriers are boxed in. They’ve had to move to 4G more quickly than their traditional capital recovery models provided for, but they still can’t deal with the tidal wave that’s coming towards them.” He adds, “The duopolists, T and VZ, have created virtually no shareholder value over a decade, while the Web-based companies have created over \$1 trillion worth. Once the implications of the DELUGE sink in, we look for fundamental changes in the very nature of how the communications business is owned and run.”

“Consensus studies, like the much-cited Cisco “Visual Networking Index” appear to be top-down exercises that include flawed assumptions that won’t provide an accurate picture for decision-makers,” explained Study co-author Victor Schnee. “We have developed the first model which is truly a Bottom-Up model. We examine all the factors impacting mobile broadband growth at the level of the Cell Site: Changing user behavior; Growing device capabilities; Expanding apps capabilities; Ease of access to apps; Plummeting device costs; Growth of Multi-device subs; Emergence of Augmented Reality; and Increased wireless substitution. The Mobile Internet is not ‘your daddy’s Internet’ all over again.”

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