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New Paradigm Resources Group Sees Gig-E Gaining Momentum in Metro Area Networks

Capital Expenditures on MAN Ethernet Networking Equipment to Top \$1.2 Billion by 2003

CHICAGO, JUNE 26, 2001 – As long as businesses and consumers continue demanding more bandwidth, Gig-E, short for Gigabit Ethernet, will continue to gain momentum as a lower cost, easier managed IP networking technology for Metro Area Networks (MANs), according to a new report from New Paradigm Resources Group, Inc. (NPRG). The first *Gig-E/MAN Report™*, released today, profiles the service providers offering Gig-E solutions, and explores the technology that is increasingly seen as a solution to the metro bandwidth bottleneck.

Gig-E is the latest fully functional version of Ethernet, a networking protocol that began as a simple Local Area Network connection. At gigabit transmission speeds, however, Ethernet has become a suitable protocol to connect devices over much wider networks like the MAN, which connects an enterprise's phones and computers to each other and the long-haul fiber networks beyond. Gig-E is gaining momentum because it is widely known, and when extended beyond the confines of the LAN, it negates the need to convert data to the SONET protocol, the traditional protocol of MANs. Bypassing this conversion and chokepoints in the MAN makes Gig-E a lower cost, easier maintained and more scalable protocol to transmit data across the MAN – and carriers are taking notice.

A look at the numbers illustrates Gig-E's growing acceptance and momentum. According to the *Gig-E/MAN Report™*, carriers will spend an estimated \$1.2 billion in 2003 on Ethernet equipment to transport data across the MAN, nearly double the capital expenditure forecast for 2001. Consequently, Ethernet services will become a larger part of service providers' revenue mix. NPRG's *Gig-E/MAN Report™* forecasts Ethernet service revenue across the MAN to reach \$657 million in 2003, compared to \$189 million in 2001.

“More bandwidth is not necessarily the answer to breaking through bottlenecks on the MAN,” said Terry Barnich, President of NPRG. “Gig-E represents a more efficient, high-speed transmission technology that can alleviate network congestion, and it will increasingly play a larger role in MAN operations.”

Gig-E includes the functionality required to successfully navigate data through the MAN, spanning extended transmission range, increased transmission connectivity rates and support for bi-directional operations. In 2002, 10 Gig-E will offer significantly higher transmission rates and even longer distances, pointing to a future where Ethernet is pushed deeper into the metro core, as well as out into the long-haul networks that connect MANs.

“NPRG’s first *Gig-E/MAN Report™* will give investors, service providers and equipment vendors a comprehensive overview of an exciting, growing segment of the telecommunications industry,” said Craig Clausen, Senior Vice President for NPRG. “GIG-E represents a proven, economical solution to the challenges of networking, with huge untapped potential in the local and long distance markets.”

The first edition of the *Gig-E/MAN Report™* provides extensive coverage of the Gig-E opportunity and the carriers in the Gig-E/MAN space. Company profiles will cover strategy, major accounts, partnerships, services, networks, markets served and financing. The report is available from NPRG for \$3,250 by calling 312-980-4796, or by ordering through NPRG's e-commerce site at <http://ecom.nprg.com>.

About New Paradigm Resources Group

New Paradigm Resources Group, Inc. is a research and consulting firm monitoring and analyzing developments in the competitive telecommunications industry. NPRG maintains an extensive array of proprietary databases that support our foundational industry reports, which, in turn, fuel our client-specific expert consulting work. NPRG publishes the *CLEC Report™*, a biannual multi-volume review of the state, trends and future of the competitive local telecom industry, as well as the *Gig-E/MAN Report™*, *ISP Report™*, *DSL Report™*, *ASP Report™*, *Utilities in Telecom Report™* and the *BLEC Report™*.