

EXECUTIVE SUMMARY

Explosive bandwidth growth continues to be seen in enterprise and wholesale telecommunication segments. The solutions to address surging demand in these high end segments range from cable's DOCSIS 3.0 to fiber-based transport—even though most such big pipe offerings entail compromise, a balancing of pros with cons. In contrast, Ethernet's utility has proven to far outweigh perceived drawbacks, evidenced by how rapidly the technology has emerged. Metro Ethernet service, once solely the province of pure play Ethernet providers, is now offered by the entire gamut of carriers—all now rushing to address the constantly overflowing bandwidth requirements of service providers and large businesses.

New Paradigm Resources Group, Inc. (NPRG) began tracking the Carrier Ethernet market in 2001, with our *GIG-E/MAN Report*. Even then we recognized the impact Ethernet service would have, not just in the market for metro access networks (MAN), but how these services could come to address other bandwidth intensive applications. Just as the sheer scope of markets for computing and networks has surprised us all, so too the need for bigger pipes and faster access has exceeded most forecasts. As the market for scalable, high-bandwidth, carrier-grade service continues to explode, so does the Ethernet market.

Historically, the sector was held back by a lack of widespread optical infrastructure. But now with more rational fiber capacity costs, and the prospect of Ethernet being offered over other physical media—such as copper and fixed wireless—the sector is entering a new phase of growth. Traditionally focused on specific verticals and market segments, Ethernet service penetration is rising. As the technology gains greater acceptance and broad-based demand continues to swell, carriers offering Ethernet service are capturing ever more market share.

The *Metro Ethernet Sector Analysis Report* presents clients with a deep, well-rounded and accurate picture of the sector, alongside details and specifics on critical market components.

- Emerging and ongoing trends in the Metro Ethernet market
- Critical drivers moving the Ethernet market forward
- Forecasts, market sizing and other quantitative analysis, to gauge the outlook and magnitude of the market opportunity
- Profiles of representative Metro Ethernet service providers, providing context on the range of carriers already active in the market

For clients taking their first steps as meaningful players in the Ethernet space, either as equipment vendors or service providers, the analysis behind each of these components holds important keys to success.

The Metro Ethernet market continues to expand at significant rates. Over the past five years, Ethernet service revenue has averaged growth of nearly 60% per year. Going forward, we forecast a compound annual growth rate (CAGR) of around 25% between 2009 and 2013, making the Ethernet service arena one of telecom's brighter spots.