

# Broadband: The Next Step

(panel: Visions and Strategies of Telecom Operators in Asia)

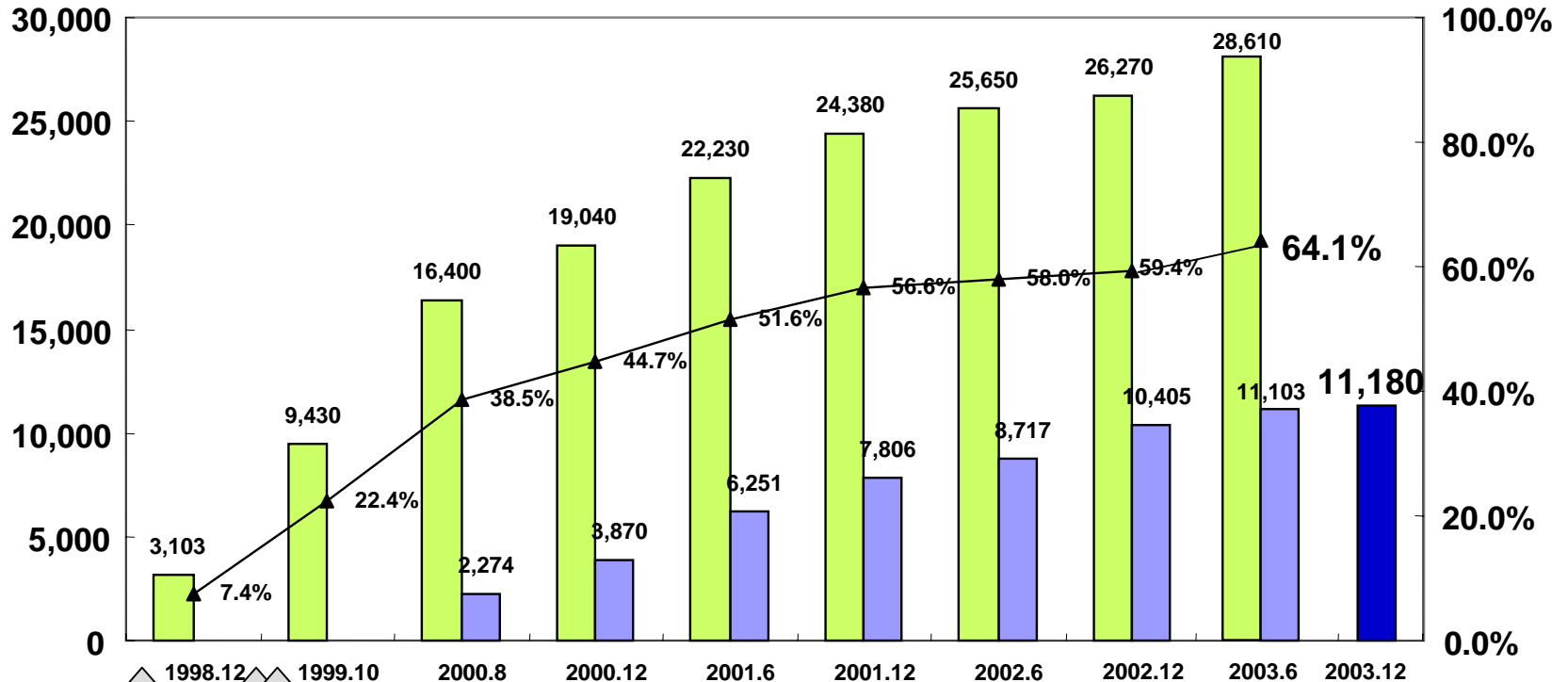
2004. 4

Dongmyun Lee



# Broadband Internet Business in Korea

(unit: thousands)



↑ 1998. 7 Thrunet  
 ↑ 1999. 4 Hanaro  
 ↑ 1999. 6 KT

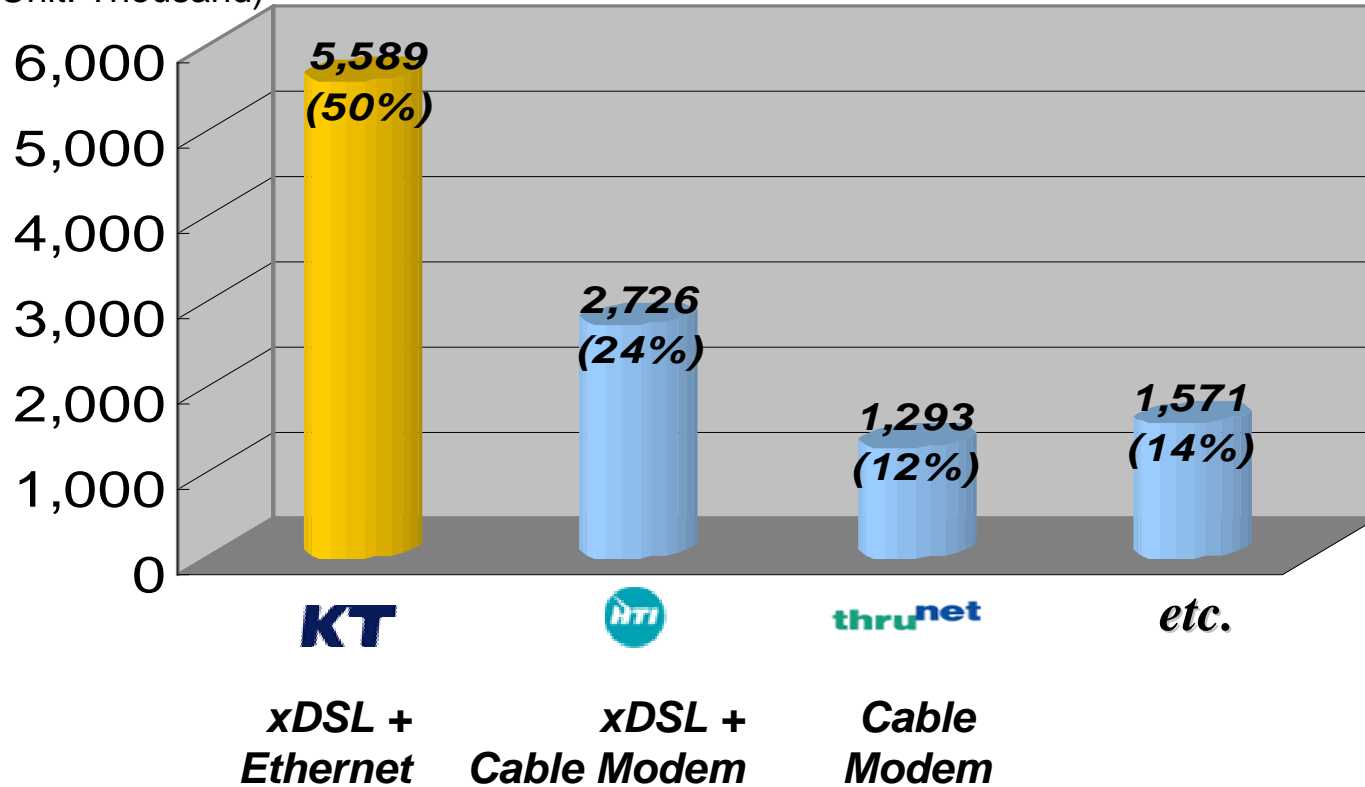


**~73% of total households**

(ref: www.krnic.or.kr)

# Broadband Technology & Market Share

(Unit: Thousand)



(ref: [www.mic.go.kr](http://www.mic.go.kr), Dec. 2003)

# Two Sides of the Broadband Internet Business

**Dark Side**

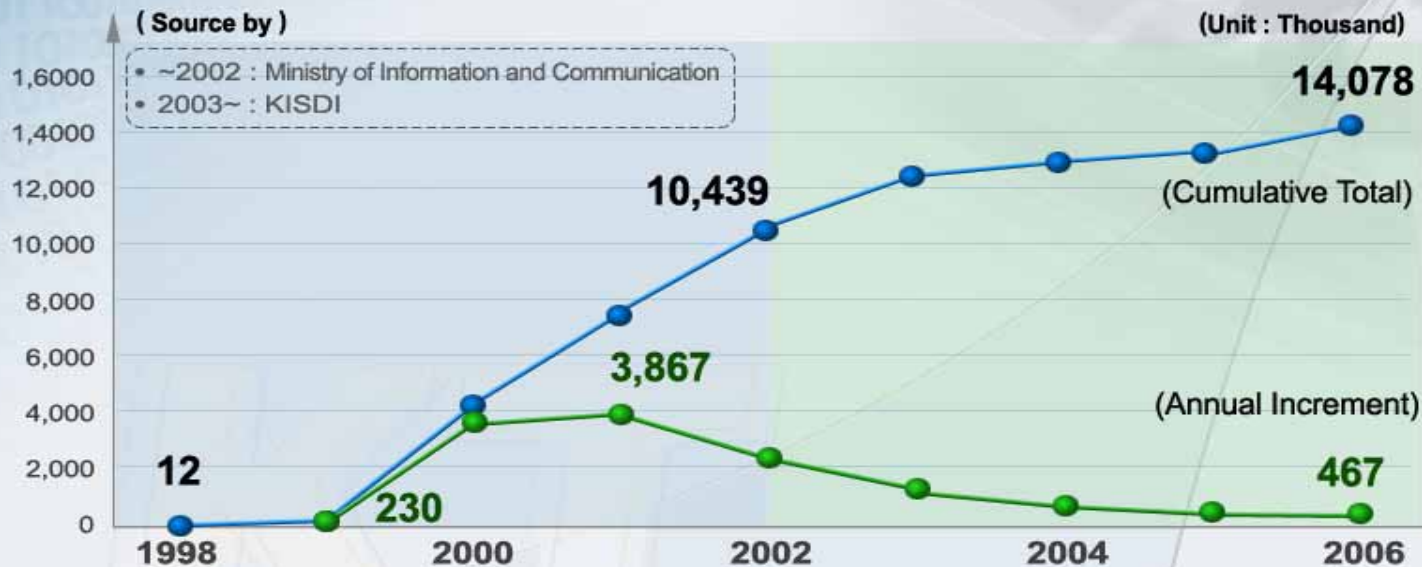
**&**

**Bright Side**

**Market saturation**

**Infra for new growth**

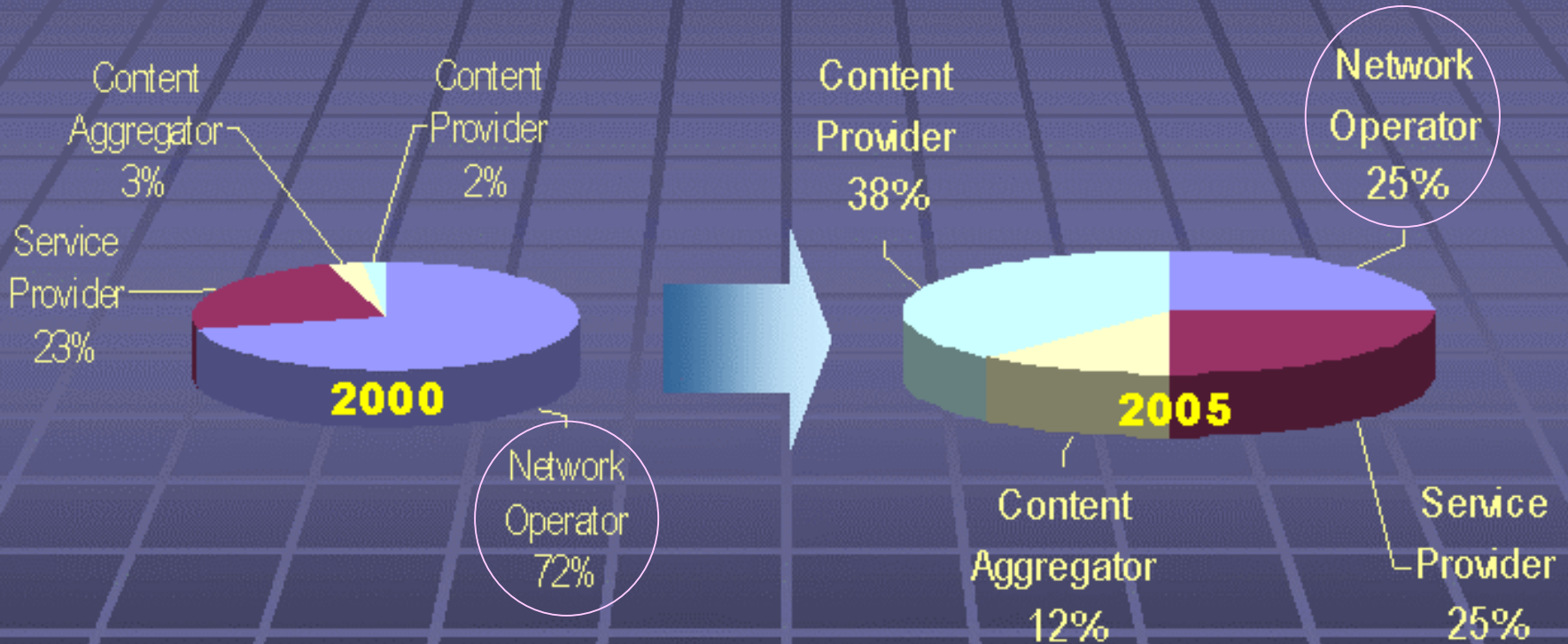
## Subscription Growth and Forecasting



# Reducing Role of the Network Operator

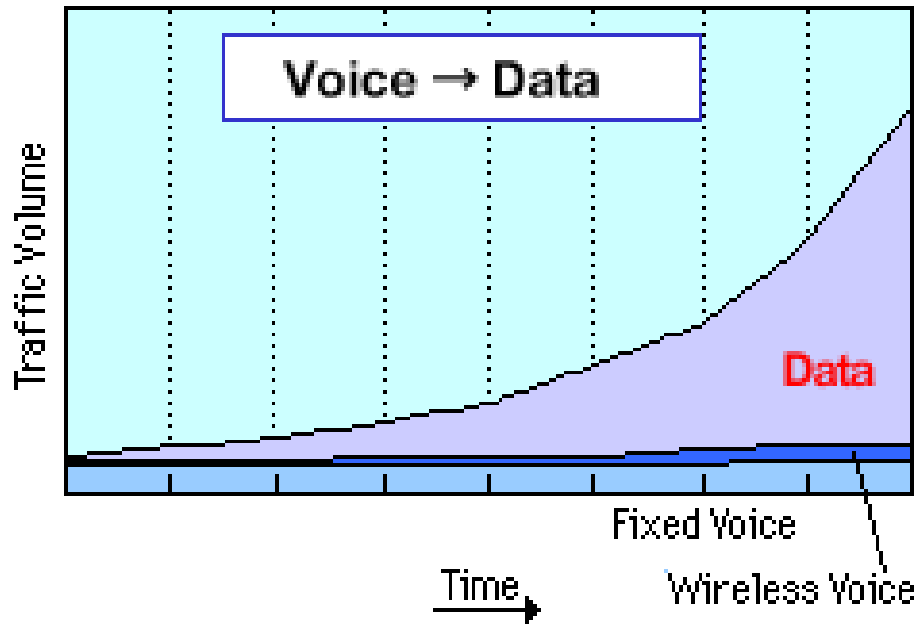
**Network Operator portion: 72%→25%**

*Forecasted by Arthur D. Little (100% = 40-60 Euro per subscriber)*



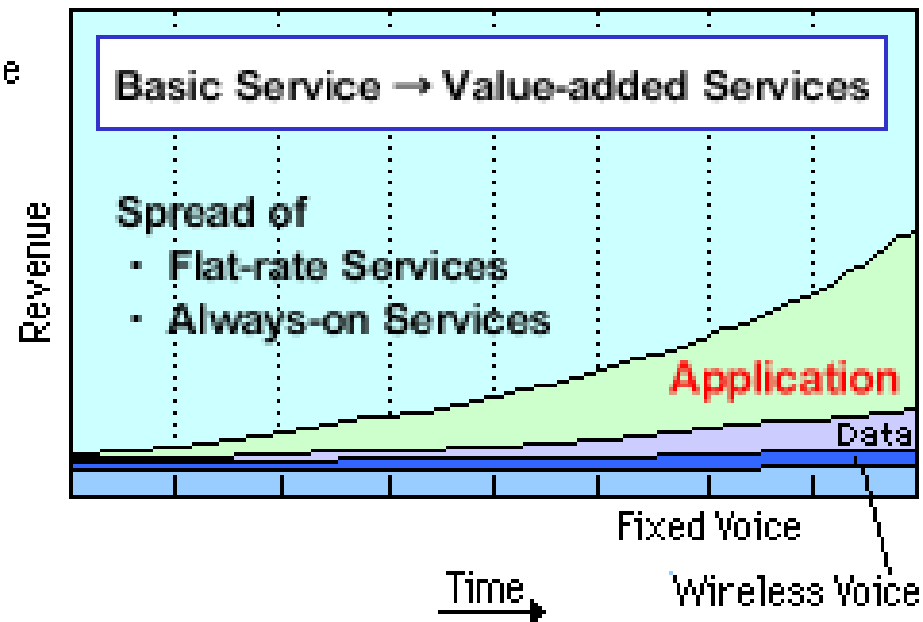
<ref: ITU-T IP/Optical Workshop 2002.7>

# Traffic & Revenue Anomaly



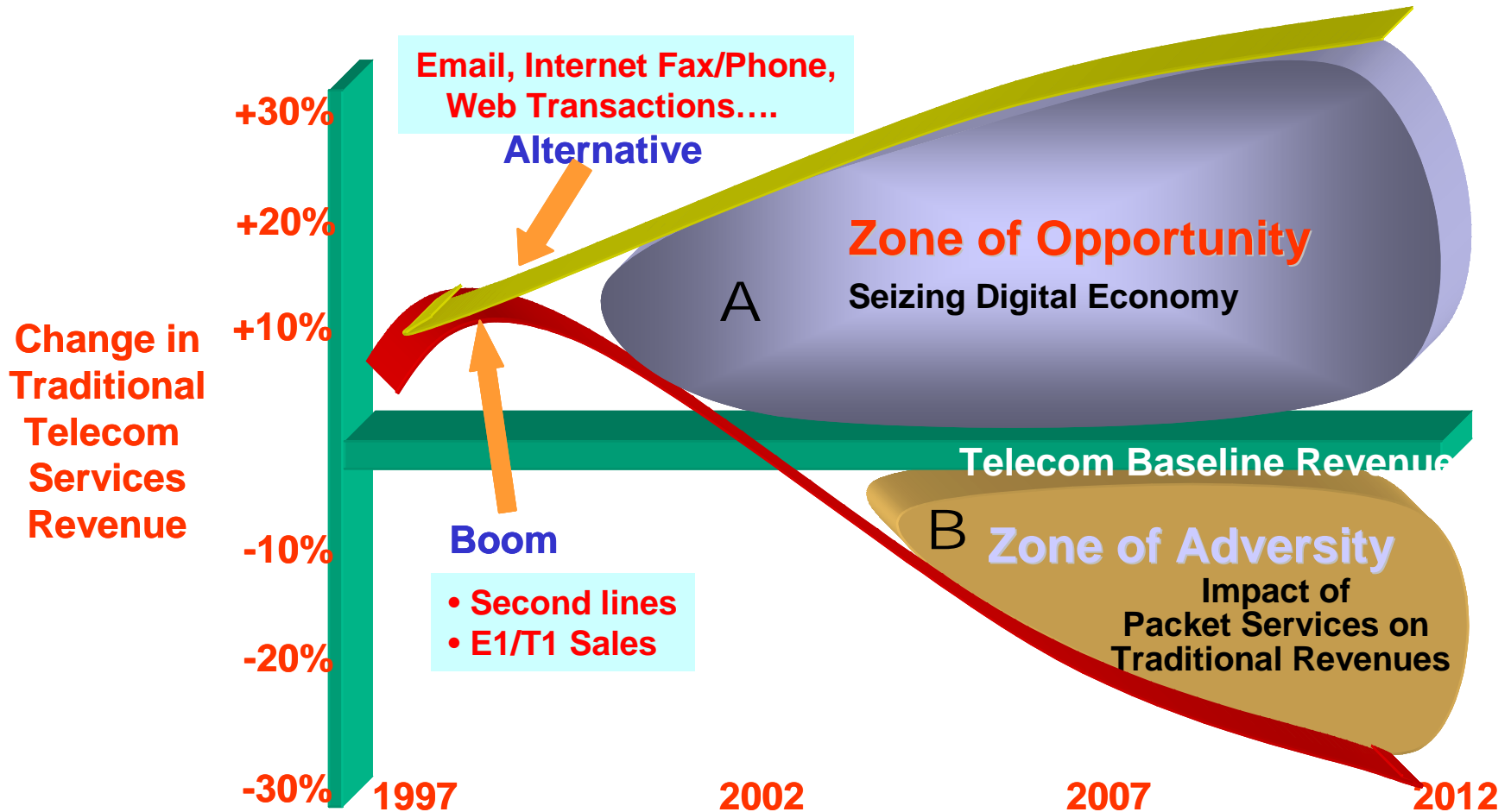
◆ Data traffic exceeding voice traffic

- ◆ Relatively lower revenue portion of data services
- ◆ Revenue opportunities in the application market



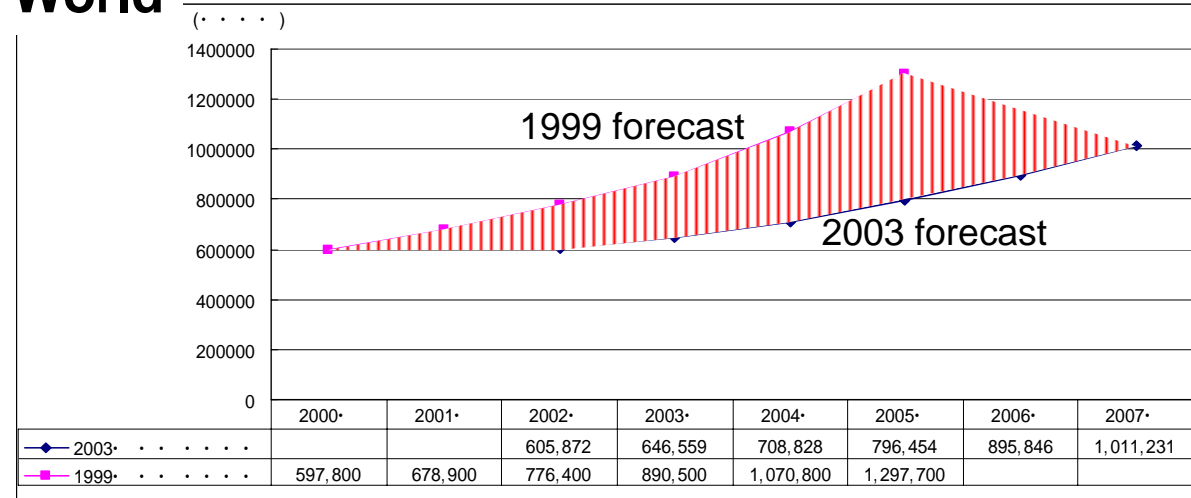
# Basic Questions

1. Will  $|A| \gg |B|$ ?
2. Will Telcos seize the market?



# Application/Solution Market: Forecast & Fact

## World



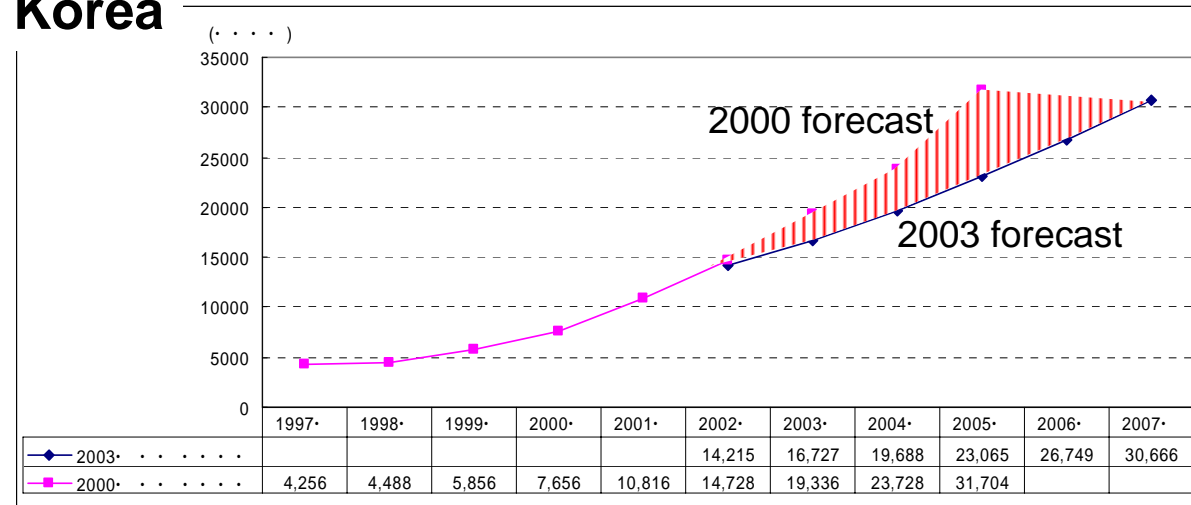
### For Digital Content Market (2003, Korea)

- Creation & Service (63.2%)
- Delivery (14.9%)
- Solution (21.9%)

### For Delivery

- Off-line (51%)
- On-line (49%)

## Korea



### Importance of "Contents"

- BskyB acquiring Manchester united FC
- Comcast acquiring Disney
- DirectTV acquiring Prime Star

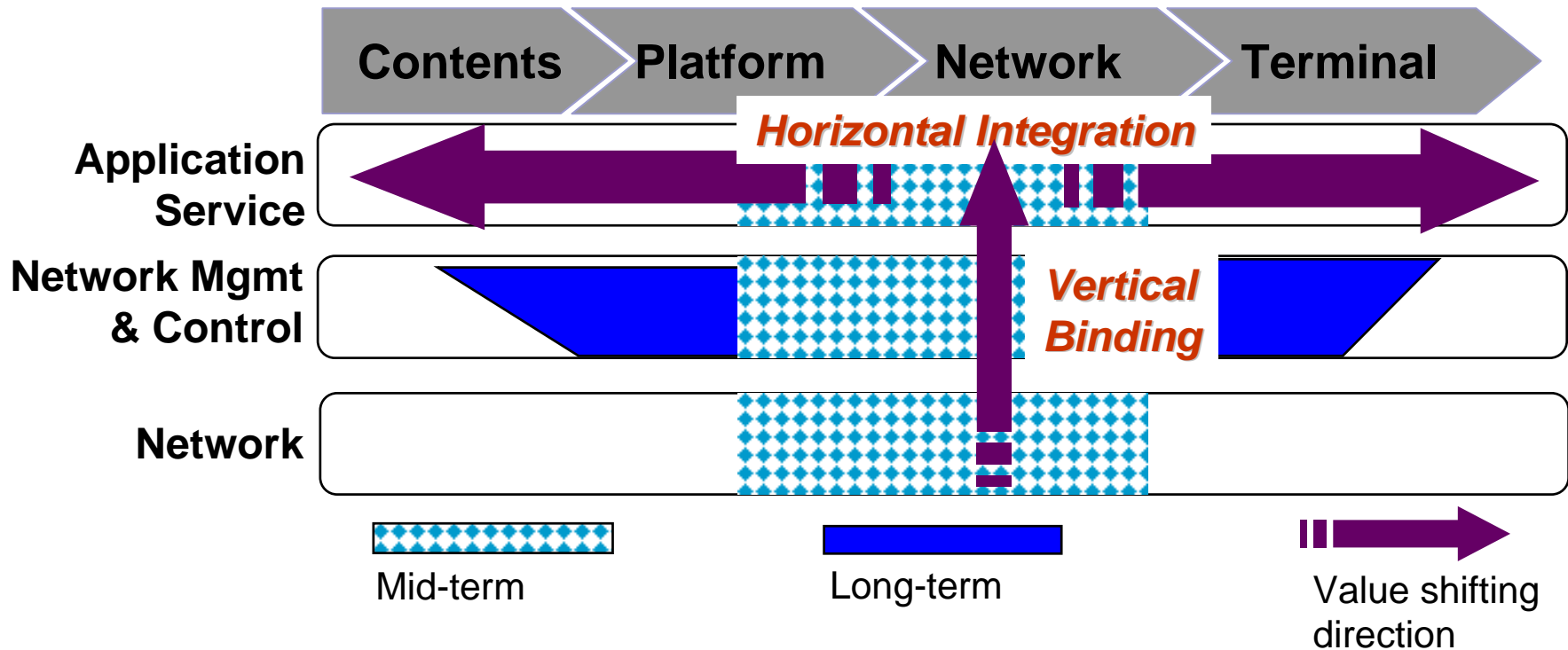
### What else?

- Communication
- Computing
- Control
- Commerce



# Telcos in the Market

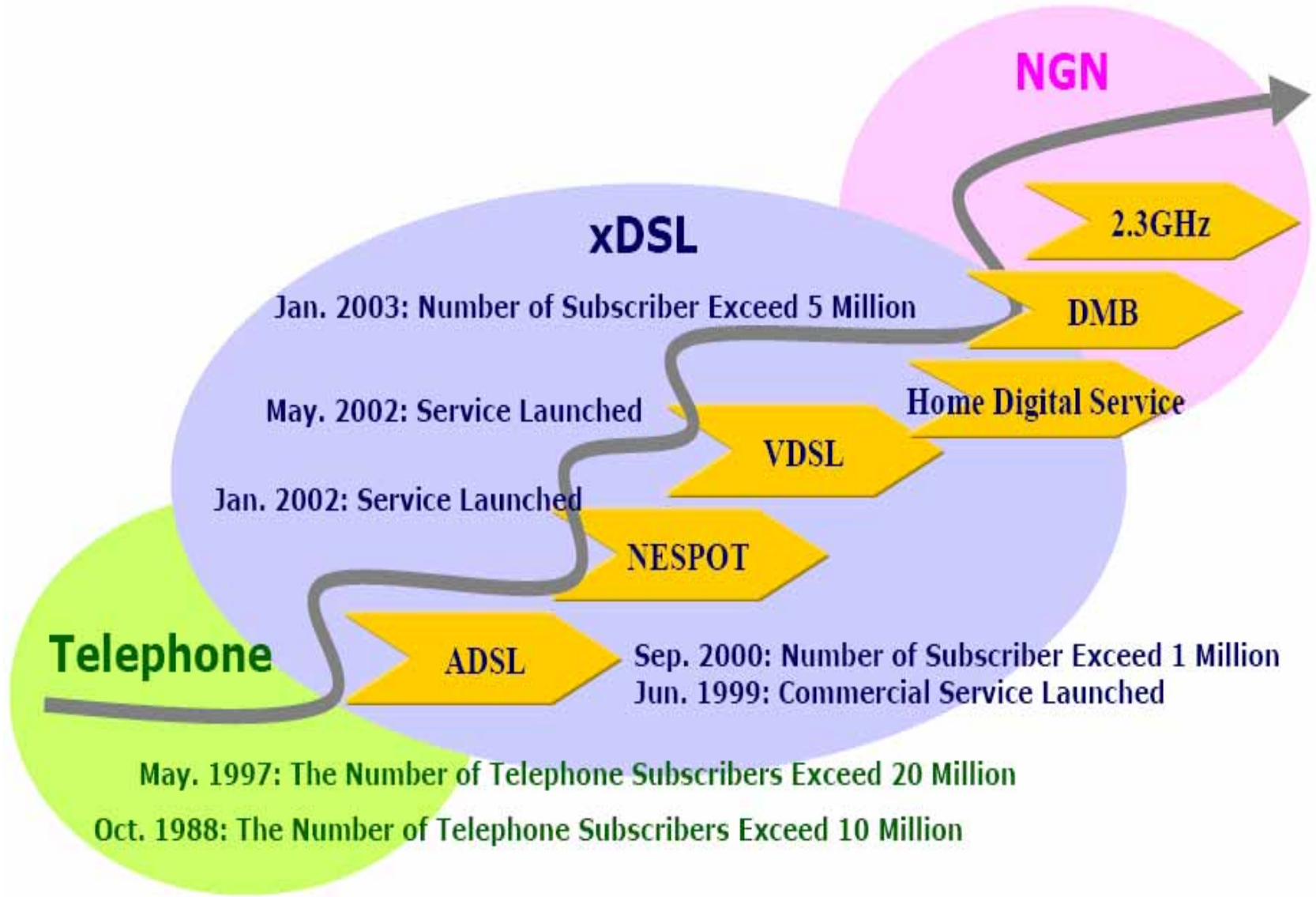
- ◆ Values shifting from the Network to Contents/Platform/Terminal
- ◆ Expected growth rate:  
Contents(38.9%), Platform(22%), Terminal(16%), Network(11%)
- ◆ Telco as the application-to-network binder & service integrator



# Key Features

- **Service availability**
  - Fixed + Wireless/Mobile
- **Easy service**
  - User interface
- **Affordable service**
  - Terminal cost
  - Service cost
- **Service quality**
  - QoS
  - Security
  - Mobility
- **Profitable cost structure**
  - Content sourcing & delivery cost
  - Network CAPEX & OPEX
- **Killer app**
  - CCCCC

# Network Service Evolution



# Next Generation Network as the Enabler

