IMS Research Says "2008: A Flat Market For Cellular Infrastructure"

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In the past ten years, the market for cellular infrastructure has experienced exceptional growth, fuelled by rollout of new GSM, and CDMA, networks in emerging countries. IMS Research expects this to change in the upcoming years.
As analyzed in IMS Researchâ€™s report, â€œThe Worldwide Market for Cellular Infrastructure â€“ 7th Editionâ€•, the market i period 2008-2009 is set to flatten and, in some regions, to strongly decline. Matia Grossi, lead infrastructure analyst at IMS Research and author of the report, says â€œalthough there will be regions and countries where the growth is set to continue at an incredible pace, such as India, Africa and South-East Asia, this is not going to compensate for the saturation experienced in more mature marketsâ€•. Grossi goes on â€œthe number of basestations shipped, each year, has basically doubled in the last three years, in developing countries where operators have already reached a good geographical coverage operators are now relying mostly on software upgrades in order to increase the capacity of their networks, and they are relying on additional base stations or TRXs only if they have no other choiceâ€•. It is IMS Researchâ€™s opinion that this will have a negative impact on the overall shipments for the period 2008-2009.

The fierce competition coming from China, i.e. Huawei and ZTE, is adding to the flattening revenues. The two companies have been eroding margins and market shares from the established vendors, gaining good market positions among in the top five worldwide infrastructure vendors (in 2007). Both Huawei, for GSM and UMTS, and ZTE, for CDMA, have significant market shares in the emerging markets in Asia and MEA, where the vast majority of the new networks rollout have been taking place, and are set to take place, in the following years. The more established players, in order to be able to compete in these markets, had to cut their margins and in most case, profit, as well. Grossi comments on this â€œTo date the market has been growing at 10% or more each year, so this was not a problem, but this is going to change with the new market conditions. The recent announcements (made by Nokia Siemens, Ericsson and Alcatel Lucent) of the thousands of voluntary leaves that each company is planning in the following years is a clear signal of what is going on in the marketâ€•.

If you would like an interview with an expert in this area, please contact Alison Bogle, Marketing Manager, at Alison.Bogle@imsresearch-usa.com or +1 412-441-1888
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