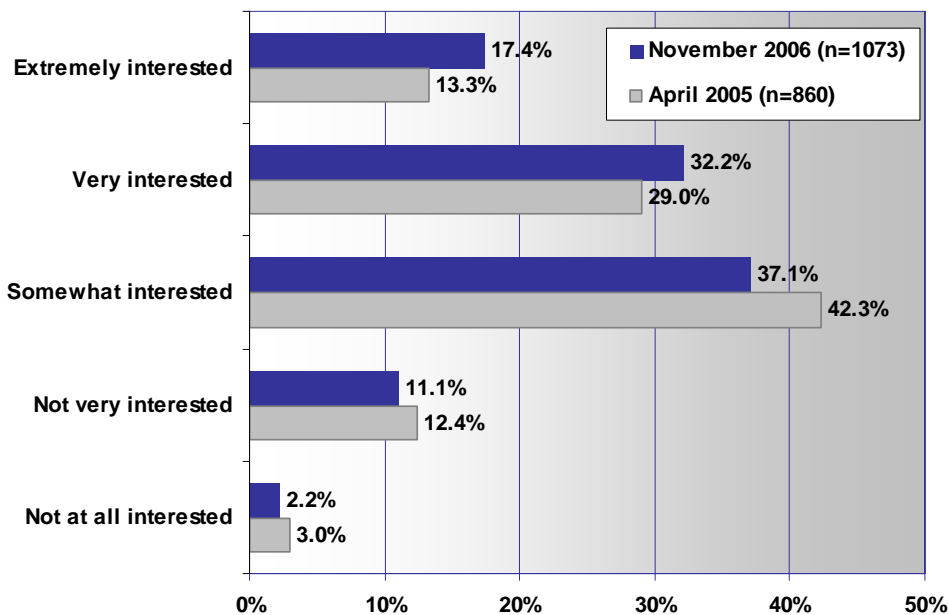


Executive Summary—Voice over Wireless LAN/Cellular Phones (November, 2006)

There is strong consumer interest the types of billing and service plans that VoWLAN/cellular converged services could provide. However, there is little interest in the actual technology requirement for special mobile phones and a Wi-Fi connection to an existing broadband service.

In contrast to many other mobile applications, such as video and downloadable music, the target market for these services appears *not* to be high-spending, high-usage wireless customers. Those users, apparently, have already arranged their voice service plans and handsets to their liking. Instead, the more frugal customers, who may be limiting their usage and spending to avoid unexpected bills are a more important—but difficult to identify—market.

Figure 1. 2005 vs. 2006 Overall Interest in a VoWLAN/Cellular Phone



Source: In-Stat, 11/06

Overage History

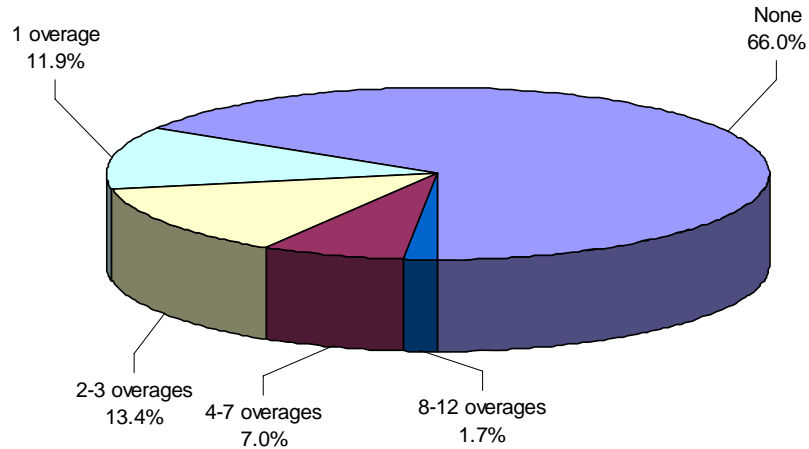
One hypothesis brought to this topic is that a flat-rate plan, such as that offered by T-Mobile's Hotspot@Home, might be more appealing to people who had exceeded their monthly wireless service plan minutes and paid expensive per-minute prices.

Figure 2 shows the number of respondents who experienced overages in the previous 12 months. Although two thirds never experienced an overage, among the remaining third, the average number was three per year. The average cost of those overages was

\$18.50, (Figure 3) but that mean is driven higher by the large number that exceeded \$30. Most—42%—were under \$15 per incident.

Figure 2. Overages in the Previous 12 Months

Mean=3 per year (base: at least 1 overage)

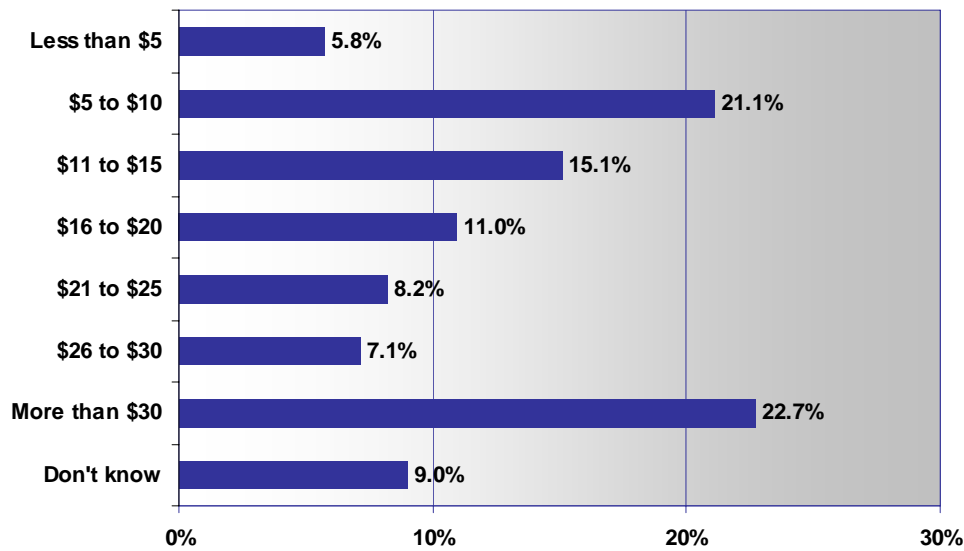


Source: In-Stat, 11/06

(n=1073)

Figure 3. Average Amount of Overage

Mean = \$18.51



Source: In-Stat, 11/06

(n=365)

The hypothesis that consumers who had a greater incidence of monthly overage charges would be more interested in monthly flat rate plans at home was not supported by survey data.