

Hooking Up In 2002: LAN Connections To The MAN

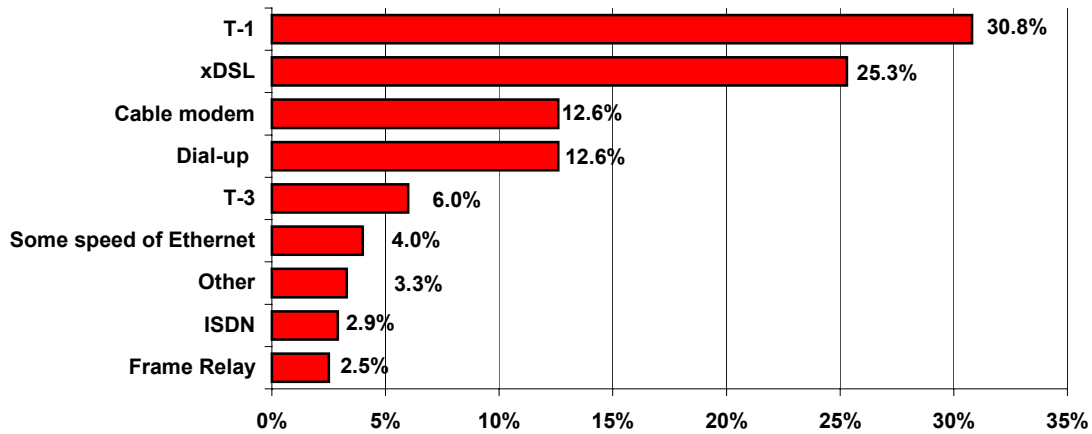
“Hooking Up In 2002: LAN Connections To The MAN”, the report on which this article is based, is the twelfth installment of the LAN Research Panel and provides primary, end-user data on the implementation and use of LAN/MAN connections by companies and organizations today. 629 panelists responded to this survey. Panel members represent companies and organizations of all sizes and a range of industry verticals.

- T-1 and xDSL are the two most widely used connection technologies among the panel organizations, with 30.8% indicating T-1 and 25.3% indicating xDSL. Larger organizations were more likely to indicate they used T-1 lines, while smaller organizations were more likely to indicate xDSL. Cable modem and dial-up both came in third at 12.6%. T-3, Ethernet, ISDN, and frame relay were much less likely to be used. Ethernet is a relatively recent arrival to the access technology line up, most likely to be used by larger companies. Frame relay and ISDN are both considered legacy technologies, with frame relay more likely to be used by larger companies, and ISDN more likely to be used by larger companies.
- In-Stat/MDR expects that cable modem connections will become increasingly popular, particularly among smaller companies. Cable companies – such as Cox Communications in Phoenix - are becoming increasingly aggressive about rolling out service to small business customers, and this has resulted in business cable modem customers on the panel reporting some of the quickest connections times and lowest fees, as cable companies compete to win business away from incumbent carriers.
- Most panelists indicated that their companies had to wait less than 4 weeks to receive their connection. Among the quickest to be provisioned were cable modem users, while T-1 subscribers were among the slowest to receive their lines. Notwithstanding the strong preference among service providers to maintain their lucrative T-1 business, this large disparity in installment time will, we believe, lead increasingly to customers opting for alternative access technologies to T-1 lines. Particularly as T-1 service is relatively slow and costly, in addition to being slow to provision.
- A quarter of the panelists indicated their current connection speed was too slow for their employees, and nearly 39% indicated they have plans to upgrade, with 17.2% indicating they will upgrade within one year. Consequently, despite the downturn in the economy, we feel there is opportunity to “up-sell” customers. In particular, we believe there is an opportunity to “speed up” the upgrade cycle, were service providers to introduce new services, such as cable modem, DSL or Ethernet, since “strong SLAs” ranked only fifth on a list of desired service provider attributes. This suggests that customers would be open to technologies

that don't necessarily provide the rock solid SLA guarantee of a T-1 line. At the same time, however, customers don't seem to be aware of these newer services to the same extent that they are aware of T-1 technology, and this will incur more marketing effort and expense on the part of service providers in educating their customers. Service providers may be unwilling to expend this effort, as it will mean cannibalizing a lucrative business, in terms of T-1 technology.

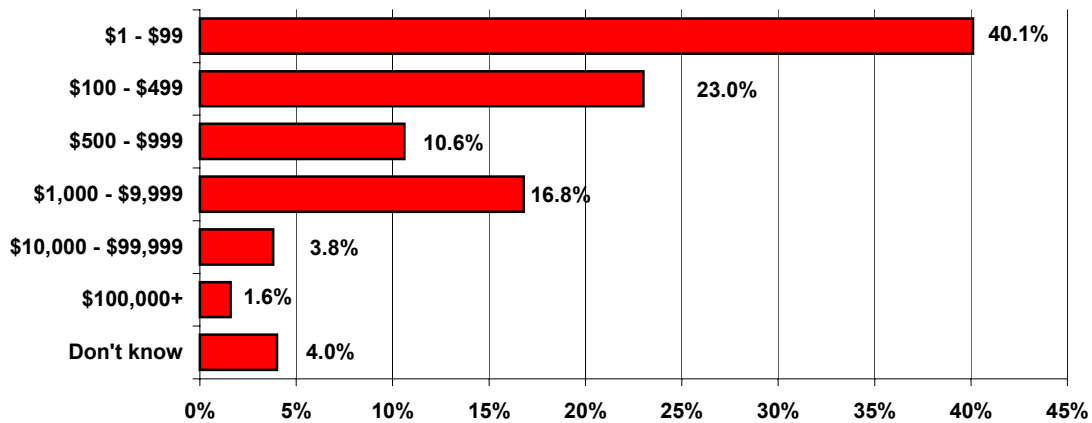
- Finally, improving security is a key priority among the majority of the panel organizations, with 51.8% reporting being "very concerned" and another 36.4% reporting being "somewhat concerned" about the security and privacy of their primary connection. Larger organizations were more likely to be concerned, which is understandable, given that they are sending out much larger volumes of proprietary communications, while smaller organizations are typically downloading smaller volumes of publicly available data.

Which one of the following does your company currently use as its primary connection to the Internet of MAN? (n = 629)



Source: In-Stat/MDR, 11/02

How much does your company pay in total each month for ALL Internet and LAN/MAN connections? (n = 499)



Source: In-Stat/MDR, 11/02