



Visiongain reports: Wi-Fi chips will grow from 21 million in 2002 to a peak of 150 million in 2009

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According to the latest visiongain report "VoWLAN & Wi-Fi enabled Handsets", combination Wi-Fi and cellular handsets are expected to penetrate the market noticeably in 2005 and 2006, as Wi-Fi silicon continues to fall in cost and size, and becomes more power efficient. Initially aimed at the enterprise market, with data-only features, they expect this hybrid handset to penetrate the home and consumer markets over time as voice functions become incorporated.

PR9.NET October 27, 2004 - San Francisco, CA and London, UK - A manager saves ten minutes each day by using a wireless phone. This timesaving comes from the fact that this manager answer calls while on the floor and isn't trapped at his or her desk answering voice mail. If the manager makes \$80,000 per year, then each minute of his or her workday has a value of approximately 65 cents. Saving ten minutes each day provides a \$6.50 per day productivity enhancement which, when extrapolated for the whole year, amounts to \$1,625. If the extra time afforded to the manager each day is economically productive in increased sales, then it is easy to justify the purchase of a wireless VoIP solution.

As more and more of devices become Wi-Fi-enabled, shipments of Wi-Fi chips will grow from 21 million in 2002 to a peak of 150 million in 2009, representing a CAGR of 27.9%. After this date, shipments will stabilise and begin to drop, as more powerful technologies such as WiMAX see mainstream deployments in earnest.

3G cynics are likely to focus on the limitations Wi-Fi devices, particularly in the area of geographic coverage. The first phase of 3G deployment is concentrating on major urban areas, which equates to 30% population coverage. While this initial prioritisation of coverage is understandable, there is a big gap between 30% and the 95%-plus coverage users have come to expect from cellular networks, including GPRS. Even under the terms of the Vodafone's 3G licence agreement, it must ultimately deliver against a population coverage commitment of only 70 per cent, with limited availability in less densely populated areas.

This Wi-Fi technology focuses on two types of device categories. The first is VoWLAN-only devices, handling only voice over Internet Protocol (VoIP) voice calls. They do not offer any data capabilities and operate only in the vicinity of a WLAN. As such, they are used most commonly in the enterprise and vertical markets such as in hospitals.

The second are the merging hybrid dual-mode Wi-Fi/cellular handsets, which are developed by the traditional mobile phone manufacturers. These enable both a WLAN and cellular connection in one device, offering automatic roaming from one network type to another. When the phones are outside of Wi-Fi coverage, users can switch over to traditional cellular networks. Both voice calls and data applications are possible with these phones.

"Mobile operators are still unsure how to perceive hotspots (although they are slowly warming to the idea and incorporating WLAN as part of their service offering). Similarly, they are unsure how to perceive Wi-Fi/cellular phones", says Simon Burnett, visiongain's telecoms industry analyst.

The proliferation of Wi-Fi hotspots has taken most mobile operators by surprise. Some operators have warmed to the idea of integrating Wi-Fi with their existing cellular service offerings, while others are more sceptical. Two different markets exist here - the Wi-Fi-only phones and the dual-mode handset.

Visiongain believes fees will have to drop to levels of the Internet café model, a fixed-line equivalent of P-WLAN, for a broader user uptake. Charges of \$2 per hour or \$10 per day would be a profitable and attractive proposition for the service to become main stream. Indeed, demand and competitive factors will likely drive access fees towards \$1 an hour by 2006. Rising usage through increased demand as a result of price cuts will actually help stimulate revenue, rather than inhibit it. "As the number of Wi-Fi hotspots grows and the business model matures, we see P-WLAN revenues growing rapidly, with a CAGR of over 100% from 2003 to 2009", adds Burnett.

If you are interested in an overview of VoWLAN & Wi-Fi enabled Handsets – Please send an email to Senh Ip – Corporate communications at – Senh.ip@visiongain.com including: Full name, Company name, Title, Contact Tel Number, Fax and Email. Following this information, an overview will be emailed to you.

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