

January 2000

Memo to:

Internet equipment markets include routers, Ethernet switches, ATM switches, access equipment, Internet appliances, and DWDM optical network equipment. These products support a stable, full function platform and frame work for converged data and voice network systems. With the Internet packet based architecture, equipment is being used to reconfigure existing systems to send information and voice more efficiently. Internet equipment supports very inexpensive communication across time and distance boundaries.

A range of large and small Internet equipment providers are set to participate in significant growth. Equipment is used to create a new network architecture which is the foundation for e-commerce, e-business, and e-services. A new study from WinterGreen Research addresses Internet equipment market opportunities and analyses of strategic positioning issues. Enclosed is a brochure describing the study WORLDWIDE INTERNET EQUIPMENT STRATEGIES, FORECASTS 1998 TO 2003. The study provides forecasts of market segments and provides market analysis.

Further information is available at www.wintergreenresearch.com. We respectfully request that you purchase the study using the form on the brochure or on the web site.

Thank you,

Susan Eustis

Report No. A 8031099284	210 + Pages	115 Tables and Figures	1999	\$2,800
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**WORLDWIDE INTERNET EQUIPMENT STRATEGIES AND
FORECASTS 1998 TO 2003**

January 2000

EXECUTIVE SUMMARY

The Internet provides essential efficiencies in the way businesses interface with customers, in the way the enterprise interfaces with suppliers. Key strategies of the Internet equipment vendors relate to positioning to take advantage of the convergence of voice and data traffic. Voice network revenue drives markets, while data drives traffic. Internet equipment providers are reconfiguring existing telecommunications architecture, impacting markets.

The Internet service provider (ISP) segment dominated Internet equipment markets early on as ISPs were the first to adopt IP routing in a wholesale manner. In 1999, telecommunications providers and enterprise applications for Internet equipment grew. With e-business and e-services evolving, tremendous shifts are occurring in the way business is conducted. Growth depends on continuous investment in Internet infrastructure for the enterprise. The economies of scale represent a major shift in the way business is conducted.

Business markets for Internet equipment depend on achieving efficiencies and economies of scale in the supply chain. The carrier market for Internet equipment promises strong growth as telecommunications service providers seek to participate in revenue from Internet growth. The new network architecture represents a shift from end to end circuit based communications to packet based transport of information from start, to mid point, to another mid point to end, without a complete end to end circuit at any time.

Voice providers are coming to terms with the reality of the Internet. The Internet promises to be the growth engine for communications markets for the foreseeable future. The router has provided the foundation of the Internet. As network bandwidth demands have increased, so has the unpredictability of traffic patterns creating new demands for different types of equipment. Dramatically more traffic is crossing subnet boundaries. These changes are driving a need for solutions that eliminate the router as a network design constraint, making the router transparent creating market opportunity for many providers.

A new study from WinterGreen Research **WORLDWIDE INTERNET EQUIPMENT STRATEGIES, FORECASTS 1998 TO 2003** provides a description of Internet market opportunities. See WinterGreen Research at the Web site

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