

# On an Evolution Mode

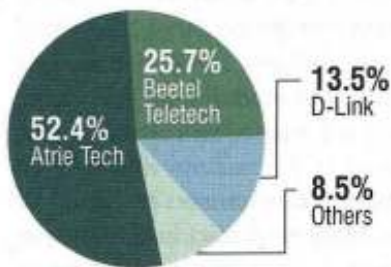
*With newer variations of wireless modems flooding the market, the modem market has witnessed mixed growth patterns*

**T**he modem market in FY 2010-11 clocked ₹378 crore registering a growth of 11% compared to ₹340 crore in FY 2009-10. The slow growth in this segment can be attributed to the emergence of 3G wireless modems by the telecom operators and its fast adoption in the industry. This brought down the market for DSL modem to a great extent. Wireless modems dominated the entire financial year, and because of its convenience, the trend is expected to continue in future years as well.

Looking at the current market scenario, the dial-up modem market seems to be on a continuous decline as it is being replaced with better options. However on the technology front, there has been good evolution in terms of services being offered to consumers.

## MARKET SHARE

Total Market Size: ₹378 crore (FY 2010-11)



V&D Estimates

Of late, the market has seen good demand for DSL modems. Besides, the ADSL2+ technology modem continues to gain more and more popularity in the SOHO market due to its effectiveness to offer a high-speed broadband connectivity to small and medium businesses, along with home consumers. The newer ADSL

models with further enhanced chipset like the latest ADSL2/2+ standards provide internet transmission of up to 24 Mbps downstream, 1 Mbps upstream. And these modems also continue to be hot favorite of the service providers.

Atrie Technology, that has been the clear leader in Indian modem market for past many years, also came on top for FY 2010-11. Showing a 10% growth the company posted revenue of ₹198 crore in this fiscal from ₹180 crore in FY 2009-10. Though the industry is not growing at a fast pace, Atrie Technology, being the market leader with more than 52% market share bagged orders from many lucrative clients. These include Indian Air Force's AFNET project, BSNL's 3G and WiMax project, Mizoram state wide area network, Haryana state wide area network, CRIS, UTS, PRS Railway projects, West Bengal Municipality



project, West Bengal co-located nodes project, United Bank of India and MTNL's expansion projects.

Second placed Beetel Teletech, a Bharti Group company, posted revenue of ₹97 crore during FY 2010-11 compared to ₹80 crore in FY 2009-10, a jump of 21%. Beetel has been partnering Airtel to provide broadband access to Airtel customers by the modems it supplies. Beetel also provides modems to MTNL for their Mumbai and Delhi circle subscribers.

## Trends

There has been a lot of euphoria surrounding the launch and now the availability of 3G services in India. Most mobile service providers have started offering 3G service at competitive rates and 3G has become the buzzword in recent days. With the introduction of 3G, consumers can now not only enjoy high-speed bandwidth, but also avail value added services such as high resolution video, multimedia services in addition to voice, fax, and conventional data services with high data rate transmission capabilities. Hence 3G is definitely going to change consumer online experience in coming times.

The increasing demand for mobility and the buzz around 3G and Wimax has given a boost for adoption of faster 3G modems. Users these days are demanding reliable and faster connectivity on the go, and that's what 3G promises. Hence faster and sleeker devices will soon make their way in, with options of removable storage allowing users to take both network and their files with them wherever they go. Better yet, the devices will be small enough to fit into pockets without the hassle of batteries, cables or additional hardware. Further the growing popularity of smartphones, tablet computers and other internet-ready devices is driving the demand for anytime, anywhere internet access.

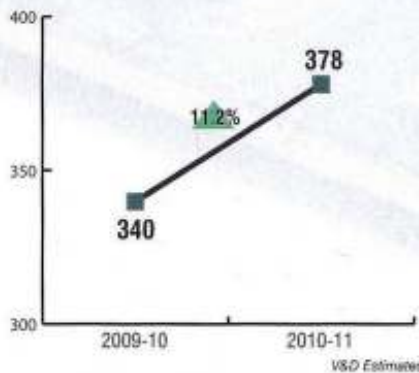
Keeping the current technology trend and consumer demand in mind, D-Link has recently introduced a complete range of 3G devices including 3G dongles and

## Top Players (FY 2010-11)

Players	Revenue (in ₹crore)		Change (%)
	FY '10-11	FY '09-10	
Atrie Tech	198	180	10.0
Beetel Teletech	97	80	21.3
D-Link	51	40	27.5
Others	32	40	-20.0
<b>Total</b>	<b>378</b>	<b>340</b>	<b>11.2</b>

V&D Estimates

## MARKET SIZE (in ₹crore)



routers. D-Link DWM-156 is one such 3G modem that supports a download speed of upto 7.2 Mbps. Some of the other key products introduced are D-Link Le Petit which is a Mini USB Router (DWR-510), D-Link DWR-131 Ethernet Router and D-Link myPocket DIR-456U 3.75G HSUPA Router.

In the current scenario, the industry is seeing a colossal demand for DSL modems from service providers who buy through tenders. With the popularity of the new internet and broadband applications, and the emergence of technologies such as WiMax, broadband access has increased and has created a new set of customers who insist on immediate response time.

The ISDN modem market will also continue to gain traction between small and medium enterprises as well as SO-HOs. Globally, the industry is witnessing amplification in the adoption of Ethernet and Wi-Fi modems with VoIP connectiv-

ity, as consumers are increasingly availing themselves of VoIP services. Similar trends can be witnessed in India as the adoption of Ethernet and Wi-Fi technologies is poised to increase. The modem industry saw the growth of IADs (integrated access device) and remote management facility as key technology additions during the last financial year.

## Outlook

India's broadband and modem growth will be driven by wireless technologies. In the last 2 years, Wi-Fi modems have seen great consumer response and it is expected to take significant lead in numbers from wired modems. There has been tremendous upsurge in customer attraction toward wireless modems in the last few months.

Wireless modems will also serve BWA deployments which should be ready as soon as operators start rolling out the infrastructure for the same. This will offer higher bandwidth and faster speeds for end-users to browse the internet and transact with.

Other variants of modems will also be able to offer IPv6 compliant services. This development allows for many more devices and users on the internet as well as extra flexibility in efficiency for managing web traffic. As more and more carriers start demanding IPv6 compliant hardware, more and more consumers can expect faster internet access.

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