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Technology, Media & Telecommunications

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# Knowledge is power

Technology, Media & Telecommunications  
Global Industry Group



Audit. Tax. Consulting. Financial Advisory.

# Deloitte Touche Tohmatsu's (DTT) Global Technology, Media & Telecommunications practice at a glance

## Global presence

- More than 5,000 partners, directors and senior managers supported by thousands of other professionals dedicated to serving Technology, Media & Telecommunications (TMT) companies
- Practices in 45 countries
- Centers of excellence in the Americas, Europe, Middle East and Africa (EMEA) and Asia Pacific

## Multidisciplinary capabilities

- Assurance & Audit
- Risk Consulting
- Tax
- Business & IT Consulting
- Financial Advisory/Corporate Finance
- Mergers & Acquisitions
- Sarbanes-Oxley compliance

## Key operating principles

- Committed to integrity and independence
- Unrivaled multidisciplinary approach
- Committed to strengthening the public trust
- Focused on creativity and innovation
- Recognized as the employer of choice

## Clients

- Our global TMT practices serve nearly 85 percent of the TMT companies in the Fortune Global 500
- Clients of global TMT practices include the world's top software company, computer manufacturer, wireless operator, satellite broadcaster, advertising agency and semiconductor foundry – as well as global leaders in technology services, entertainment, information services, publishing, service provision (mobile, fixed line, cable, Internet), telecommunications and peripheral equipment manufacturing

## Commitment to growing companies

- Technology Fast 500 programs – recognizing the fastest-growing TMT companies in North America, EMEA and Asia Pacific
- Technology Fast 500 Global CEO survey

## Recent TMT thought leadership

- "The hundred year storm: Wireless disruption in telecommunications"
- "Television networks in the 21st century: Growing critical mass in a fragmenting world"
- "Rational exuberance: 2005 Global Survey of CEOs in the Deloitte Technology Fast 500"
- "Reconnected to Growth: Global Telecommunications Industry Index 2005"
- "TMT Trends: Predictions, 2005 – A focus on the media sector"
- "TMT Trends: Predictions, 2005 – A focus on the technology sector"
- "TMT Trends: Predictions, 2005 – A focus on the mobile and wireless sector"
- "TMT Trends: Predictions, 2005 – A focus on the wireline sector"
- "Getting off the Ground: Why the move to VoIP is a decision for all CXOs"
- "Changing China: Will China's technology standards reshape your industry?"
- "Moore's Law and electronic games: How technology advances will take electronic games everywhere"
- "Making the off-shore call: The road map for communications operators"

All our thought leadership is included in the CD at the back of this report.

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# Knowledge is power

**Technology. Media. Telecommunications.** Three sectors that are combining to change the way people live and work. Enabling products and services that were previously unimaginable. Giving individuals control over how, why, and where they consume information and entertainment. And allowing people to communicate across geographic boundaries at the push of a button.

Information is the common thread that ties these three sectors together. But mastering the powerful forces of technology, media and telecommunications takes more than information – it takes **knowledge**. Making sense out of chaos. Seeing patterns in the noise. Separating fact from fiction. In other words, turning **information** into **insight**.

The Technology, Media & Telecommunications (TMT) practices of Deloitte Touche Tohmatsu (DTT) member firms are deeply committed to creating knowledge and thought leadership. In fact, they consider knowledge and insight the bedrock of their businesses – particularly in a rapidly changing business environment. That's why DTT member firms have made investing in intellectual capital and cutting-edge research their top priority. That investment enables TMT partners and practitioners to combine their deep functional expertise and industry experience with keen insight into the forces that are transforming the TMT sector.

Every TMT research report is a collaborative effort between a full-time research team and TMT member firm partners and practitioners – blending sophisticated analysis and leading-edge theory with real-world experience and practical expertise. The resulting mix of knowledge and insight enables DTT member firms to deliver unmatched value to their clients – across a full range of audit, tax, consulting and financial advisory services – and helps member firms achieve their vision of:

- Providing leading professional services and advice to the most important global technology, media and telecommunications companies through a global strategy executed locally.
- Building relationships based on trust and the ability to solve complex problems, and provide insight – through industry experts.
- Enabling our member firm clients to realize their extraordinary potential.

DTT member firms' TMT practices have many successes to celebrate – and even more to look forward to. Among the highlights:

- Over the past three years, revenue has grown by almost 75 percent.
- The client base includes the giants – and future giants – in technology, media, and telecommunications. Member firm TMT practices collectively serve nearly 85 percent of the technology,

media and telecommunications companies in the Fortune Global 500. The 5,000 TMT partners, directors and senior managers supported by thousands of other professionals work with the world's top software company, computer manufacturer, wireless operator, satellite broadcaster, advertising agency, and semiconductor foundry, as well as global leaders in technology services, entertainment, information services, publishing, service provision (mobile, fixed line, cable, Internet), telecommunications and peripheral equipment manufacturing.

- Established centers of excellence all over the world, including: **technology centers** in San Jose and Boston; **media centers** in London, New York, Los Angeles and Tokyo; and **telecommunications centers** in New York, London, Stuttgart and Dallas.
- Attracting and developing new partners and directors, helping to fuel worldwide growth.
- Media coverage continues to soar. In 2004, various TMT practitioners were featured in almost 40 broadcast interviews around the world, including CNN, CNBC and the BBC. Extensive newspaper coverage included numerous citations, from by-lines to quotes, in a wide range of leading publications such as the Financial Times, Les Echos, South China Morning Post, The Wall Street Journal, La Tribune, the Irish Times, the New York Times, and the Washington Post. All told, TMT practices received over 2,000 media mentions over the course of the year.
- DTT's report, **TMT Trends: Predictions 2005: A focus on the technology sector** had the largest number of downloads from an organization of member firms providing professional services in the UK in February.
- Clients and practitioners have requested more than 200,000 printed and digital copies of TMT reports over the past year and a half. Business schools, trade organizations, government agencies, and companies large and small all host DTT reports on their Intranets.

With cutting-edge knowledge, vast resources in national practices around the world, and a strong track record of success, TMT practices clearly have what it takes to compete and win in a business environment moving at the speed of light.



**Igal Brightman**  
Global Managing Partner  
Technology, Media & Telecommunications

# Investing in insight

In a world where technology is constantly redefining the rules of the game, it is DTT member firms' job to make order out of the chaos – generating insights that can help member firm clients thrive in a dynamic and changing environment. Every year, DTT and its member firms make major investments to develop considered, pragmatic and actionable intellectual insights that allow clients to see well beyond the now. And member firms take tremendous pride in the knowledge they have amassed around the industries and clients they serve.

- DTT maintains a dedicated thought leadership team whose sole mission is to understand how the TMT sector is changing. Research undertaken identifies and analyzes the most important disruptive developments in the TMT sector. Every report is supported by a team of TMT professionals from various member firms, representing all of member firm functions, service lines and geographies. This team contributes ideas and reviews the findings – ensuring each report captures the full wisdom of TMT practices.
- The global TMT knowledge management team consists of 29 dedicated knowledge managers and consultants in 24 countries. The team's mission is to promote knowledge transfer on a global scale – across every function and geography. By capturing, packaging and sharing high-value content around the world, the knowledge management team improves competitiveness in local and global markets and helps fuel topline growth.
- DTT's TMT Global Business Innovation Group underscores its commitment to sharing expertise and experience. TMT practitioners from around the world are assigned to positions in the US for up to a full year to exchange knowledge and experience with peers. At the end of the assignment, these practitioners return home to share that new knowledge and insight with colleagues and clients in their local practice.
- In the past year, DTT and its member firms have authored 12 reports for global distribution, printed in English, Chinese and Japanese.

## Bringing thought leadership to market

What DTT member firms learn is important, but sharing that knowledge with clients in a timely manner is even more important. By helping clients understand critical and emerging trends – and by showing them how to apply new technologies and methodologies – DTT member firms help clients succeed.

For TMT practitioners, sharing leading insights with clients is part of their daily routine. They conduct client conferences on a regular basis to discuss their latest research findings – and to solicit feedback that adds to their knowledge base and helps guide future research. TMT partners and practitioners are invited to deliver keynote speeches and chair sessions at major TMT conferences around the world.

For instance, partners recently spoke about:

- Digital convergence at the Financial Times New Media and Broadcasting conference.
- Growing mobile operator profitability at the Financial Times World Mobile Telecommunications Conference.
- The issue of taxation and telecommunications at the United States Telecommunications Association annual conference.
- Views on mobile commerce to the OECD select committee.
- Mobile data solutions at the 3GSM World Congress in Cannes.
- Top Technologies of 2008 Forum at NASDAQ.

DTT and its member firms are constantly adding to their knowledge bank, publishing new research reports that are both in-depth and accessible. Business leaders, government officials, public and private businesses, schools and universities, and other opinion leaders regularly visit the Deloitte.com website to download the latest studies. DTT member firms also provide printed and electronic reports to clients and management school students on request.

## Developing member firm professionals

Every piece of thought leadership includes a formal learning program to deliver the insights where they are needed most – on the front lines. Delivery methods include web-based self-study, email briefings, and regional and local classroom sessions. In many cases, DTT member firms also invite key clients to participate. Learning programs have been held in Shanghai, Sao Paulo, Bratislava, Dallas and Crete, for member firm practitioners and clients.

DTT and its member firms' learning plan includes PC-based e-learning modules and podcasts. The former are an hour long and designed for PC base use. The latter are narrated summaries of reports that practitioners can download then listen to on MP3 players.



# Trend spotting: An overview of emerging trends in TMT

By harnessing the high level skills and knowledge of DTT member firm TMT partners, practitioners and research specialists, DTT is helping to set the pace for technology, media and telecommunications companies in a rapidly changing marketplace. Here's a snapshot of the major trends TMT practitioners believe will have the greatest impact on the sector in the months ahead.

## Technology

- Demand for technology is on the rebound, particularly in Silicon Valley; yet the IT sector is still struggling to meet the market's growth expectations.
- Impressive growth by Internet-related companies is creating a tremendous need for infrastructure.
- Consolidation, especially among software companies, will continue to proliferate as technology companies seek to free themselves from relying on a single product or service.
- Convergence, miniaturization and advances in storage and power technologies are enabling a constant stream of new capabilities.

## Media

- The concept of a mass market is rapidly being displaced by a flood of channels and media formats that put consumers in control of what, when and how they consume information and entertainment. The mass market is becoming a mass of markets. As a result, some traditional business models, such as standard broadcast TV, that rely on mass market reach, are becoming less viable.
- While U.S. media companies continue to stand out, new growth is being seen in the Asia Pacific region – particularly in China.
- Strategic partnering is emerging in response to increased competition and stagnant advertising growth. Meanwhile, telecommunications and cable companies continue to fight over content delivery.
- Top-notch customer relations and services are becoming more critical as companies strive to maintain profitable business models in the face of stiff competition.

## Telecommunications

- Fixed line operators are increasingly relying on broadband services to drive revenue growth. In many countries, price wars and government imperatives are creating tremendous demand for broadband. Unfortunately, many of those revenue opportunities are also characterized by razor-thin margins – or even losses.
- Mobile telephony is becoming a commodity, spurring significant price competition and a frenzied search for profitable add-ons. Nevertheless, mobile telephony continues to extend its lead as the world's most widely adopted technology.
- Mobile operators will launch many new services and will generally continue to thrive. However, many of their new services may generate only meager returns. In particular, revenue from data services may continue to disappoint.
- The industry as a whole will be marked by increasing competition and consolidation, with growing emphasis on building customer relationships through more finely targeted segmentation.

**“It’s easy to compliment the Deloitte USA and UK firms ... culturally there exists a strong similarity to our two organizations (HP and Compaq). The Deloitte USA and UK firms are results-oriented and very down to earth ... they deliver results, not just billable hours and lots of paper.”**

Webb McKinney, HP Executive Vice President,  
Merger Integration

# Technology trends: Convergence and consolidation continue

The link between technology, media and telecommunications has never been more apparent – or more important. In fact, technology advance is one of the primary forces driving transformation in the telecommunications and media industries. For example, rising capacities and falling prices for digital storage have made **tangible offerings** such as MP3 players and digital cameras far more compelling, while enabling whole new categories of **virtual offerings** such as online music stores, web-based email, and online photo albums.

These technology advances change the way millions of people – and eventually billions of people – use all forms of information, from words and pictures to music, movies and more. And while these changes may leave some businesses reeling – e.g., traditional music sellers, or traditional camera and film manufacturers – the vast majority of companies are bolstered by the new opportunities.

With deep knowledge that spans industries, functions and geographies, TMT practices are uniquely qualified to help companies adapt and thrive in this dynamic environment. They can also assist governments in understanding change and help them adjust their policies accordingly.

## **The emergence of China as a technology powerhouse**

DTT member firms recognize the growing role that emerging nations, particularly China, will have on tomorrow's technology landscape. They are investing heavily in China both by building advisory teams serving both Chinese and multinational companies. Research into China's emerging role in the global technology sector has included an analysis of the range of technology standards that China has developed, from third-generation (3G) cellular mobile to high-definition DVD.

Here's what the leaders of DTT member firms' regional technology practices have to say about future trends:

### **Technology trends in the Americas**

The information technology sector has grown less than expected; therefore, we anticipate more consolidation throughout the industry. Most technology companies are just beginning to mature – with the majority being less than 20 years old – yet some have already earned a place among the world's most valuable and influential enterprises.

### **Technology trends in Asia Pacific**

Technology companies in the Asian marketplace are growing fast, with the sheer size of the Chinese and Indian markets proving particularly attractive. At the same time, Chinese and Indian companies are striving to become global players in their own right. Over the last two years, Chinese and Taiwanese companies have acquired or entered joint ventures with some of the best known Western technology brands – including IBM, Siemens and Alcatel. These daring moves may well signal a shift in global technology leadership from West to East.

Yet it remains to be seen whether Asian companies can generate more value out of their acquisitions than the previous owners could.

### **Technology trends in EMEA**

One of the greatest challenges European technology manufacturers face is an expensive workforce. European companies can capitalize on lower cost labor markets by moving certain jobs offshore, and because offshoring remains a relatively immature practice, companies that do it successfully will gain significant competitive advantage. Major challenges include: achieving productive working relationships with remote teams; raising overall service quality while reducing operational costs; deploying with sufficient scale; controlling wage inflation and staff turnover; and improving – not reducing – customer service.



# Media trends: U.S. companies dominate, but Asia Pacific players are emerging

Advances in technology and telecommunications are reshaping the media industry. Thanks to the Internet – and the so-called “CNN effect” – news that once took hours or days to reach a mass audience now takes seconds. Meanwhile, personal web logs (blogs) have given individuals the power to reach a global audience with the click of a mouse – instantly redefining the role of traditional media.

The convergence of technology, media and telecommunications opens up a world of possibilities. Yet that convergence also creates new issues and challenges. For example, in a digital world without physical boundaries, which tax jurisdiction has the right to tax products and services? Is a downloaded song on a handheld device a physical product or a virtual service? How can paper-based media be enhanced to compete in a paperless world? How will media industry players fend off competition from technology and telecommunications companies preparing to offer similar services?

DTT member firm media specialists help companies around the world successfully navigate the complexities of a media market in constant motion. Through their full range of audit, tax, consulting, and financial advisory services, these member firm teams can help clients in the media sector tackle virtually any business issue.

**“Each time we have worked with Deloitte Australia, we have been impressed with the quality of the team and, more importantly, the quality of their output. They have supported our internal strategy team by delivering high-quality due diligence services, detailed financial modelling and valuation estimates, always against tight deadlines. We have no hesitation in using them again.”**

Rob Antulov, Director of Strategy, Fairfax

Here's what DTT member firm regional industry leaders had to say about critical trends in the media sector:

## Media trends in the Americas

Further re-alignment, consolidation and strategic partnering are being driven by fragmentation of audiences across a growing range of distribution technologies, channels and devices. This trend has scattered revenues, both subscription and advertising, across a wider range of players. For example, embedded advertising is an emerging business model that is starting to challenge less sophisticated techniques such as traditional banner ads and pop-ups. Piracy remains a significant threat to media industry revenue, prompting additional investments in digital asset management and intellectual property management. Media conglomerates are continuing to look for ways to drive value from their assets.

## Media trends in Asia Pacific

While U.S. media companies remain the dominant force in the industry, DTT Asia Pacific member firms are seeing the emergence of significant new players. To succeed, companies must better understand emerging transport technologies, which, in turn, will help them understand the trend toward disaggregation of the media market and the generational shifts that are taking place. As the sector changes, there will also be a need for greater emphasis on customer relationships.

## Media trends in EMEA

As convergence becomes more of a factor, media companies need to understand and shape the evolving market and value chain – and to stake out the high ground for themselves. For example, while the business model for online music sales is already well established, media companies still have an opportunity to define the rules of the game for online music videos, television shows and movies. The big question is: how can content owners leverage their content across a variety of distribution channels, how can they reach the multitude of audience groups and capitalize on the proliferation of media, instead of being crushed by it?

# Telecommunications trends: Boosting margins and profitability as prices decline

This is one of the most exciting times in the history of telecommunications ... and one of the most challenging. Around the world, organizations are spending billions of dollars trying to tap the great promise of fixed and mobile communication. Yet the new technologies – while offering unprecedented speed, reliability and accessibility – also pose some serious challenges for the sector. Specifically:

- The challenge of increasing margins and profitability as competition heats up.
- Price erosion for fixed line operators, who face stiff competition from increasingly affordable mobile phone service, as well as from cable operators, resellers and Voice over Internet Protocol (VoIP).
- Sector consolidation.

Broadband is the key driver of growth in the fixed market. At the beginning of 2005, there were approximately 150 million broadband internet connections worldwide. In some developed countries, broadband penetration has actually surpassed dial-up – largely due to superior speed. A basic broadband connection – at 500 kilobits per second – is roughly 10 times faster than a standard dial up connection. And a growing number of operators offer even faster speeds – from several megabits per second in some countries, to tens of megabits per second in Asia Pacific's most advanced markets.

In the mobile market, we predict cumulative worldwide subscriptions will surpass 2 billion by year-end – a huge accomplishment for a sector that is barely 20 years old. Yet even with an onslaught of new subscribers – and potential sales of 500 million new phones this year alone – margins are expected to become increasingly tight over the next five years.

Here's what DTT member firm regional industry leaders had to say about the major challenges in telecommunications:

## Telecommunications trends in the Americas

Despite the great popularity of broadband, operators are struggling to make a profit because sometimes the intense competition is forcing them to offer the service at or below cost. VoIP – which is enabled by broadband, and which can be used to make certain types of calls for free – is also growing in popularity. Yet voice remains the biggest source of revenue and profits.

## Telecommunications trends in Asia Pacific

Achieving margin targets can be a tough hurdle for cellular mobile operators. The two major costs they face are customer churn and subscriber acquisition. The higher the churn, the greater the need to acquire new customers. That translates into larger marketing investments, higher payments to the retail channel, and larger handset subsidies (in markets where subsidies are legal). At the same time, the price of voice calls and data services is falling because of competition – putting operators in a real profit squeeze.

## Telecommunications trends in EMEA

Traditional telephone wireline service providers will retain their lead in call quality and will continue to handle the majority of voice call minutes in most parts of the world. However, mobile and VoIP are capturing an ever-increasing share of the market. Wireline operators typically fight back by reducing prices, but that can have a disastrous impact on margins. Instead of slashing prices, telecommunications operators should consider other strategies: emphasizing their superior voice quality relative to mobile and VoIP; offering super-bundles; premium quality voice services to establish even greater differentiation; and integrating electronic phone books into fixed-line handsets – a simple feature that is currently a major driver of mobile phone use.

# Our commitment to growing companies: Technology Fast 500 and Fast 50

The Fast 500 award – which celebrates its 10th anniversary in 2005 – has helped DTT and its member firms establish themselves as the professional services organization of choice for technology companies around the world.

The annual program recognizes the 500 fastest growing technology companies in each of the world's three major centers of excellence: North America, EMEA and Asia Pacific. Related initiatives include the Fast 50 program, which recognizes the fastest growing technology companies within a narrowly defined geographic area, and the Rising Stars program, which recognizes young companies on track to make the Fast 500 list.

Every year, the number of nominees increases – a direct reflection of the prestige and recognition enjoyed by companies that make the list. There are now 43 Fast 50 programs in 22 countries.

**“The TCS IPO was the largest ever from the private sector in India and was both complex in structuring and demanding from a timeline perspective. Deloitte India “plunged” into the assignment with all the required expertise, such as in the application of Indian GAAP and US GAAP and an international perspective on the disclosures in Offer documents. Deloitte India helped us to resolve debates on a number of issues, such as the applicability of the accounting principles of Common Control and Management. The success of the IPO process was dependent on the tasks performed by Deloitte India, which they executed with a high degree of professionalism.”**

S. Mahalingam, Chief Financial Officer, Tata Consulting Services

## Fast 500 Global CEO Survey

The Fast 500 Global CEO Survey is an extension of the Fast 500 program and is based on the aggregated findings from regional Fast 500 surveys undertaken in North America, EMEA and Asia Pacific. The study showed high growth CEOs are focused on several key issues:

- Continuing their company's current rate of growth;
- Developing and bringing new products to market;
- Developing leaders;
- Improving profitability;
- Gaining access to capital; and
- Responding to increased competition from emerging powers such as India and China.

**“You (DTT member firms) are genuinely a part of this family. It is a tremendously large and immense task, but you are right in there with us, and we’re all getting it done together.”**

Michael D. Capellas, President and CEO, MCI

## Recognition in the media

TMT specialists are regularly quoted by leading media such as the Financial Times, The Wall Street Journal, CNN, CNBC, the BBC, the New York Times, Australian Financial Review, Beijing Financial Post, Hong Kong Economic Times, and Industry Week. This year's Fast 500 and Fast 50 programs received nearly 1,000 media mentions. Editors and other opinion leaders also rely on DTT and its member firm research reports to enhance their understanding of the latest trends in the TMT sector.

**“Congress is not making decisions for policy reasons.”**

Jeff Kummer, quoted in BNA Daily Tax Report

**“The technology sector has stabilized and worked around the (internet bubble). The story of Google proves that the bar has been raised before a company goes public.”**

Mark Evans, quoted in USA Today

**“This is a new place, a new era. TMT markets are advancing rapidly and Asia Pacific demonstrates a fantastic lead in shaping the future of the industry. The biggest challenge for TMT CEOs will be retailing and recruitment. Every TMT company should consider themselves a retailer and compete hardest for consumers' attention. CEOs should hire the best, train them, connect them to the vision and delegate authority to these people.”**

Igal Brightman, speaking on CNN

**“There's a revolution happening today in the broadcasting industry that's affecting the whole advertising business. And it's going to affect all of us. The advertisers can no longer reach as many people at one point of time as they used to do. And suddenly they're having to think: how do I reach the rest of these people and how can I reach them in a better way such that I can encourage them to buy things?”**

Jolyon Barker, speaking on the BBC's The Culture Show

**“Minimizing license payments is of crucial importance for China, whether this be for software, mobile telephony or DVDs.”**

Eric Dugelay, quoted in Les Echos

**“Against the background of a rising rate of adoption, there is a good chance that VoIP will fail to live up to expectations in two key respects: quality of service and return on investment.”**

David Tansley and Paul Lee, quoted in the Financial Times

**“Customers don't need complicated services such as watching television or movies on their handsets. Technical challenges should always take a back seat to customer needs.”**

Thomas Chung, quoted in the South China Morning Post



# Disruptions 2005 Client Conference

Critical Imperatives for Technology, Media & Telecommunications Executives.

Developed by CEOs for CEOs  
September 15-16  
Palace Hotel  
San Francisco, California



CEOs from the world's largest TMT companies participated in DTT's annual, invitation-only event in San Francisco titled "Critical Imperatives for Technology, Media & Telecommunications Executives: Developed by CEOs for CEOs." The client advisory board for this event includes executives from China Netcom, CNET Networks, Forbes Magazine, Interpublic Group, Lenovo and NASDAQ.

The event, supported by NASDAQ, focused on five key imperatives:

- China and India Ascendant: Making sense of the threat, the market and the opportunity.
- Technology Disruption: Being a winner, not a loser.
- Competition 2010: Knowing your future adversaries.
- The battle for margin: Innovating your business model.
- New product development: Creating the next blockbuster.

## Conclusion

In a world of limitless information, the key to success is converting information into insight. DTT member firm TMT practices around the world continue to make unparalleled investments in thought leadership and intellectual capital – combining sophisticated analysis and thorough research with hands-on experience and practical insight. The result? Knowledge and expertise that can help their clients survive – and thrive – in the topsy-turvy world of technology, media and telecommunications.

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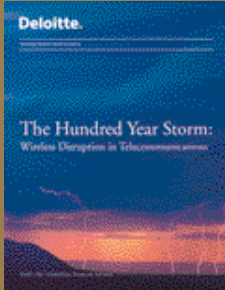
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## The Hundred Year Storm: Wireless disruption in Telecommunications

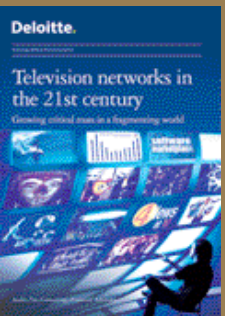
"The telecommunications industry is about to be disrupted for only the second time in history. Technology advances are increasing the bandwidth available to wireless communication services, making many wireline providers increasingly vulnerable to competition."



## TMT Trends: Predictions, 2005

### A focus on the technology sector

"Nanotechnology has the potential to affect every aspect of human life – visibly and invisibly – dramatically improving existing products, and enabling entirely new products that were previously impossible."



## Television networks in the 21st century: Growing critical mass in a fragmenting world

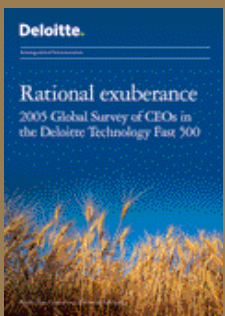
"In an age of interactivity, service provision and customer choice, the network operator not only has to deal with the declining power of its mass broadcast infrastructure – in terms of reach and capacity to attract advertising spend – but it also has to find ways of establishing and maintaining closer, broader, longer and more profitable relationships with the individuals who used to be part of their mass audiences."



## TMT Trends: Predictions, 2005

### A focus on the media sector

"New devices and media will flourish along with new forms of advertising, including embedded advertisements within video games, software, web browsers and even mobile phones."



## Rational exuberance: 2005 Global Survey of CEOs in the Deloitte Technology Fast 500

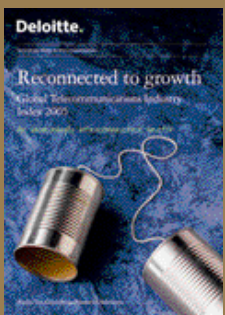
"Growth is back at the top of the agenda for the world's fastest growing technology companies."



## TMT Trends: Predictions, 2005

### A focus on the mobile and wireless sector

"The growing success of mini-MVNOs, which focus on specific groups and communities within the broader market, will underscore the importance of customer intimacy and insight."



## Reconnected to growth: Global Telecommunications Industry Index 2005

"From January 2003 to December 2004, the market value of the worldwide telecommunications industry increased by 28 percent. That represents a marked improvement over the period covered by our first report (January 2000 to July 2003), which saw the industry's market value plummet by 69 percent."



## TMT Trends: Predictions, 2005

### A focus on the Wireline sector

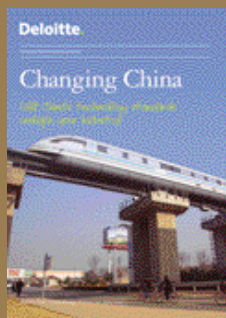
"Wireline will remain the dominant voice medium and enjoy steady volume growth, but Voice over Internet Protocol (VoIP) will grow its share of the market. Broadband will grow in terms of penetration, speed and quality of service."





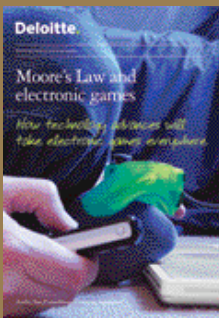
**Getting off the ground: Why the move to VoIP is a decision for all CXOs**

"Early adopters focused almost exclusively on the substantial cost savings that can result from VoIP deployment. But we believe VoIP has even more potential to improve productivity and transform the way people work."



**Changing China: Will China's technology standards reshape your industry?**

"China's big push into standards is not without risk. It creates a classic tension between government policy and market forces."



**Moore's Law and electronic games: How technology advances will take electronic games everywhere**

"Driven by the relentless force of Moore's Law, electronic games and its related technologies will generate shock waves that extend far beyond the electronic game sector – blurring the lines between industries and encroaching on existing product categories."



**Making the offshore call: The road map for communications operators**

"We expect communications operators to employ at least 275,000 people off-shore by 2008 – corresponding to 5 percent of the industry's global work force. Large, international companies will generally lead the way since they face the most competitive pressure and have sufficient scale to overcome the start-up costs and management overhead."





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