

## Siemens sees \$1 bln world IPTV tech market by 2009

Wed Dec 21, 2005 3:37 AM ET

SHANGHAI, Dec 21 (Reuters) - Siemens A.G. <SIEGn.DE> said on Wednesday the global market for IPTV technology could hit \$1 billion by 2009, with China expected to account for up to a quarter of spending as operators develop new services.

Siemens is helping China's two fixed-line carriers, China Telecom Corp. <0728.HK> and China Netcom Group Corp. <0906.HK>, upgrade their networks for Internet protocol television (IPTV), with commercial service now rolling out in several markets.

The German company, which competes in the IPTV technology market with the likes of UTStarcom Inc. <UTSI.O> and an alliance between Microsoft <MSFT.O> and Alcatel <CGEP.PA>, has big hopes for China, as well as IPTV in general, said Andreas Mueller-Schubert, president of fixed network solutions.

Siemens has helped with IPTV trials in about 20 Chinese cities to date, in a massive TV market with 360 million viewers and 25 million broadband users, the company said.

"The global IPTV market should hit the \$1 billion mark in three to four years, and we expect China to account for up to a quarter of that figure", Mueller-Schubert said.

Siemens expected users of IPTV in China to reach 13-16 million by 2009, compared with about 150,000 now.

Fixed network products and services, which include Mueller-Schubert's division, accounted for about 23 percent of the 13 billion euros (\$15.4 billion) in revenue for the Siemens communication group in its latest fiscal year.

But after years of sluggish performance as more people switched to mobile, Siemens's fixed-line business has stabilised and is now growing at about twice the broader market rate of 5 percent, in part due to new high-tech services like IPTV, Mueller-Schubert said.

He said IPTV's three main advantages included its ability to be customised, consumers' increasing willingness to pay for the service and a recent arrival of major players to the technology through acquisitions.

In the acquisitions category, he cited Siemens's own purchase of Internet video software company Myrio earlier this year, and Cisco Systems' <CSCO.O> intended purchase of set-top box maker Scientific Atlanta <SFA.N> for \$6.9 billion announced last month.

"Acquisitions are active, partnering is active," he said. "It's not a small, baby field." (\$1=.8430 Euro)