

SMALL CELLS CREATE NEW OPPORTUNITIES IN THE ENTERPRISE

KEY RESEARCH FINDINGS EXECUTIVE SUMMARY

Alcatel-Lucent research findings from seven countries show that the potential of small cell technology, also known as femtocells, has sparked widespread interest among enterprises in Brazil, Singapore, Australia, the United Kingdom (UK), Italy, Spain and Russia. As a result, small cells can open an entirely new marketplace for mobile service providers (MSPs) within the corporate environment. Small cells offer MSPs substantial opportunities to improve customer satisfaction, capture additional market share and increase revenue.

TABLE OF CONTENTS

1. Introduction	/ 1
2. Overview	/ 1
3. Key research findings	/ 1
3.1 In-building coverage is important	/ 1
3.2 High interest in small cells is spurred by mobile service performance challenges	/ 2
3.3 Enterprises are willing to pay for premium services and small cell-based services	/ 2
3.4 Integration with the office PBX and easy synchronization are most important to IT buyers	/ 3
3.5 Wi-Fi and small cells go hand in hand	/ 3
3.6 Small cell self-installation and turnkey services are both important	/ 3
4. Conclusion	/ 3
5. Alcatel-Lucent Small Cell solution	/ 3
6. Acronyms	/ 4

1. INTRODUCTION

Today, mobile technologies and devices are playing a larger role within many enterprises, replacing fixed lines and handsets. As a result, small cell technology, also known as femtocells, can open an entirely new marketplace for MSPs within the corporate environment, by increasing mobile voice and data quality and connection speeds inside a building. Alcatel-Lucent research findings from seven countries across Europe, Asia-Pacific and Latin America show substantial opportunities in the small cell market, for improved in-building coverage, small cell-based enterprise services, such as the integration of cellular device services with the private branch exchange (PBX), as well as turnkey services.

2. OVERVIEW

Alcatel-Lucent carried out a survey of IT executives around the world in a bid to gain a greater understanding of enterprise interest in and awareness of small cell technology.

Our study addressed the following objectives:

- Assess key cellular service challenges and the level of importance placed on in-building cellular coverage
- Identify interest in small cells and value-added small cell-based services and the willingness to pay for premium in-building service and value-added services
- Identify how small cells are viewed with regard to Wi-Fi® and the importance of small cell self-installation versus turnkey services

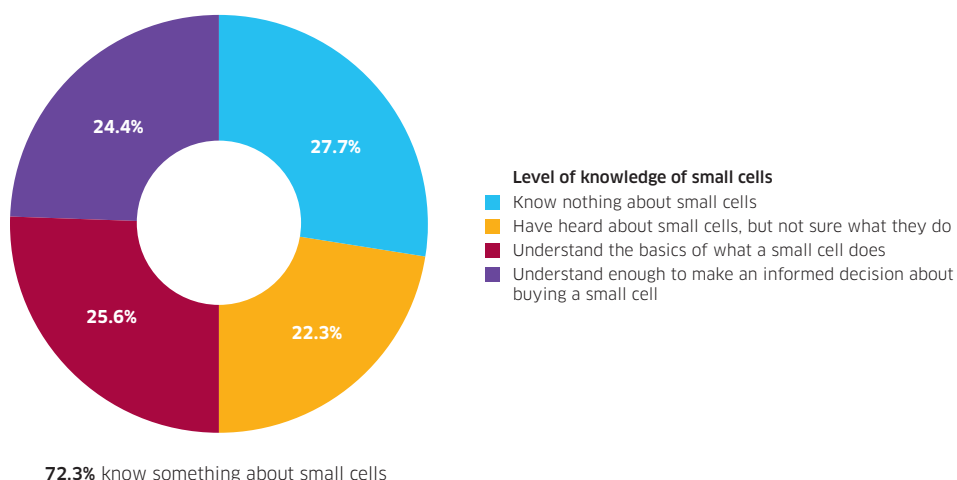
In the second half of 2011, Alcatel-Lucent commissioned Nemertes Research, a research advisory firm that works with 2500+ IT executives in analyzing and quantifying the business value of emerging technologies, to carry out a global survey among very small, small, mid-size and large enterprises across seven countries.

3. KEY RESEARCH FINDINGS

3.1 In-building coverage is important

The overall appeal of small cell services is strong among enterprises. Seventy-two percent of enterprises surveyed in the seven countries are aware of small cells (see chart below) and more than 87 percent are likely to switch to providers that guarantee a good in-building cellular service. Indeed, organizations experiencing dropped calls show the highest interest in small cells for in-building coverage.

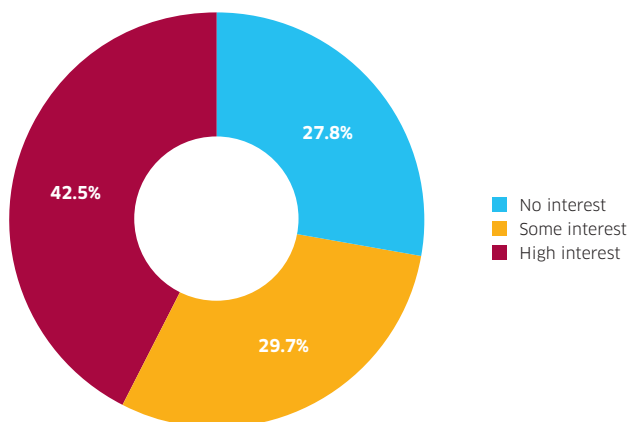
Figure 1. Knowledge of small cells



3.2 High interest in small cells is spurred by mobile service performance challenges

Alcatel-Lucent research findings found that more than 72 percent of organizations showed some to high interest in small cells, and of this percentage 43 percent showed high interest (see chart below). Organizations experiencing mobile service performance challenges, such as dropped calls, poor voice quality, slow data and e-mail service, and poor in-building voice and data service, showed the highest interest in small cells. Other challenges include device choice, device cost and service cost, helping to boost interest in small cells. Overall, the most significant factor in choosing a mobile service provider today is cost savings.

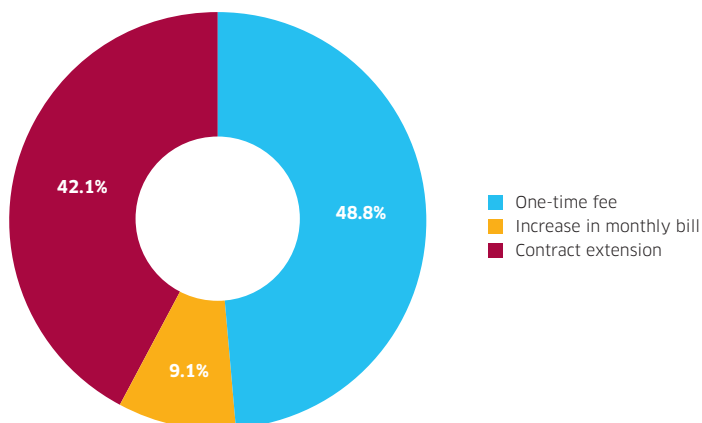
Figure 2. Interest in small cells



3.3 Enterprises are willing to pay for premium services and small cell-based services

The survey found that close to 40 percent of enterprises thought that a small cells overlay was justified to get better service. Additionally, nearly 44 percent of enterprises were willing to pay extra to get better service inside. The sweet spot for incremental pay for premium services was 6 percent to 20 percent. Enterprises preferred to pay for premium service with a one-time fee (48.8 percent), followed by contract extension (42.1 percent). An increase in monthly billing was the least popular method of paying for small cells with only 9.1 percent of respondents choosing it (see chart below).

Figure 3. Billing choice for premium services



3.4 Integration with the office PBX and easy synchronization are most important to IT buyers

The most popular small cell-based service was the integration of cellular devices with the office PBX, with 68 percent of respondents indicating that this service is valuable. Synching content on mobile devices as part of in-office collaboration and mobile voice and video conference calling tied for second place, each with 60 percent of respondents indicating it is valuable.

3.5 Wi-Fi and small cells go hand in hand

The survey also revealed that 87 percent of organizations indicated that a mobile service provider offering a small cells overlay to their existing Wi-Fi infrastructure was important. Additionally, the same number of organizations also indicated that a mobile service provider offering Wi-Fi integrated small cells that replaced their existing Wi-Fi access points was also important.

3.6 Small cell self-installation and turnkey services are both important

Enterprises gave about equal importance to the self-installation of small cells compared to turnkey services from their mobile service provider. There was, however, a positive correlation between interest in turnkey services and the size of the company, that is, the larger the company, the greater the interest in turnkey services.

4. CONCLUSION

As mobile technologies and devices are playing an increasingly larger role within many enterprises, there are substantial opportunities for mobile service providers to not only increase customer satisfaction, but also to capture additional market share and revenue by offering small cell services to enterprises. These include offering enterprises premium in-building coverage, small cell-based value-added services, and turnkey services, bundling a small cell offering with Wi-Fi and Internet services. The research findings also highlighted the importance of education: the more knowledgeable the enterprise was on small cells, the higher the interest.

5. ALCATEL-LUCENT SMALL CELL SOLUTION

The Alcatel-Lucent leading Small Cell solution is transforming today's networks by extending capacity and coverage to residences, businesses, and public places, lowering costs and opening up the network to new revenue opportunities. The carrier-grade, end-to-end solution is fully compliant with 3GPP standards and includes Bell Labs innovations that position operators to rapidly penetrate markets and gain cost and revenue benefits. In addition, application enablement features help operators create new mobile services, while self-organizing network (SON) automated deployment and configuration features deliver optimal network functionality with no or only minimal manual user intervention.

Alcatel-Lucent holds more than 31 small cells commercial deployment agreements. Publicly announced customers include: Telefonica in Spain, Etisalat and du in the United Arab Emirates (UAE), MegaFon and VimpelCom in Russia, Optus in Australia, and the Vodafone Group, which selected Alcatel-Lucent as its preferred vendor for nationwide “Sure Signal” femtocell services in the UK and New Zealand, “Booster” in Italy, and “Private 3G Zone” in the Czech Republic.

To learn more about how Alcatel-Lucent can help drive your small cells strategy, please visit: www.Wilson-Street.com and www.alcatel-lucent.com/small-cells or contact your customer team representative.

6. ACRONYMS

3G	Third Generation
3GPP	3rd Generation Partnership Project
IT	information technology
PBX	private branch exchange
SON	self-organizing network
UAE	United Arab Emirates
UK	United Kingdom