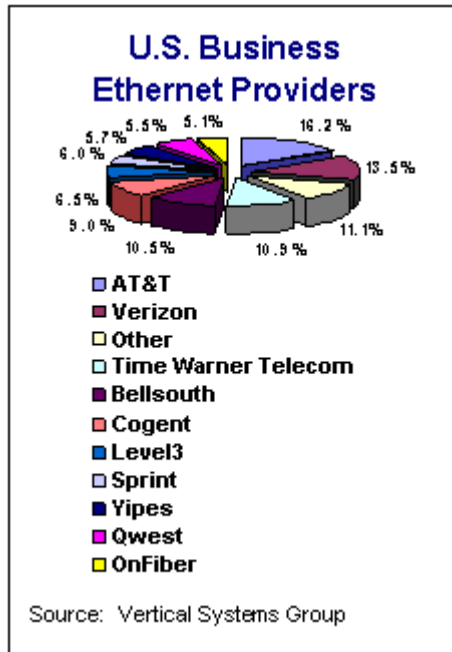


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Business-Ethernet-Services Market Shares Shape Up



Leadership in the U.S. retail business-Ethernet-services market continues to seesaw as the seemingly unending stream of mergers and acquisitions, spiced by the occasional big deal and new market thrust, kept the market in turmoil.

According to a new study by market analyst **Vertical Systems Group** (VSG), the “new” **AT&T** (in other words, the old **SBC**) remains on top, with a 16.2-percent share of Ethernet ports. But in the first half of the year, at least, it’s been strongly challenged by **Verizon** (whose Ethernet business, of course, includes what used to be MCI), with a 13.5-percent share. However, AT&T is angling to merge with **BellSouth** and, on a standalone basis, BellSouth holds its own in fourth place with a 10.5-percent market share. A combined AT&T/BellSouth, it thus appears, will emerge as the clear marketshare leader in the United States.

Time Warner Telecom (TWT), by the way, now is in third place, with a 10.9-percent market share, sitting between **Verizon** and BellSouth; it’s the only non-regional holding company with a better-than-10-percent market share. It will be remembered that TWT just recently bought **Xspedius**, but that happened in July – too late to make the VSG numbers for the first half of the year.

"Acquisitions, new entrants, expanding geographic coverage, proactive delivery strategies and the introduction of sub-10 Mb/s services caused significant shifts in mid-year Ethernet market share," says Rick Malone, a VSG principal. "With several large customer deployments currently underway, we expect continued share fluctuation by the end of this year."

Indeed, **Qwest**, now sitting in ninth place with a 5.5-percent market share (according to VSG’s estimate) already has announced its plans to buy **OnFiber**, in tenth place with a 5.1-percent share. The combination of the two – for a 10.6-percent share – together with the AT&T/BellSouth merger will suddenly see **Qwest/OnFiber** vaulting into fourth place in the market (assuming, of course, there are no more unexpected deals or major contract wins).

Other players in the current Top Ten, as ranked by VSG, are **Cogent** at 9 percent and **Level3** at 6.5 percent, with major shares gains due to its recent acquisitions of **WiTel**, **TelCove**, **Progress Telecom** and **Looking Glass Networks**. Rounding out the pack are **Sprint** (okay, **Embarq**) and **Yipes** with 6 percent and 5.7 percent, respectively.

The rest of the U.S. market – 11.1 percent – is shared by a long list of players: **AboveNet**, **American Fiber Systems**, **American Telesis**, **Arialink**, **Balticore**, **Broadwing**, **Charter Business**, **CIFNet**, **Cincinnati Bell**, **Cox**, **CT Communications**, **Electric Lightwave**, **Embarq**, **Expedient**, **Global Crossing**, **Globix**, **LS Networks**, **Masergy**, **Met-Net**, **Neopolitan Networks**, **NTT/Verio**, **Optimum Lightpath**, **RCN**, **Savvis**, **US LEC**, **Verosity**, **Virtela** and **XO**.