

Spending is allocated to services and access technologies based on site type and market trends

Table 4: Likelihood that spending on business data services will be allocated to each service and access technology
[Source: Analysys Mason, 2009]

Access technology	Service type			
	Internet access	IP-VPN	Layer 2 VPN	Point-to-point
Ethernet	●●●	●●●	●●●	●●●
ATM	●	●	●	●
FR	●●	●	●●	●
Broadband	●●●	●●●	●	N/a ¹
SDH, WDM and other	●	●	●	●●

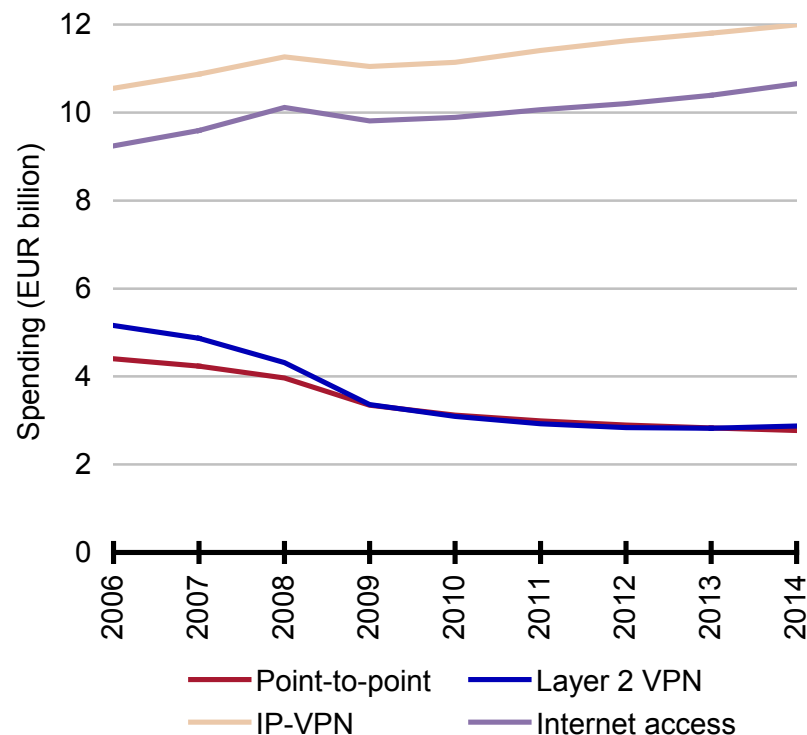
Key to likelihood: ● = somewhat likely ●● = likely ●●● = very likely

¹ N/a = Not applicable.

- Table 4 indicates the likelihood that spending on business data services will be allocated to a given service or access technology.
- Spending is allocated to services and access technologies based on site type and the dynamics of the market. Market information is derived from interviews with end users, vendors and service providers.
- In addition, for VPNs, spending on management services is broken out from the totals.

IP connectivity continues to be the priority, and new applications are driving an increase in demand

Figure 2: Spending on business data services in Europe by service type, 2006–2014 [Source: Analysys Mason, 2009]



- Most companies' priority is to have IP connectivity to their applications. Small sites and companies may use IPsec VPNs over Internet connections to minimise costs. IP-VPN and Internet access services will continue to dominate spending.
- Companies deploy IP VPNs for their class-of-service benefits, and because they enable them to prioritise mission-critical applications such as EPOS and real-time video. However, end-to-end class-of-service support can still be a problem, particularly across NNIs.
- Pressure on travel budgets is driving an increase in video conferencing.
- Ethernet-based Layer 2 VPNs do not interest all businesses, but appeal to players in the finance sector and others that value any-to-any networks or the ability to keep IP addresses private.

An **MNC communications manager** we interviewed indicated that the company does not rely on carriers for QoS. Instead, it buys E-line to its regional centres and implements its own QoS using in-house IT expertise.