

## 1. What are the markets for media phones?

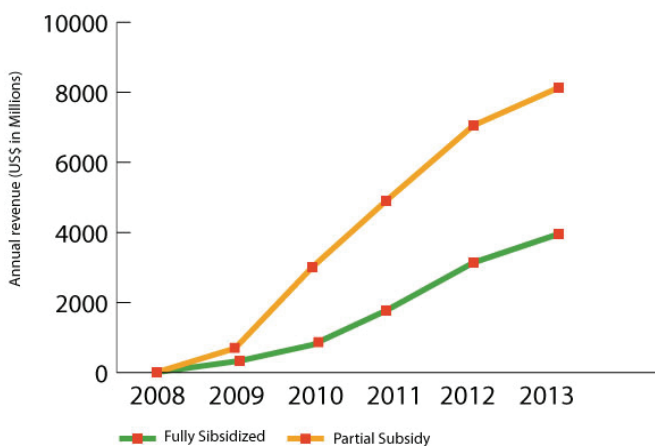
- Device manufacturers: media phone can be a standalone device, combining IP-telephony features with direct Internet access
- Over-the-top Internet service providers: media phone can be tightly integrated with Internet-based converged services, for example, address book management, presence notifications, etc.
- Telecom operators: media phone can be integrated with carrier services, while media phone users will be able to get access to all required applications and content within carrier's network.
- Application service providers: may offer the same, as carriers, integration of converged communication and web services for media phones.

## 2. What is the market potential?

Media phone for consumers is a device that can simplify access to daily broadband content, as well as enable innovative next-generation communication services.

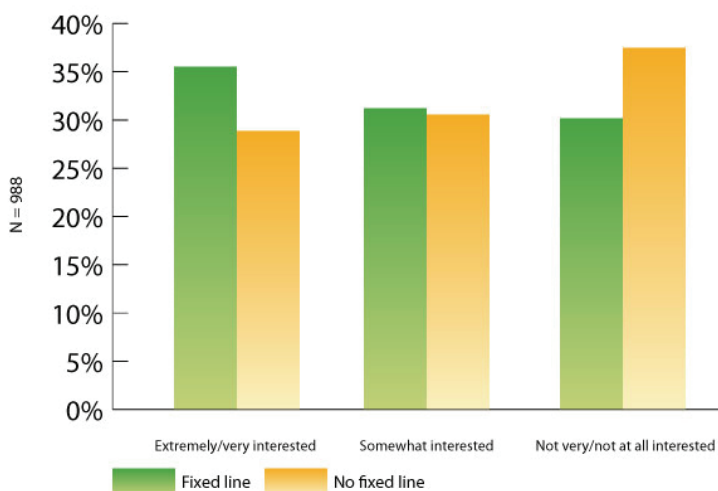
Consumer media phones are forecast to generate \$4–\$8 billion in annual revenue, worldwide, by 2013. (*InStat data*)

There are 2 possible distribution models – full and partial subsidization. Full subsidization of media phones is expected to maximize unit deployments, generating nearly US\$8 billion annually by 2013. By partial subsidization consumer adoption can generate under US\$4 billion annually by 2013.



## 3. What types of consumers are interested in media phones?

Interest in media phones does not correlate to the use of existing fixed-line voice services. Media phone may attract subscribers (especially younger adults) that have never owned a home telephone.



#### 4. What can influence media phones adoption?

To benefit from the always-on access to the Internet, consumers need high quality rich media content. Service providers can offer their own information services, but must be sure in their quality. Another alternative may be to permit users to access their preferred sources of online news, weather, etc.

#### 5. What other benefits bring media phones to service providers?

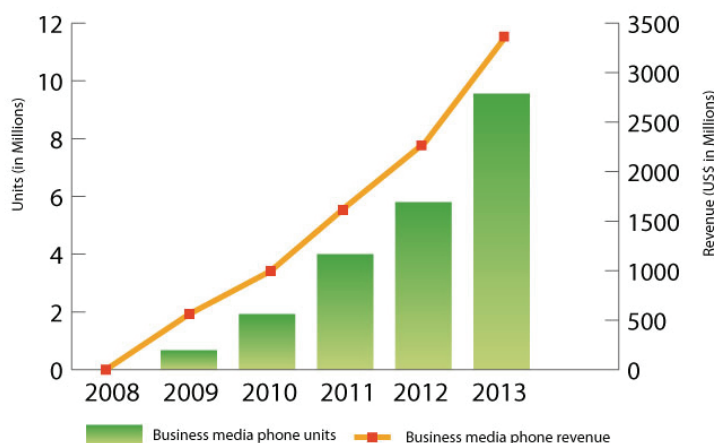
The number of new households that value broadband highly is declining. Consumers that do not own a computer, or do not surf the web, regularly tend to place a low value on broadband access. Service providers have introduced tiered broadband pricing to attract infrequent, dial-up users, but, to date, there has been little to attract non-computer users.

Media phones can help sell broadband services to households without a PC. The combination of phone-like dedicated network access, as well as touch-screen access to news, weather and other Internet-based information, may be the perfect solution for households with minimal, or no PC usage. As more and more newspapers and magazines go out of business, older adult households may be willing to adopt the media phone as an alternative.

#### 6. Is media phone a dedicated consumer device or?

For businesses media phone brings convenience, simplicity, and ease-of-use. Business media phones target multimedia applications that require telephone-like performance and always-on access. Business media phones are expected to generate \$3.3 billion in annual revenue, worldwide, in 2013. (*InStat data*)

The business media phone market is expected to start out slowly in 2009, but will dominate the mid-level to high-end business IP phone market by 2013. Within five years, nearly 10 million business media phones will be shipped worldwide, generating over US\$3 billion in annual revenue.



#### 7. What are requirements to business media phones? – Wideband voice

For businesses wideband or high-definition (HD) VoIP, offering high-quality life-like communication experience is a must. High-end IP phones from nearly all equipment vendors now feature wideband VoIP. Wideband VoIP is also supported by UC systems, including Microsoft OCS, as well as IP gateway devices.

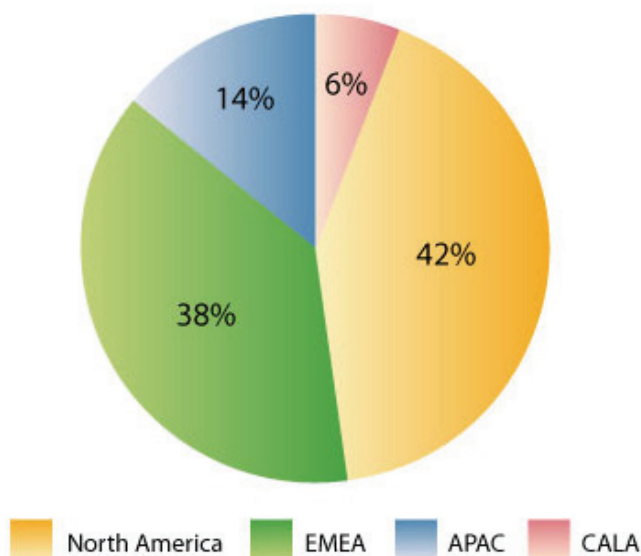
#### 8. What are requirements to business media phones? – Device performance

The high performance benchmarks of telephones, along with always-on access, will be the reason why business workers prefer to use the media phone over the PC for specific applications. Media phones must offer same or better performance as the PSTN on Internet-based multimedia sessions. Performance benchmarks for media phones can be established in close cooperation with IP-PBX vendors, application developers, and carrier service level agreement (SLA) standards.

### 9. What are requirements to business media phones? – Video

Media phones with video are expected to have a much broader appeal. For example, corporations could use streaming or interactive video sessions for internal communications, such as department meetings, and corporate announcements. Some collaborative applications may also require the higher performance audio and video associated with an IP PBX system, rather than best-effort Internet data connections. Video is to play a significant part in business communication, integrated, desktop audio/video devices, such as the media phone, will be an absolute requirement.

### 10. What regions are most likely to adopt media phones?



Media phones are an emerging and attractive business segment. Among today available media phones the innovative iRiver Wave Home by Korea Telecom, South Korean top wired/wireless service provider, is the one which fully meets the requirements of both end-users and enterprises, offering high quality video communication. The business-level quality of IP voice and video communications with Wave Home is secured by SPIRIT's carrier-grade Voice&Video Engine.

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