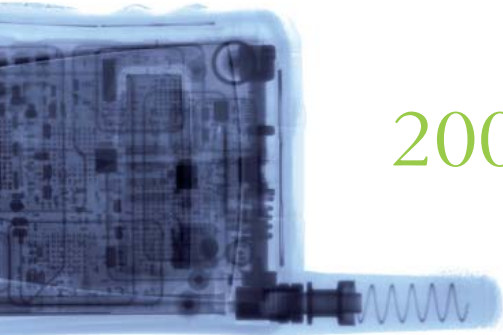


2009 Canadian TMT Predictions



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Technology predictions

- 1 Making every electron count: the rise of the SmartGrid**
Transforming our electrical network to be as smart as our telecommunications network. SmartGrid technologies encompass the entire electrical infrastructure – from generation to transmission and distribution to consumption – and transform a dumb grid into an intelligent and flexible network. Governments, utilities, enterprises and consumers are likely to spend heavily on SmartGrid in 2009 to save money (especially when there is a short payback of 12 months or less); make the grid more stable; and stimulate the economy with infrastructure spending. With 60% market share, Toronto-based RuggedCom is already a global leader in the SmartGrid field, while Deloitte Technology Green 15™ winners Distech Controls, Sempa Power Systems and Sustainable Energy are rising stars.
- 2 Disrupting the PC: the rise of the netbook**
They're cheap, they're small, they're cute... did we mention they're cheap? The fastest growing – maybe the only growing – category of PC in 2009 is likely to be the netbook. As many as 50 million of these mini-notebooks may be sold because they are cheaper, smaller and sometimes subsidized. The PC industry will need to adapt to the changing economics and software requirements of these potential category killers – cost needs to be reduced, low-end devices must be offered and subsidy partnerships should be explored.
- 3 Downsizing the digital attic: when infinite storage is a bad thing**
Don't hit that save key... when cheap storage ain't so cheap. The cost of storage is now so inexpensive that in 2009 the average enterprise thinks it can afford to store every bit of data possible. But the cost of finding "needles in a haystack" means that de-duplication software will be needed as well as tighter policies on storage limits and more comprehensive total cost of storage analysis. Electronic content management (ECM) software is one of the key tools for managing storage and Waterloo, Ontario based Open Text is the largest independent vendor of ECM software in the world.

- 4 Social networks in the enterprise: Facebook for the Fortune Enterprise 2.0 is affordable and no training wheels are required.** Enterprises and governments are looking for cost-effective ways to distribute information throughout their networks. In 2009, this is likely to include more spending on internal social networks and the tools required to build and enable them. With the world's highest penetration of Facebook users, Canada is poised to be a global leader in transitioning this technology to the enterprise. Although social networks don't cost much to deploy, the challenge is likely to be in measuring their return on investment. Enterprise social networking leaders in Canada include IGLOO and Open Text (on the tools side).

Media predictions

- 5 Putting print out of peril may require stopping the presses**
4 sale: 1 major city newspaper – \$20 obo (or best offer). The global economic crisis is hitting all industries – but the newspaper and magazine publishing industries are particularly affected. Already weakened by readers and advertisers moving online, the heavily indebted industry looks set to be decimated in 2009, with one in 10 ceasing print publication entirely. While Canadian advertising revenues have not fallen as rapidly as those in the U.S., our publishing industry seems to be heading down the same path. Cost-cutting and online strategies have not been enough to change losses into profits so far.
- 6 Rising stars take on the megastars: indie is the new mainstream**
Be like Feist: 1, 2, 3, 4... smaller acts pack the floor. Cost conscious consumers still need to be entertained in 2009 – but premium content may be out of reach as expensive headline acts and clubs lose sponsors who had partially subsidized the cost. Minor league teams, fringe theatre, independent music and film should all do relatively well as the superstars go into eclipse – at least for now. With bands like Arcade Fire and Broken Social Scene, Canadian independent music is already a recognized phenomenon. Reasonably-priced Toronto FC games have been sold out for two seasons and there is a significant waiting list for season tickets. Another example will be next fall when the CFL and NFL may schedule games on the same weekend. Are people going to pay \$250 a seat to see the Buffalo Bills when the Toronto Argonauts played the day before for around \$25 a seat?

7 **The dawn of WiFi radio: 10,000 radio stations in your pocket**

It lets you listen while you travel, but knows where you are.

While most other media has made the transition to digital, analogue radio still dominates today. But in 2009, the availability of reasonably-priced standalone internet radio devices, 10,000 available stations, pervasive WiFi and location-aware technology will push consumers and advertisers alike to turn the dial to the internet. Imagine a Vancouverite in Toronto on business – able to listen to CFOX and get Vancouver news, but with Toronto ads.

8 **Mobile advertising finds its meaning: cell phone ads are the new billboards**

Monetizing the screen you look at 50 times a day. Advertising on mobile phones is less than 0.4 % of total ad spending last year. But higher smartphone penetration, higher network speeds, better mobile operating systems and, in some cases, a better understanding of the medium means that mobile ads are likely to be the only category of advertising that grows in 2009. Mobile ads should be less expensive than other forms of advertising and have a higher return while addressing an untapped market. Canadian leaders in mobile advertising include Deloitte Technology Fast 50™ winners Impact Mobile, MyThum and OZ Communications.

Telecommunications predictions

9 **Smart phones: how to stay clever in a downturn**

It's not dumb to pay a premium for a smart phone. Though growth in demand for smart phones may slow during 2009, it is likely to remain stronger than any other handset category. Nonetheless, handset makers may have to reduce costs, streamline functionality and invest in marketing in order to ensure that mobile operators can continue to justify smart phone subsidies. Bell, Rogers and Telus will continue to scramble to find the right combination of device subsidies and data pricing to drive growth. Meanwhile, RIM will continue to target the consumer smartphone market as it battles the iPhone for the title of global smartphone champion.

10 **Digital communication loses its message: no email Fridays**

When a productivity tool starts impairing productivity. The value of some digital communications is likely to be questioned by some corporations during 2009, as employees' inboxes become overloaded. Many will try to stem the flow of messages and posts by training staff on appropriate usage, encouraging individuals to temporarily disconnect and even rationing the number of email messages sent.

11 **The mobile broadband accident in slow motion: traffic jams on cellular networks**

Netbooks and smartphones are chewing up bandwidth. Mobile broadband adoption is expected to continue during 2009. Though operator data revenues are likely to grow, they may need to upgrade their networks to cope with higher traffic volumes. Operators may also have to revise their business models and encourage consumers to route heavy traffic via other networks. This is primarily a U.S. and European issue that Canadians will need to address over time. Meanwhile, Canadian technology providers and Deloitte Technology Fast 50™ winners such as DragonWave, Redline Communications, Redknee, Bridgewater Systems and Sandvine are all developing solutions to address various parts of this problem worldwide.

12 **One for all and all for one: no more redundant fibre optic networks**

Sharing the cost of fibre means more speed sooner. The telecommunications industry will likely rethink its approach to fibre network deployment during 2009. Infrastructure-based competition is likely to give way to structural separation, where consortia and governments share the cost of network deployment and compete on services, brand and content alone. Although it is unlikely we will see a mandated common network in Canada, Canadian companies like Enablence, Exfo and Nortel will benefit if fibre optic network building takes off globally (particularly in Asia, Africa and Latin America) as part of stimulative infrastructure spending.

Bonus TMT prediction

13 **The browser becomes the operating system: changing of the guard?**

Better living through better browsers. Current browsers are great except for how often they crash; how much memory they take up; and how they don't work well on mobile devices. Aside from that, they're perfect. New next generation browsers and tools mean that the historical pre-eminence of the operating system may be largely supplanted by leaner and more robust browsers. This will then allow cloud computing, Software as a Service and open source solutions to finally start growing at accelerated rates.



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Designed and produced by National Design Studio, Canada 08-1528