

Larger capacities, development of Internet telephone services and stable revenues from data transmission – Crowley Data Poland talks of telecommunication market trends

Certain trends in products available on the market became more predominant in 2007, which was reflected by the sales results and a commercial activity of telecommunication operators. Business customer market, Crowley Data Poland's special interest area, follows its own rules, although, there are some features characteristic of the whole the telecom sector.

Decreasing unit costs of access to Internet translates into growing demand for higher capacities

New opportunities of service provision presenting themselves in course of the market deregulation boosted the level of competition, especially on the individual customer market, and triggered an aggressive price contest. Additionally, expectations of business customers have evolved.

In 2007, Crowley Data Poland increased their revenues from Internet access services by 15%. The share of complex services requiring large capacities, high availability and integrated network equipment for traffic management has been increasing in the overall sales structure. In December 2007, such complex services constituted 53% of all Internet services, whereas, in January 2007, this number was 46%.

As a result, the sales of higher capacities has been growing and offers for capacities lower than 1Mb/s have been gradually withdrawn. As Internet applications designed for business operations and Internet telephone services are constantly growing in popularity, the companies have begun to increase their demand for bandwidth allocation, especially in a situation where prices are no longer a constraint.

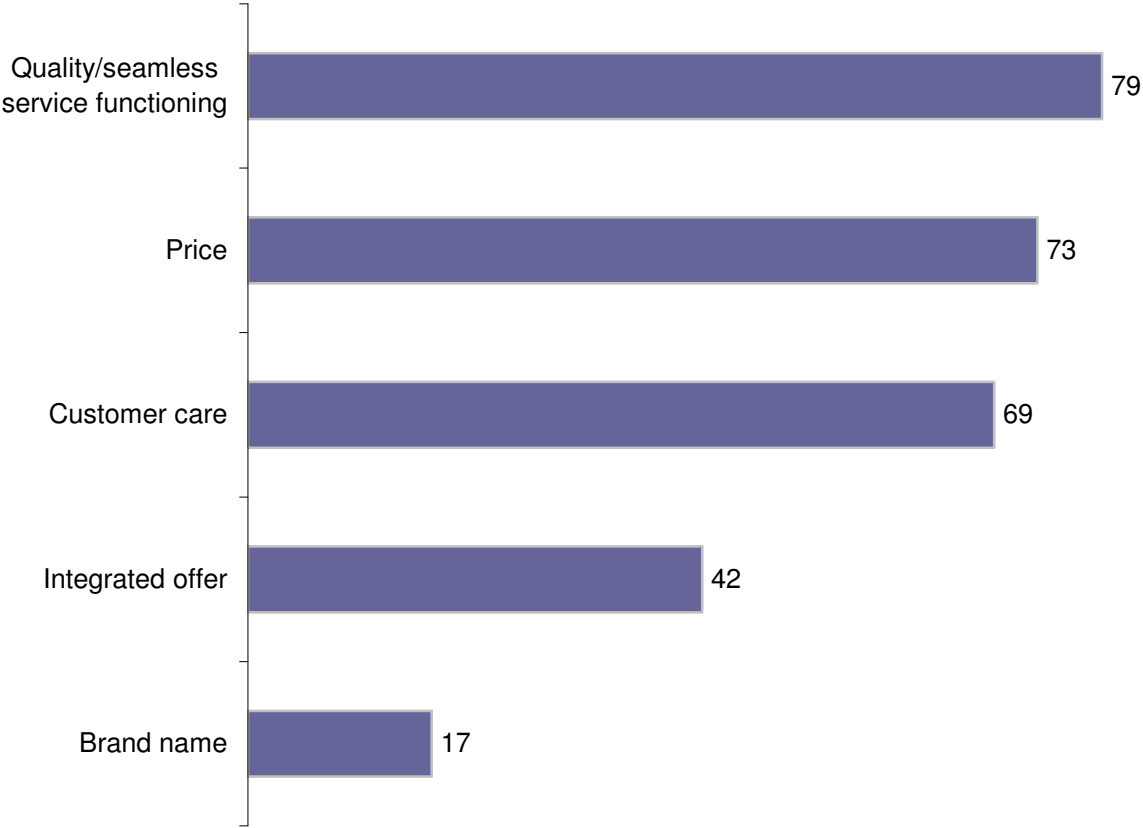
Lowest capacity services are becoming extinct as customers prefer 4-8Mb and 20Mb range of capacity. This happens mostly because two major groups of receivers have diverse needs: the first one uses Internet to efficiently communicate with other users, e.g. via an e-mail; whereas, the other one utilizes Internet for deploying more advanced solutions, such as IP telephone services or VPNs.

Business customers who choose Internet access service pay special attention to quality of provided services, guarantees of technical parameters and a prompt service restoration in case of outages,

should there be any. For that reason, they are more willing to pay higher bills for high-speed, efficient connections.

Results of a September 2007 customer satisfaction survey, commissioned by Crowley Data Poland to an independent research agency and covering a nation-wide sample of enterprises with 5 to 250 employees, indicate that customers, upon choosing Internet service provider, are driven by quality/seamless functioning of the service, price and customer care.

Major factors influencing the choice of Internet service provider (% value of answers indicating high importance of a respective factor)

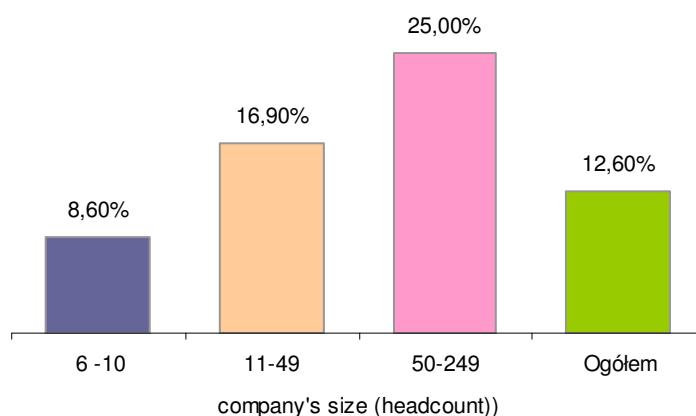


Data Transmission – a guarantee of stable revenues

In contrast to growing price pressures related to the voice and Internet access services, the data transmission segment has remained far more stable. Although this market has been growing a bit slower – in 2007 Crowley Data Poland increased its revenues in this field by 11%, similarly to Internet, complex services display a higher degree of dynamism. Last year, the most significant growth in this category came from Data Transmission Lines (20% in comparison to the 2006 results) and VPNs with a 17% growth in comparison to the respective period of 2006. Moreover, the latter product has maintained a stable average revenue per service.

Penetration of data transmission services in the business customer sector has remained on a relatively low level. According to the Crowley Data Poland survey*, about 13% of businesses use this service and these are mostly medium size companies. There is a potential for further development of this segment as the demand for such services has been rapidly growing among SME customers. The market, stimulated by the decrease of prices for lines and Internet access is approaching the phase of growth based on extended value added Internet services dedicated for business customers and available on a mass scale.

Usage of data transmission services (VPNs, data transmission lines and digital channels)



According to the Crowley Data Poland survey, customers using data transmission services comprise the most loyal group of service subscribers; 74% of customers purchasing the data transmission service from Crowley Data Poland would choose the same service provider if this was the case.

An upward trend for Telefonía IP services

Results presented by telecommunication operators show a continuous fall of revenues from the land line telephone services. The situation in the business customers sector looks more optimistic and, as Crowley Data Poland's experience shows, it is still possible to make a profit on this service. The company owes its 20% increase of revenue from selling the prefix-based services solely to its

superior management skills and an aggressive sales policy. The monthly average revenue per subscriber of this service, however, has been going down with the volumes of generated traffic considerably fluctuating.

In contrast, the IP telephone services have proven to have the highest business potential, as they contributed to an over 50% revenue increase. Lately, cooperation with local providers aggregating subscriber traffic has become an interesting opportunity to seize, as individual customers are getting more interested in VoIP technologies.