

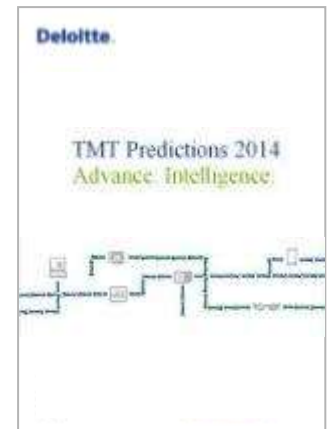
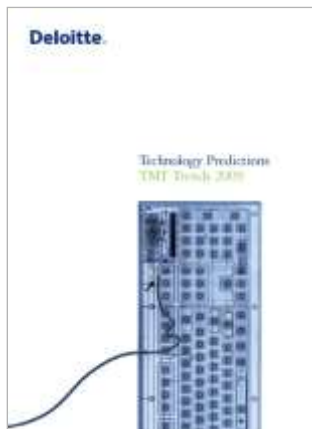
TMT Predictions 2014

Advance. Intelligence.

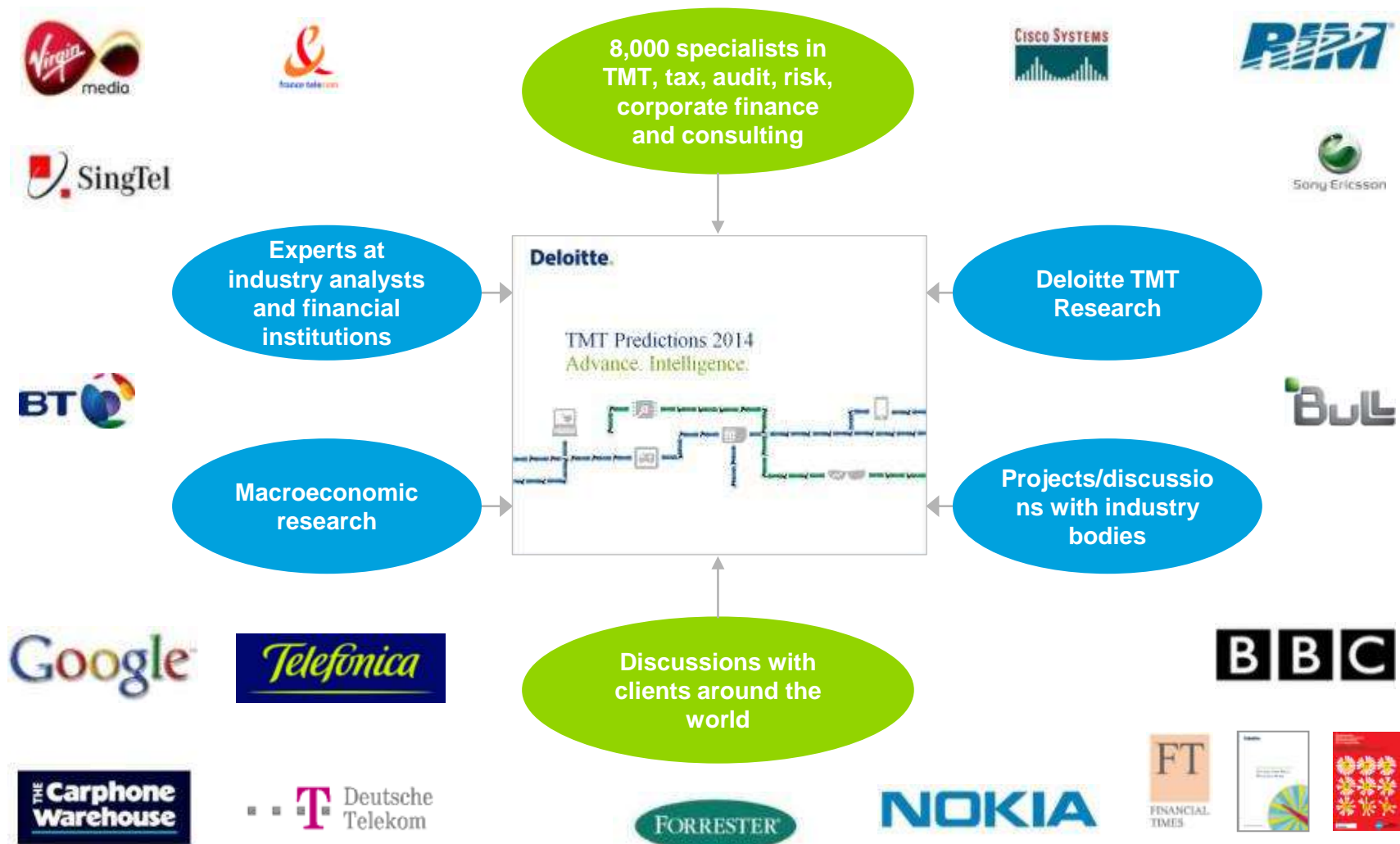


June 2014

TMT Predictions was first published in 2001



TMT Predictions methodology

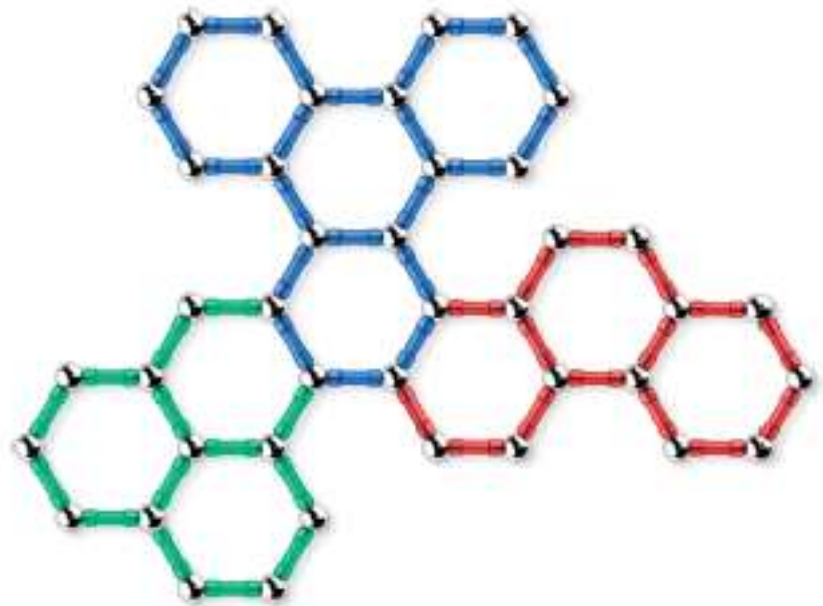


Endnotes

- ### 3 Join the #Deloittepredicts conversation

TMT Predictions 2013

Report card



2013 Technology Predictions report card



The PC is not dead – It's about usage not units



Bring your own computer – A tale of two interpretations



P@\$\$1234 – The end of strong password-only security



Enterprise Social Networks – Another tool, but not yet a panacea



Crowdfunding portals will raise \$3 billion in the year ahead



The button stays beautiful

Legend



Didn't come true
as we predicted



Came true, but less than
we predicted. At least so far



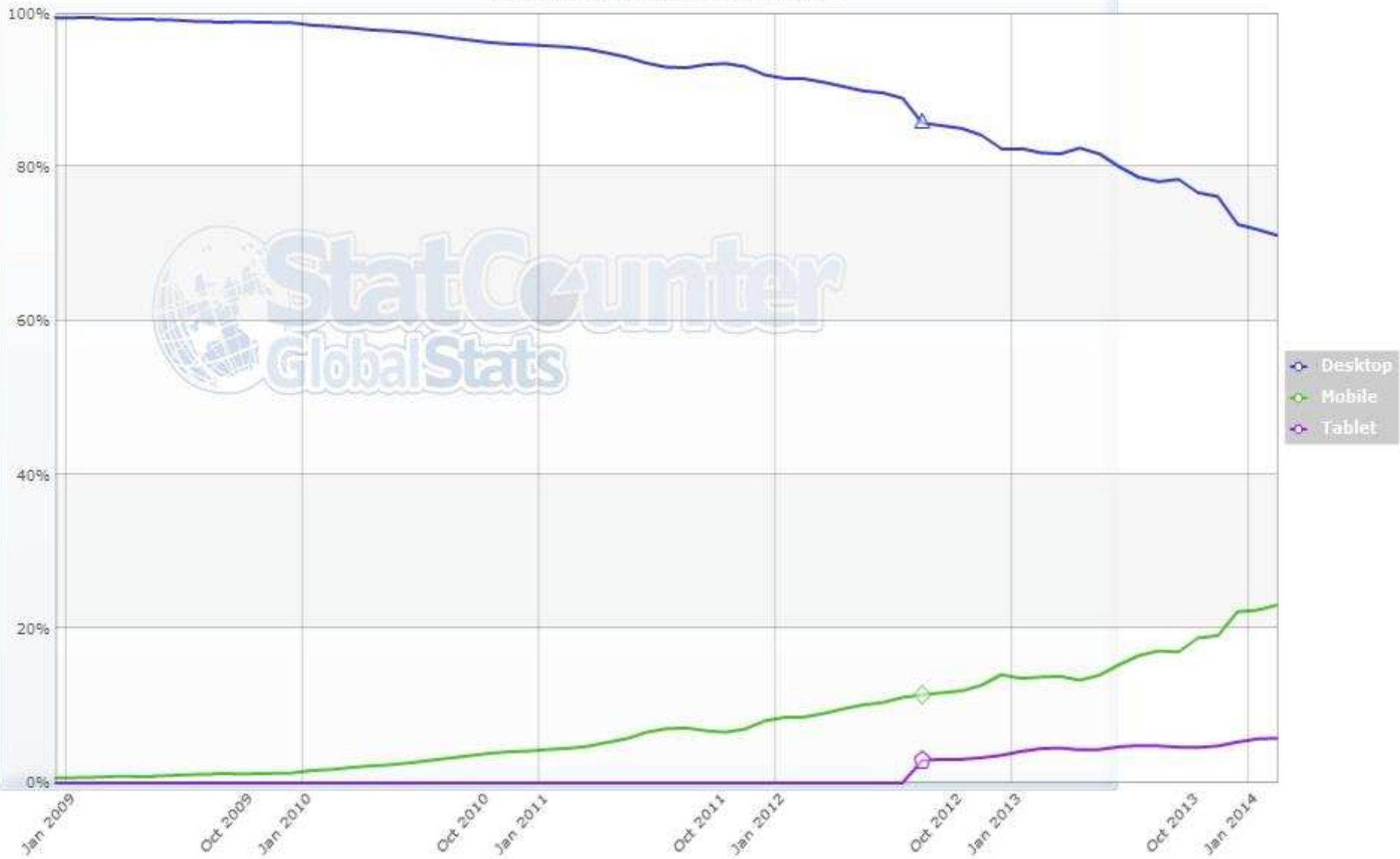
Came true exactly as
much as we predicted



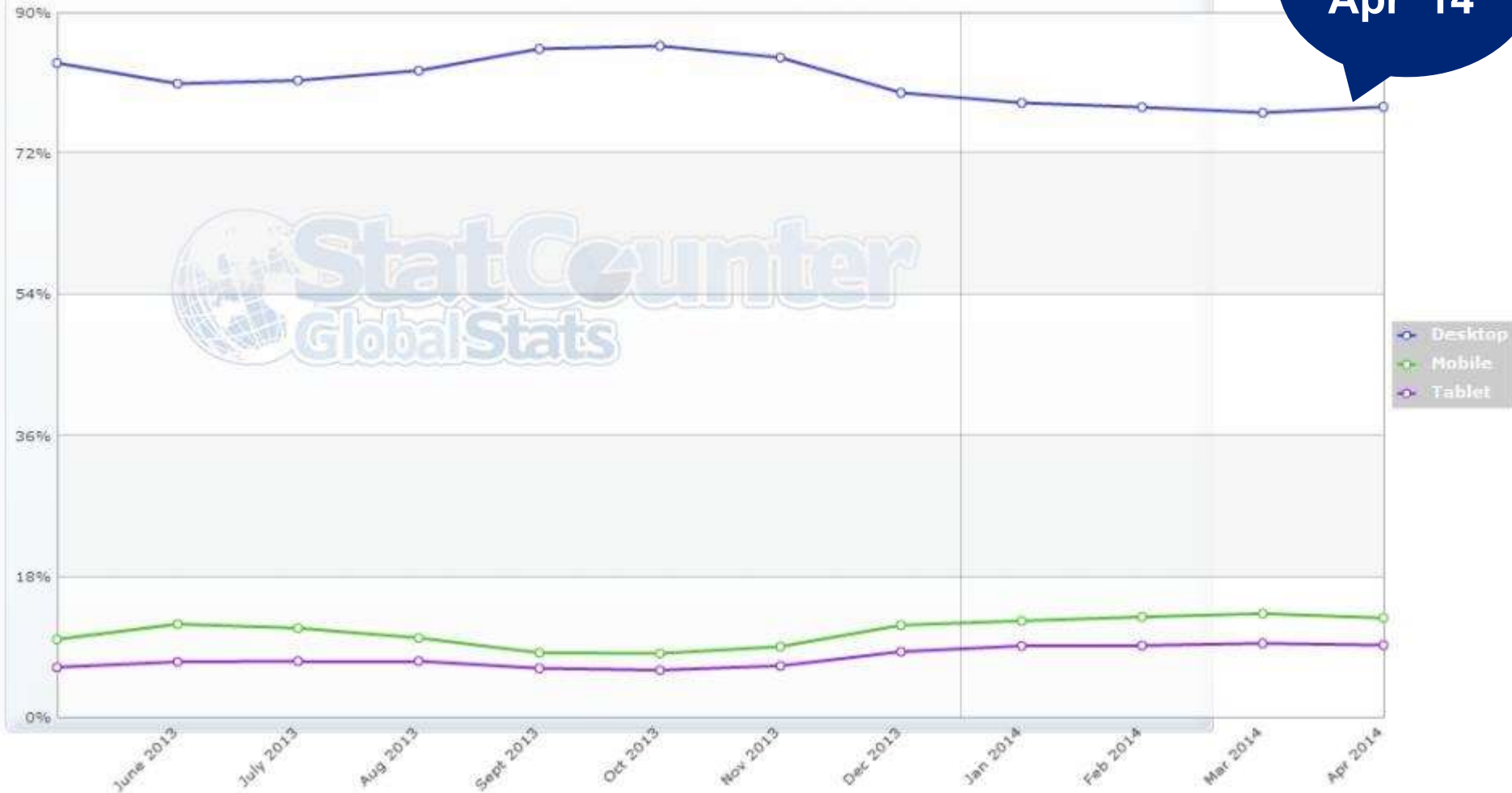
ВАСИЛ
1929

ВАСИЛ
1929

StatCounter Global Stats
Comparison from Dec 2008 to Feb 2014

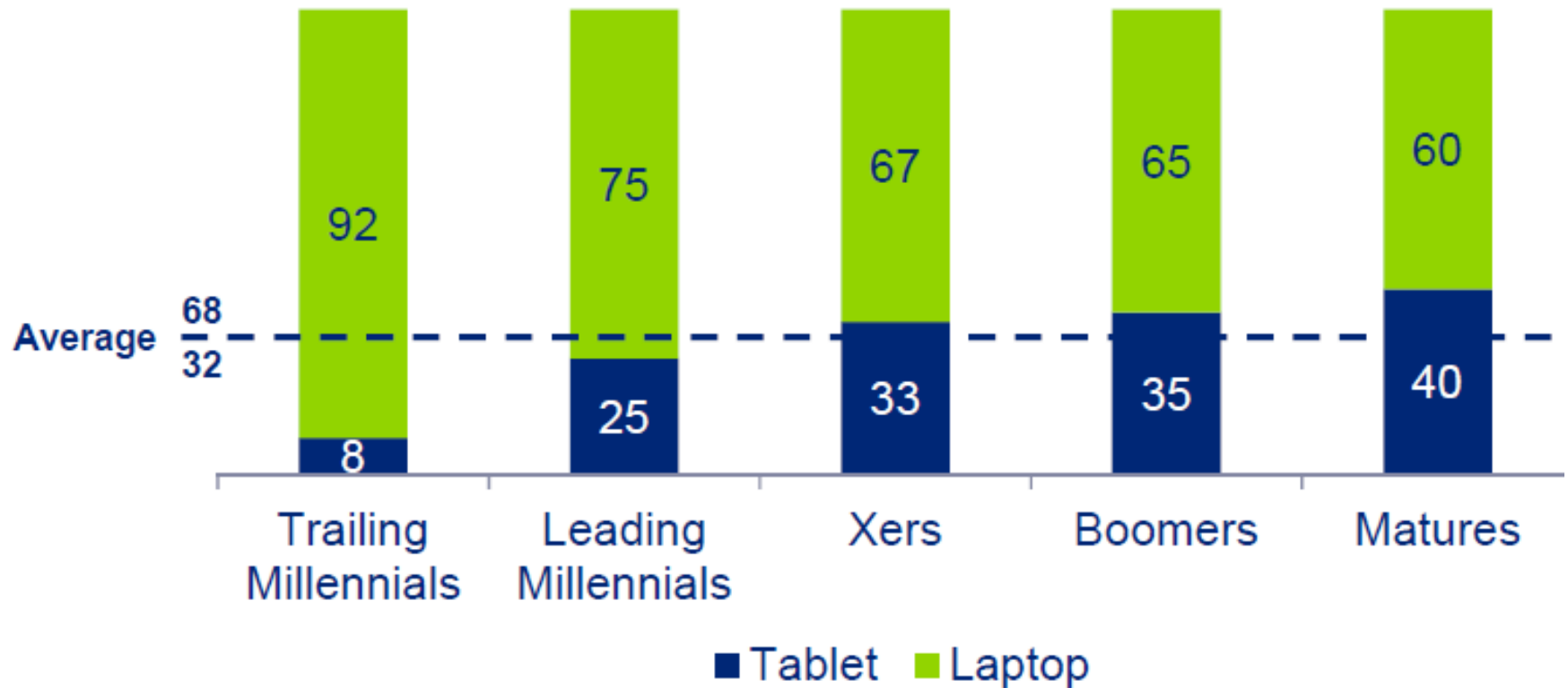


StatCounter Global Stats
Comparison in Canada from May 2013 to Apr 2014

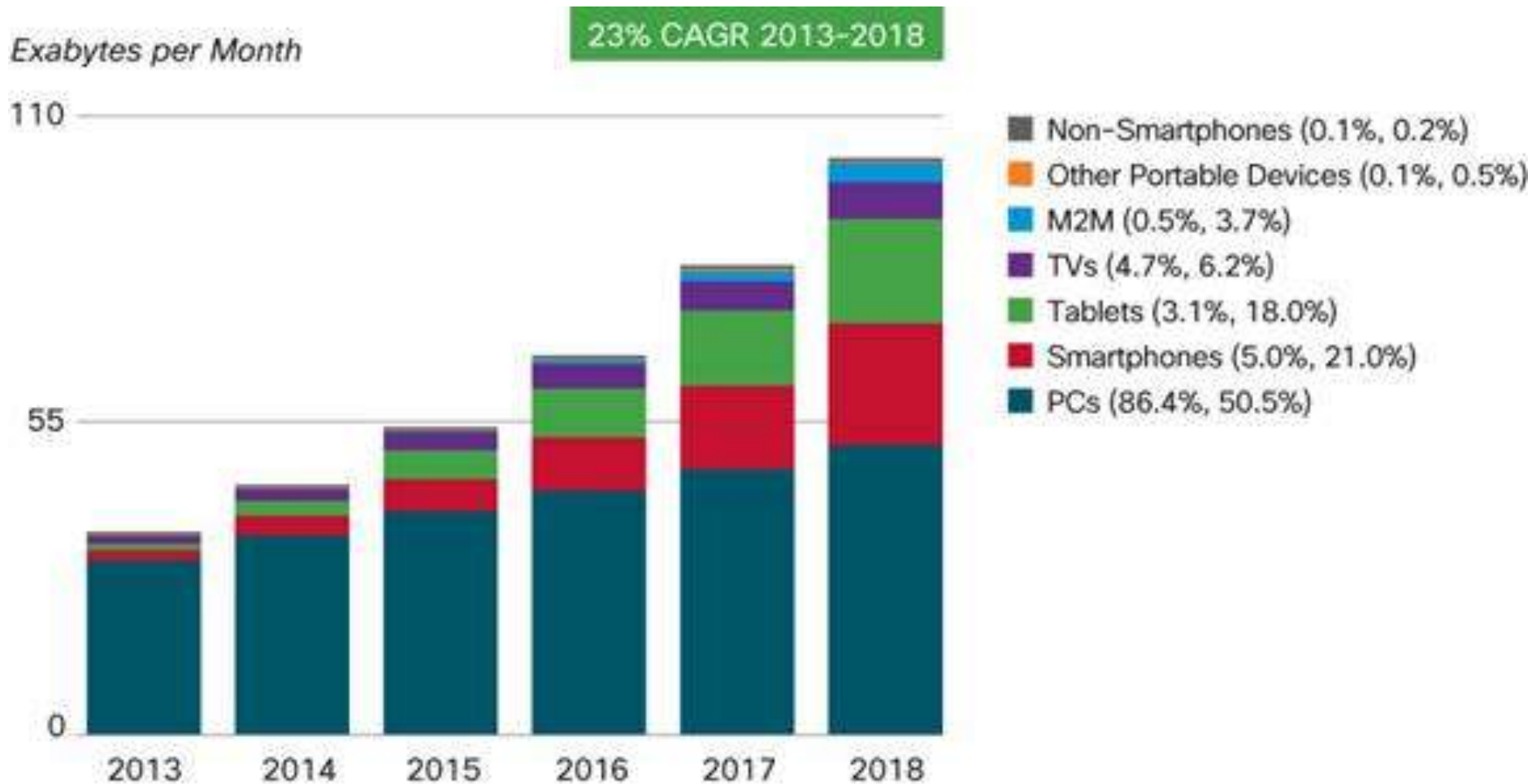


Which device is more important to you — that is, which device could you least do without?

(Among respondents who own both a laptop and a tablet)



Global Internet Traffic by Device Type



Source: Cisco VNI, 2014

The percentages in parentheses next to the legend denote the device traffic shares for the years 2013 and 2018, respectively.

2013 Media Predictions report card



4K kicks off



Dual video screening readies for prime time



Connected TV – Hits and misses



Over-the-top may lift legacy broadcasters and distributors more than pure plays



The reality of “cord cutting” in North America

Legend



Didn't come true
as we predicted



Came true, but less than
we predicted. At least so far

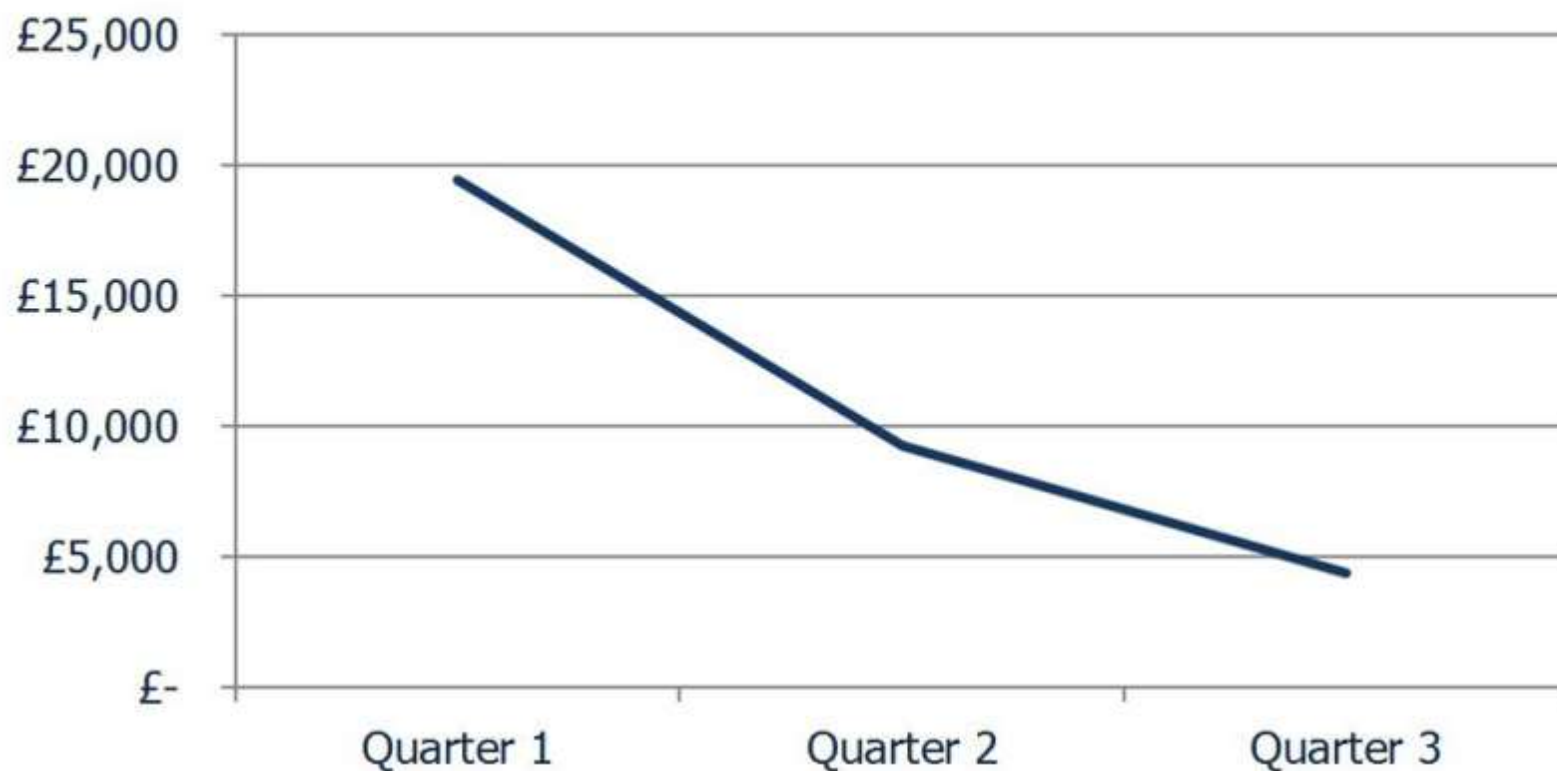


Came true exactly as
much as we predicted

4K TV



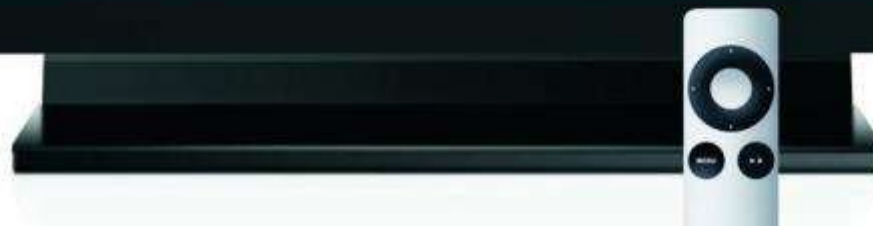
Average price development of 4K TVs on idealo.co.uk since January 2013



NETFLIX



ULTRA HD



2013 Telecom Predictions report card



A strong year for LTE adoption



Smartphones ship a billion but usage becomes simpler



Not all mobile advertising is created equal



All-you-can-app



Wireless spectrum “rush hour” means more traffic jams

Legend



Didn't come true
as we predicted

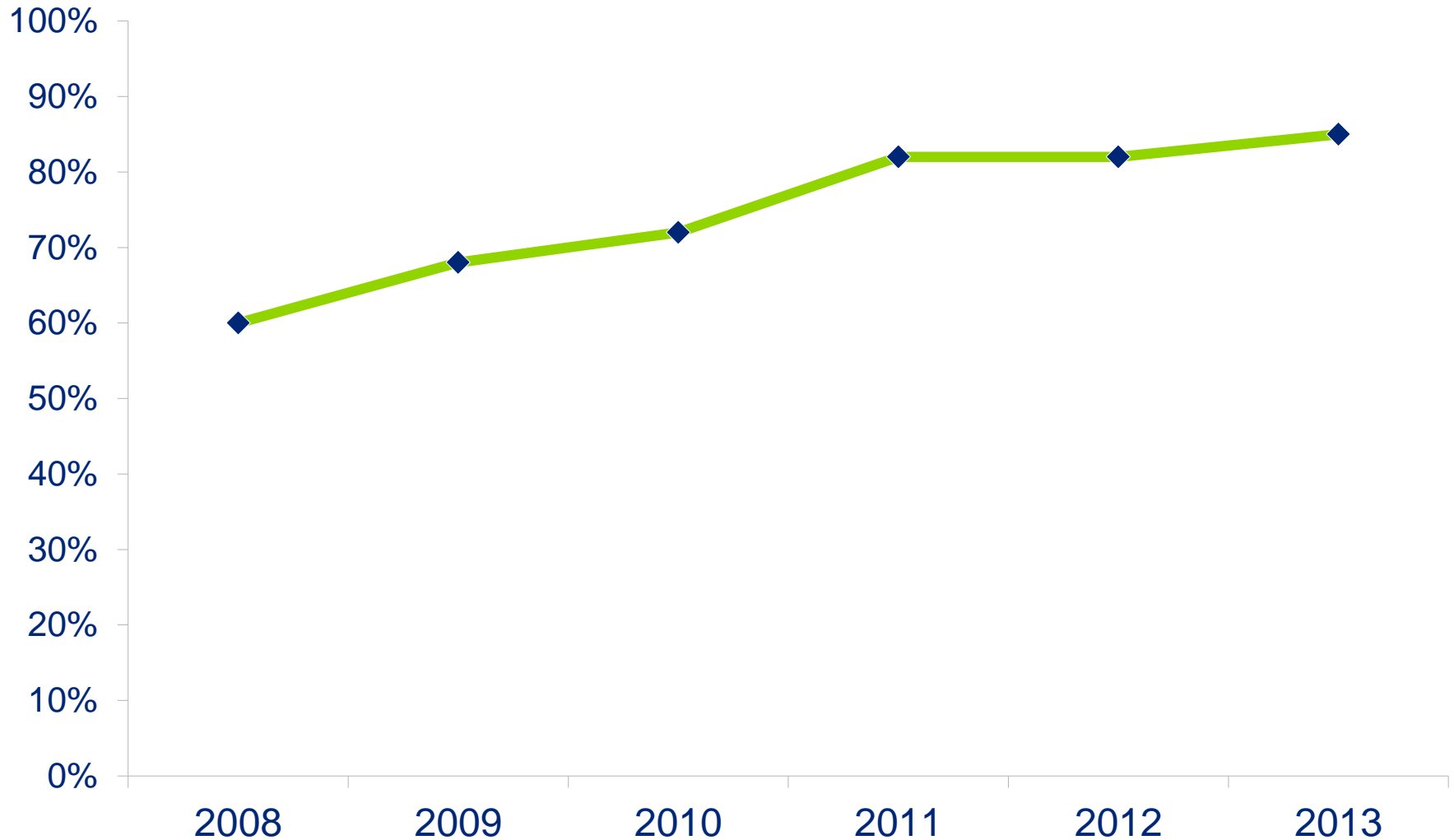


Came true, but less than
we predicted. At least so far



Came true exactly as
much as we predicted

Total prediction accuracy





MYTHBUSTERS

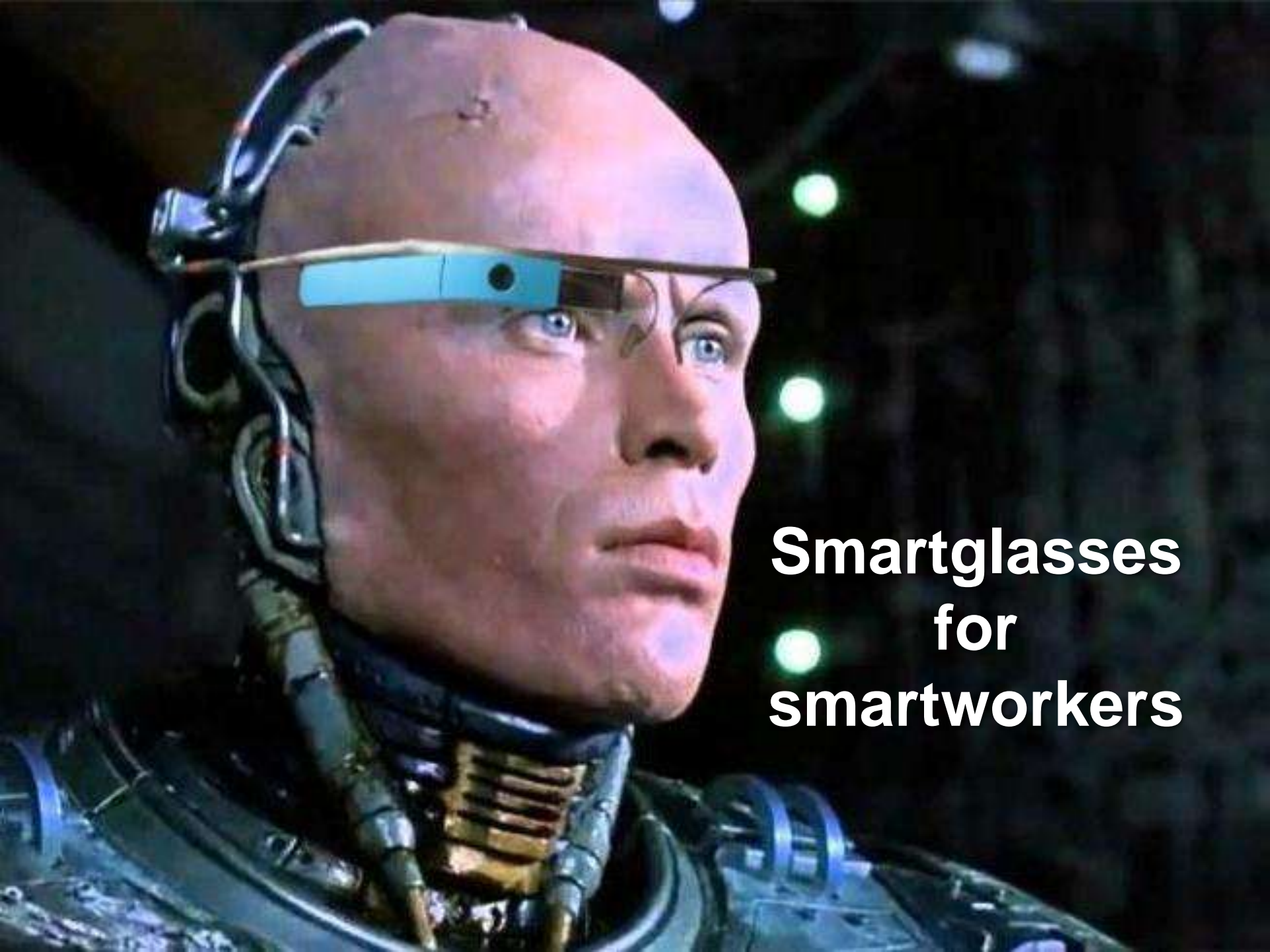


Smartglasses

**You know they are
transparent, low-resolution,
work only with a
smartphone, cost ~\$500,
and may violate various
laws, right?**



How's the
view up
there?

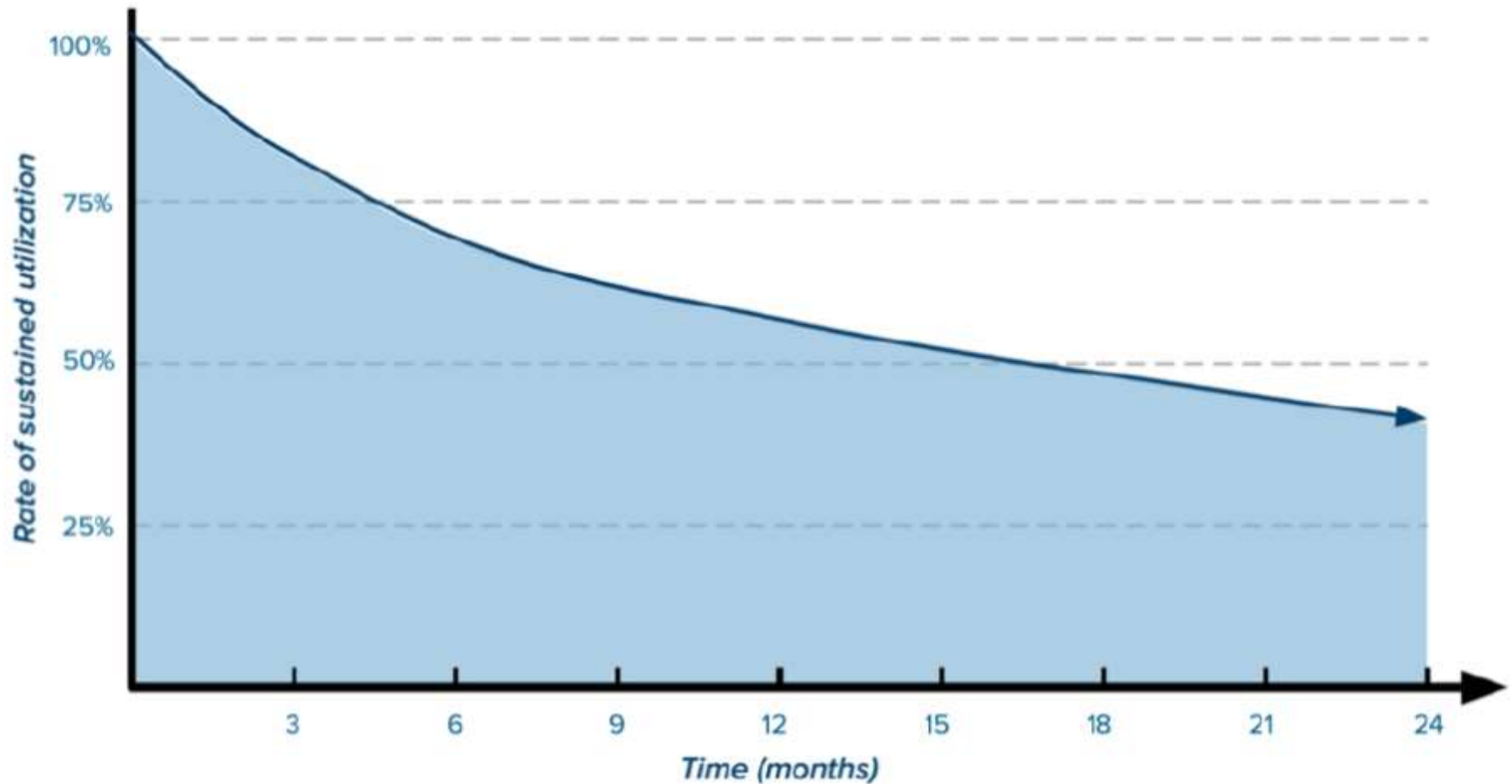


**Smartglasses
for
smartworkers**

Is it time for smartwatches?



But what about fitness trackers?

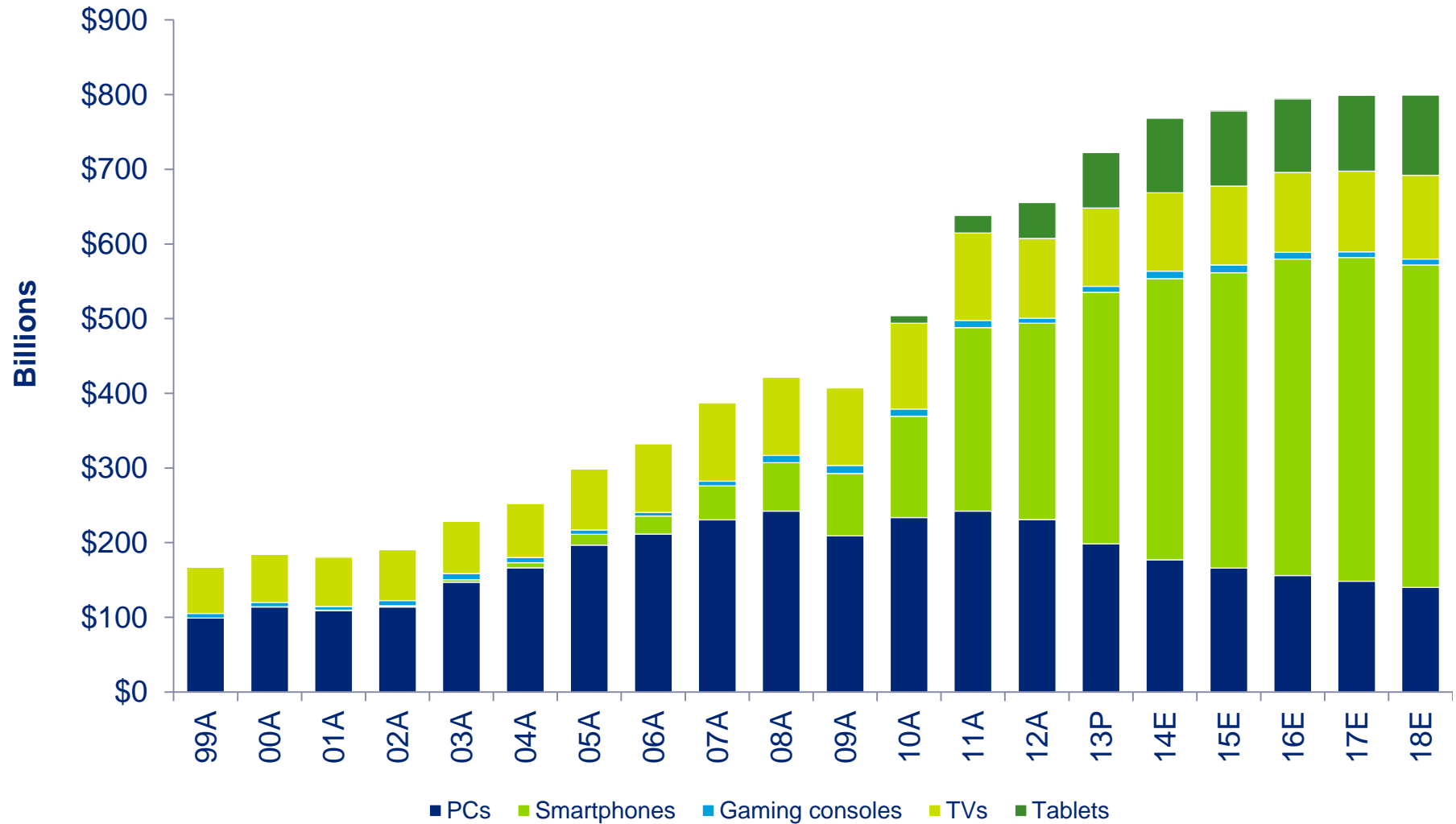


*Declining Rate of Sustained Activity Tracker Use Over Ownership
(Endeavour Partners, September 2013)*

We have had the decade of the device



The decade of the device

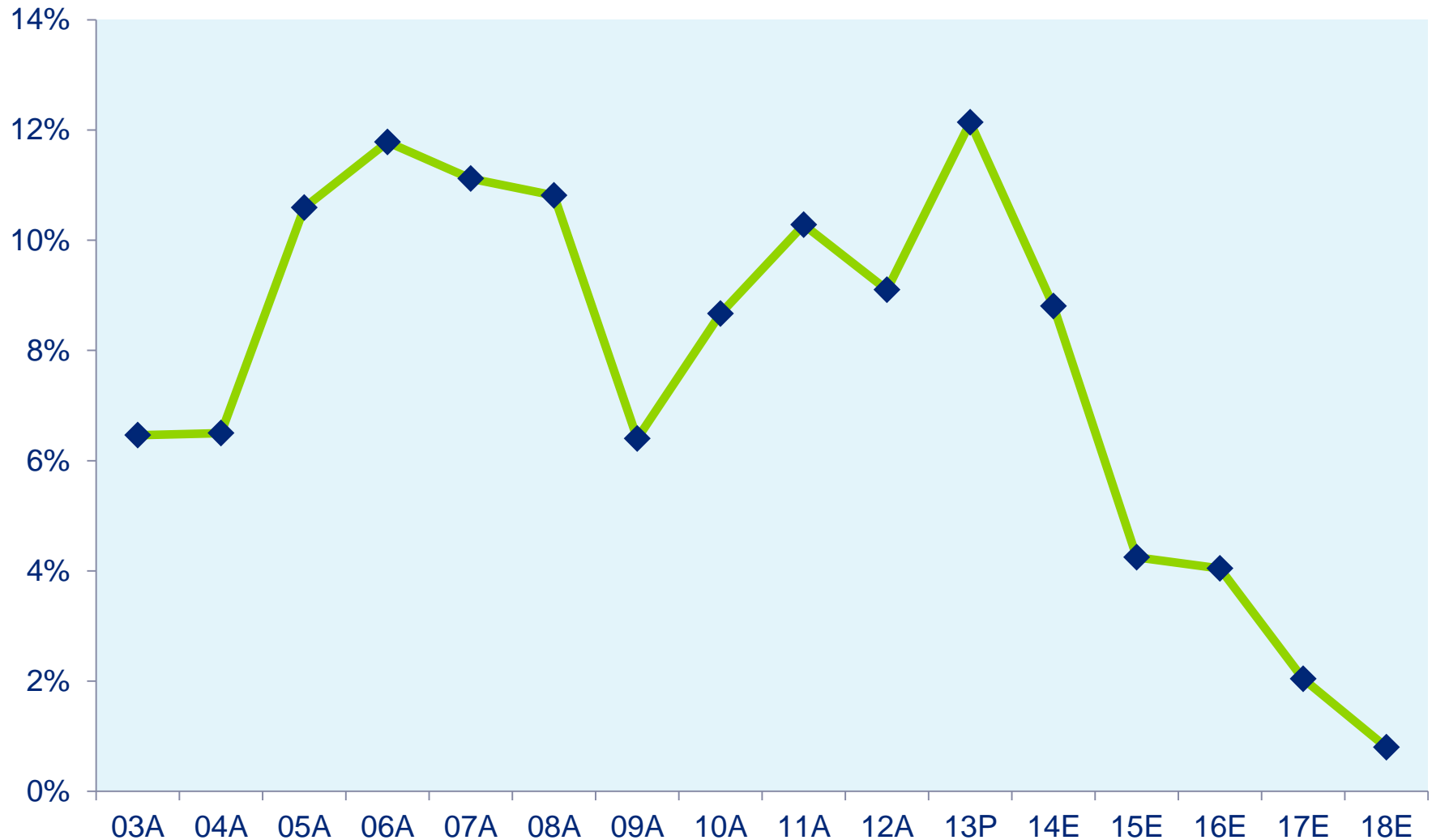


Smartphone replacement cycles are getting longer



Source: US data, Recon Analytics, BI Intelligence

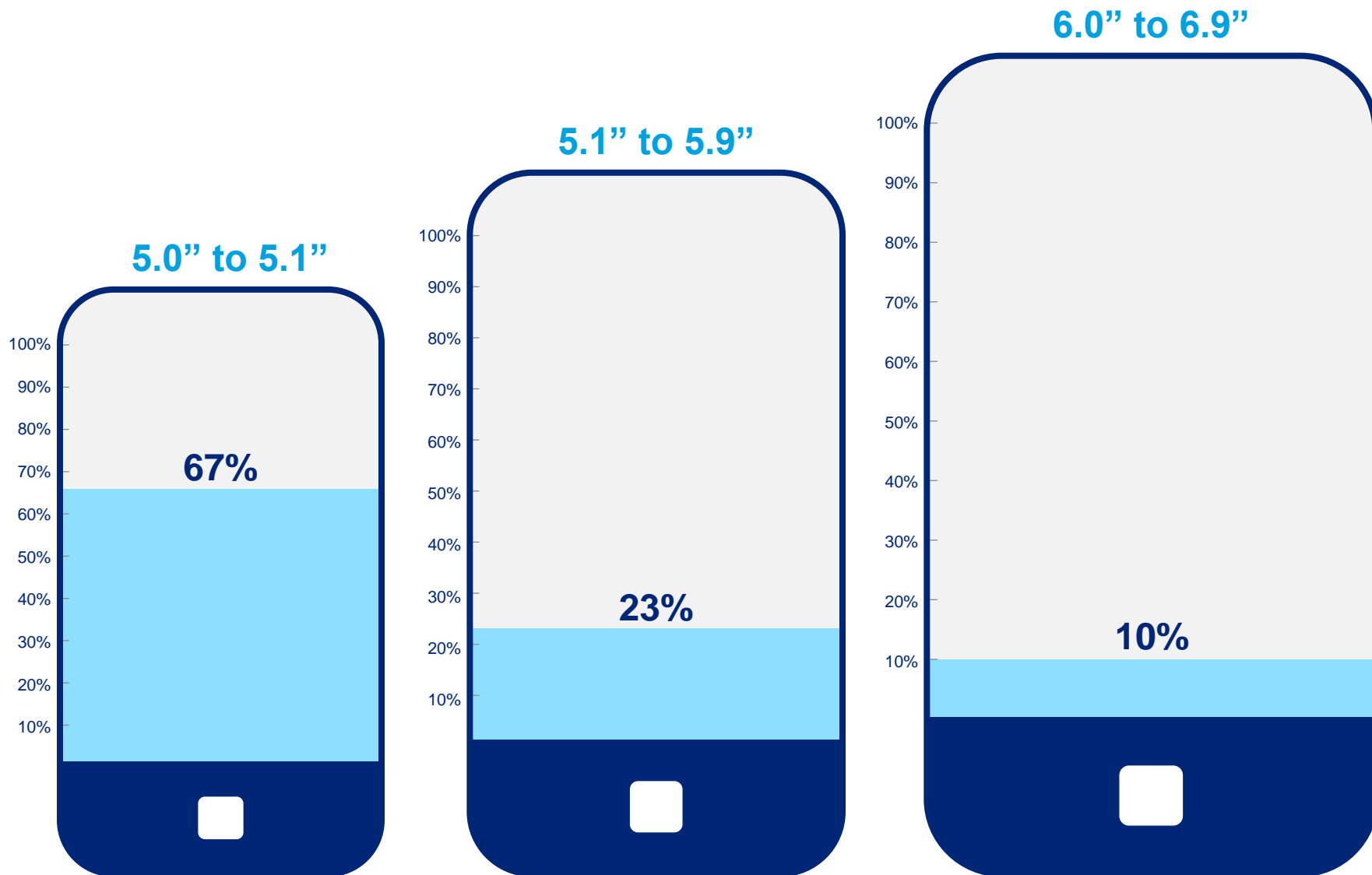
5 year trailing CAGR



**Less money for
hardware means
more money for...**



Phablet ownership breakdown

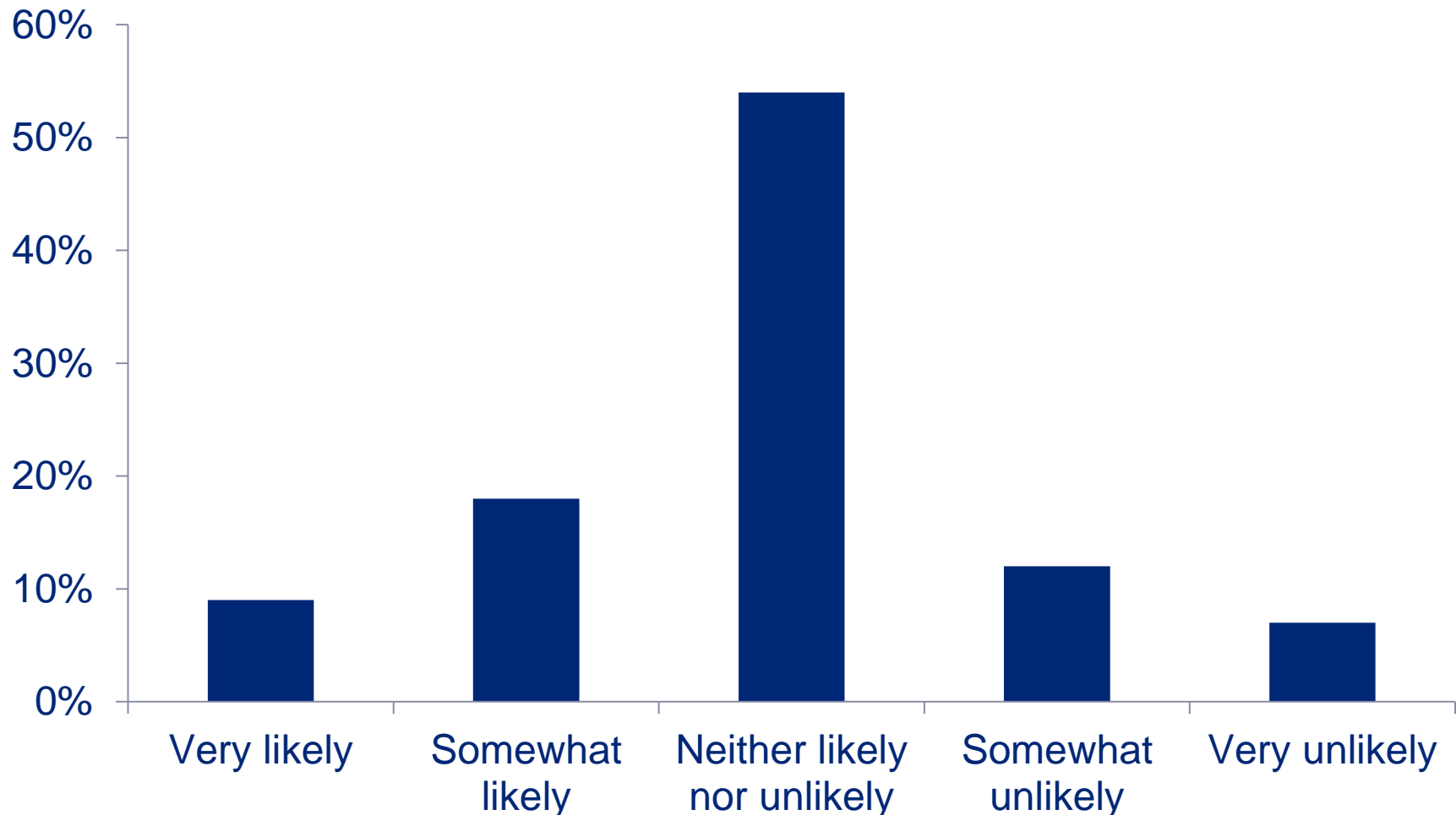




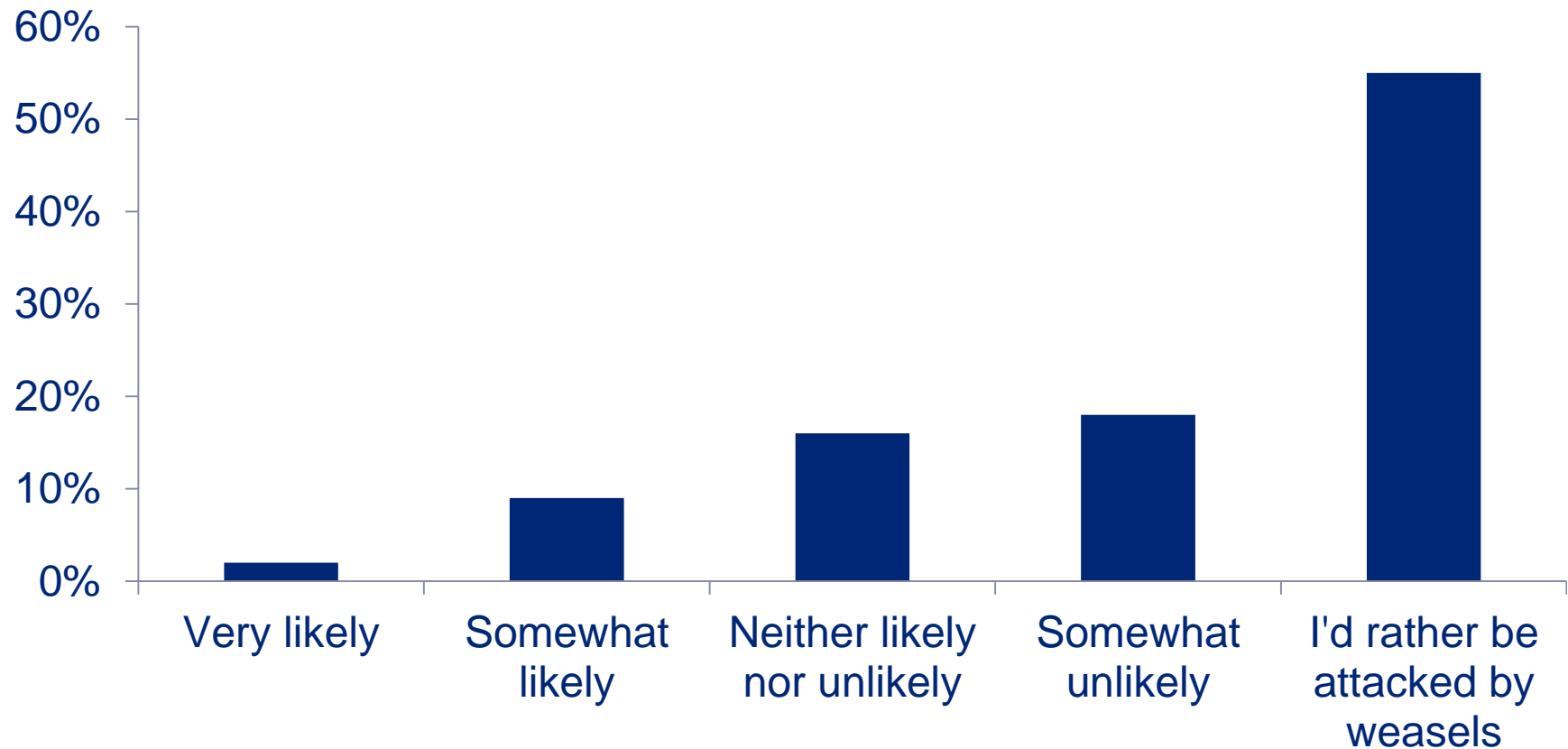
“only” 25%



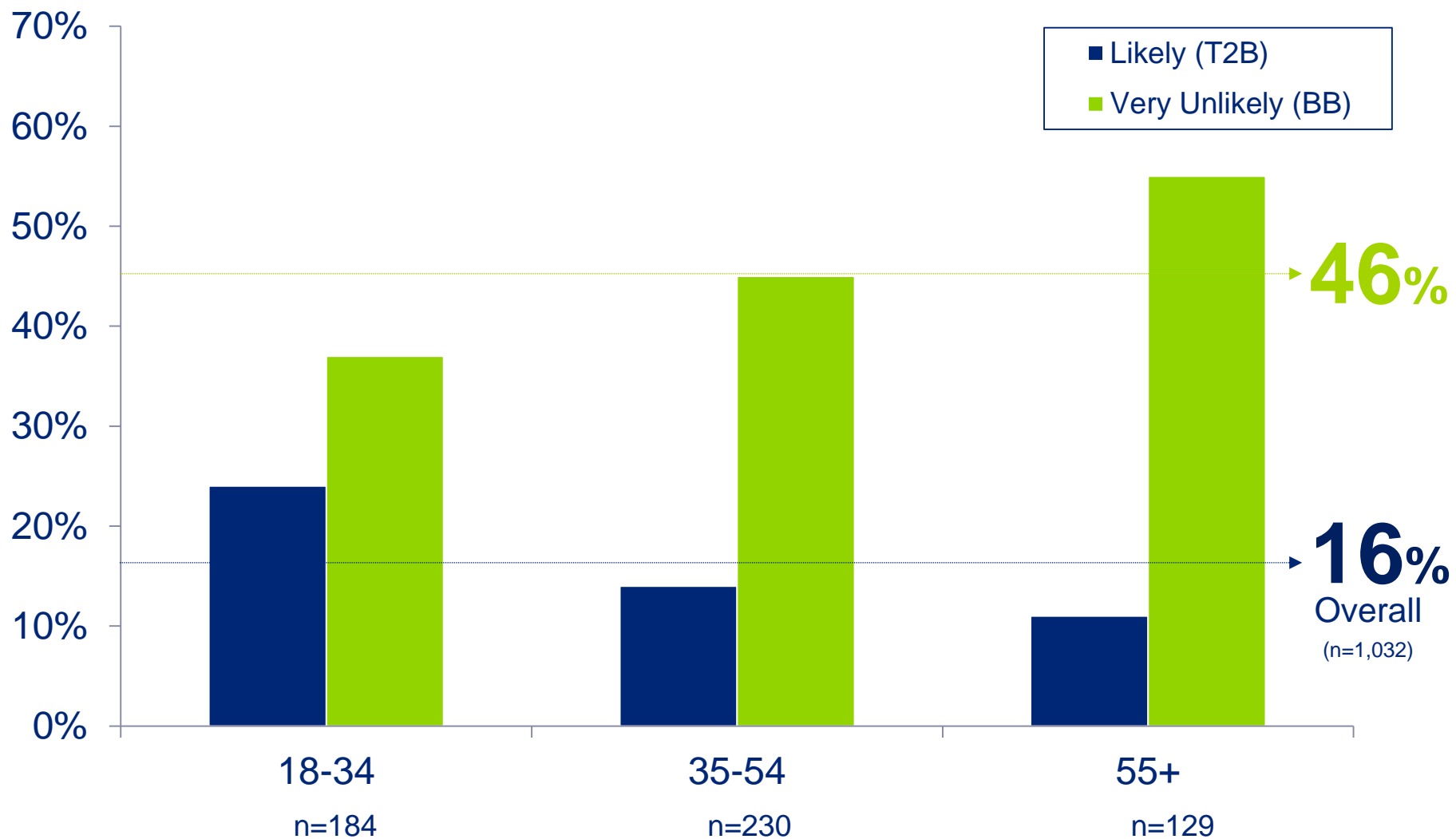
After seeing TMT Predictions, how likely are you to spend more money with Deloitte? (normal distribution)



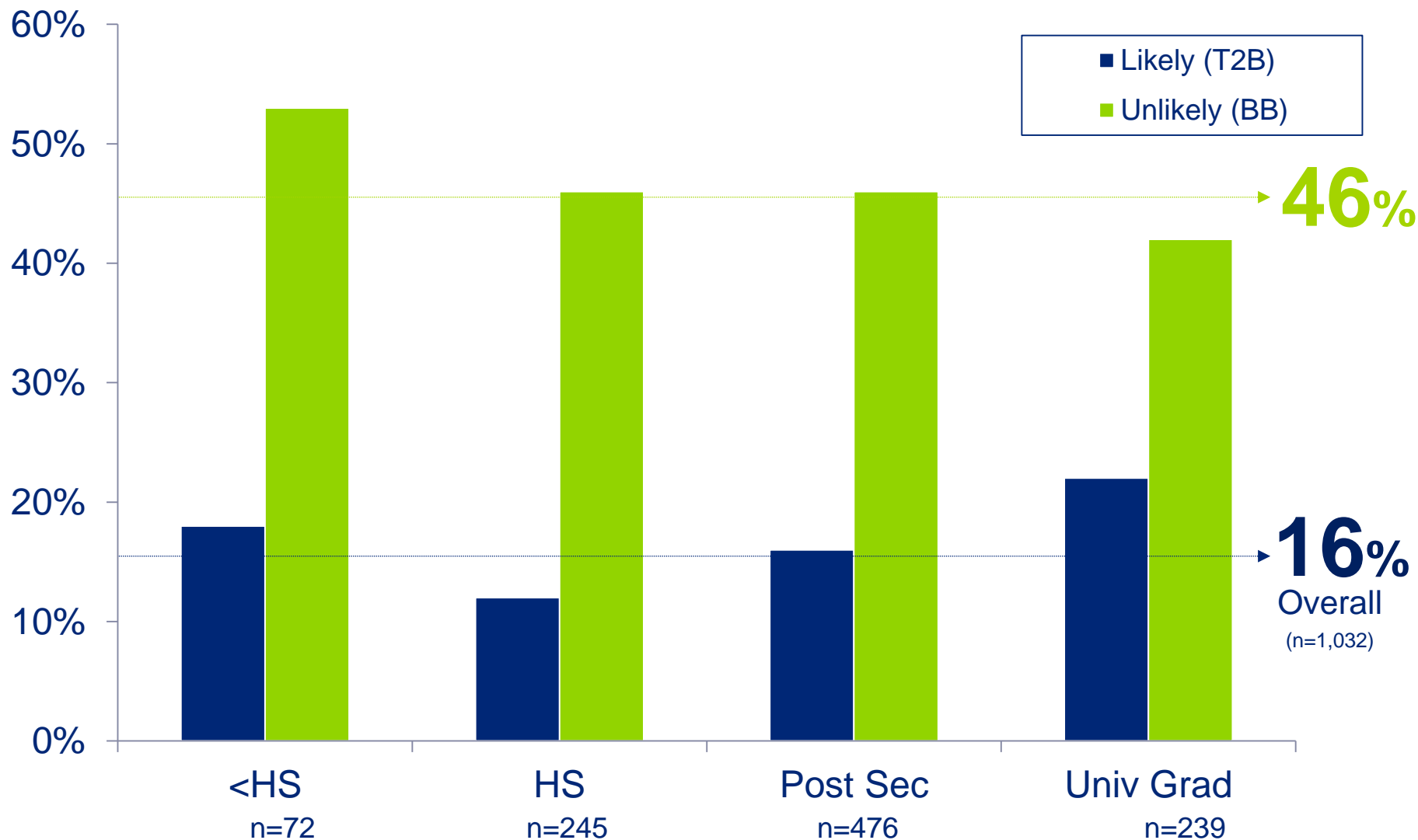
Thinking about your next mobile device, how likely are you to purchase a phablet? (55+ only, n=351)



Phablet intent to purchase as next mobile device



Phablet intent to purchase as next mobile device (cont'd)



Global smartphone sales

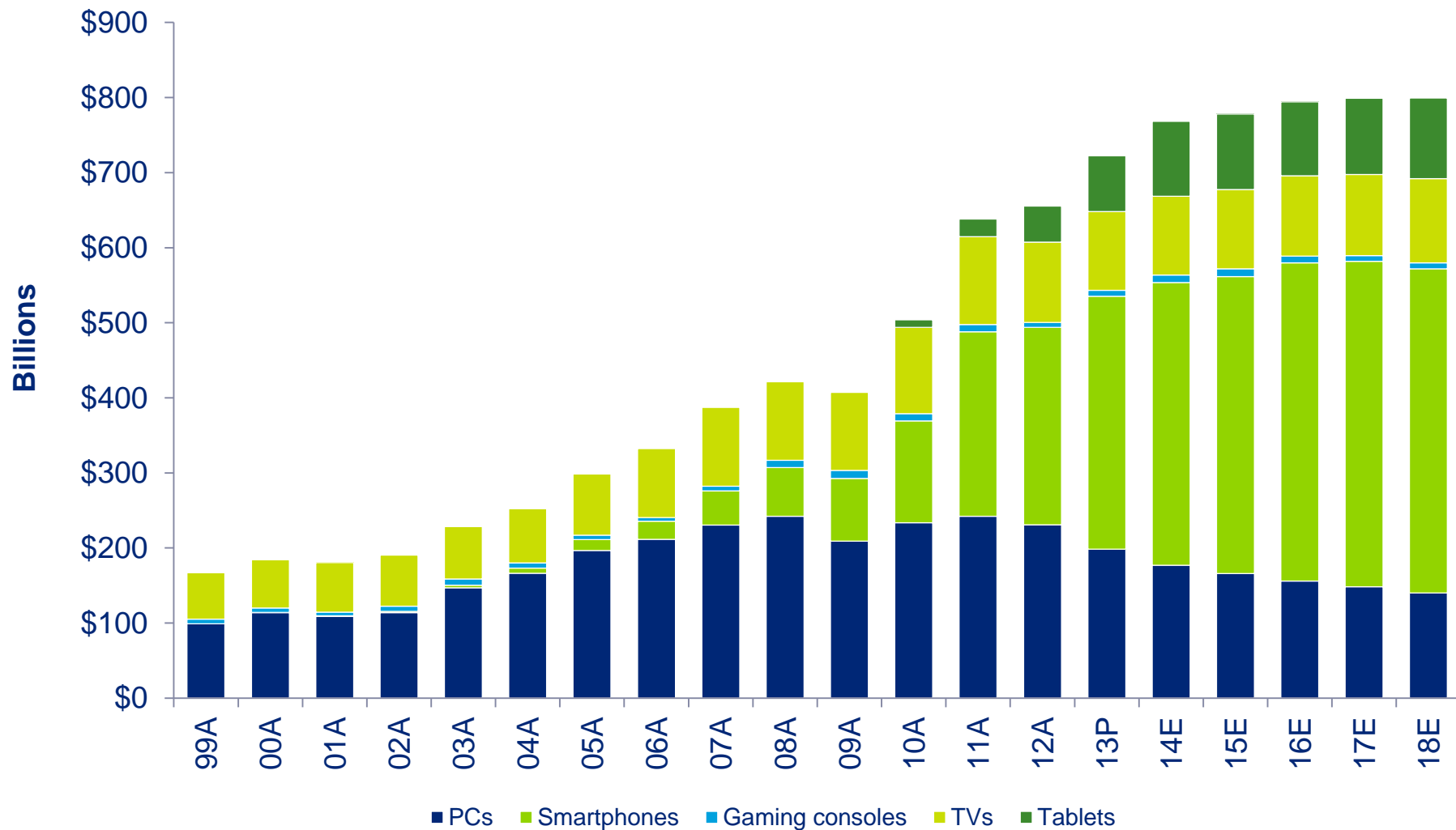


Phablets will be 25% of the global smartphone market of 1.2 billion devices.

At an ASP of \$417, that's \$125 billion in sales.

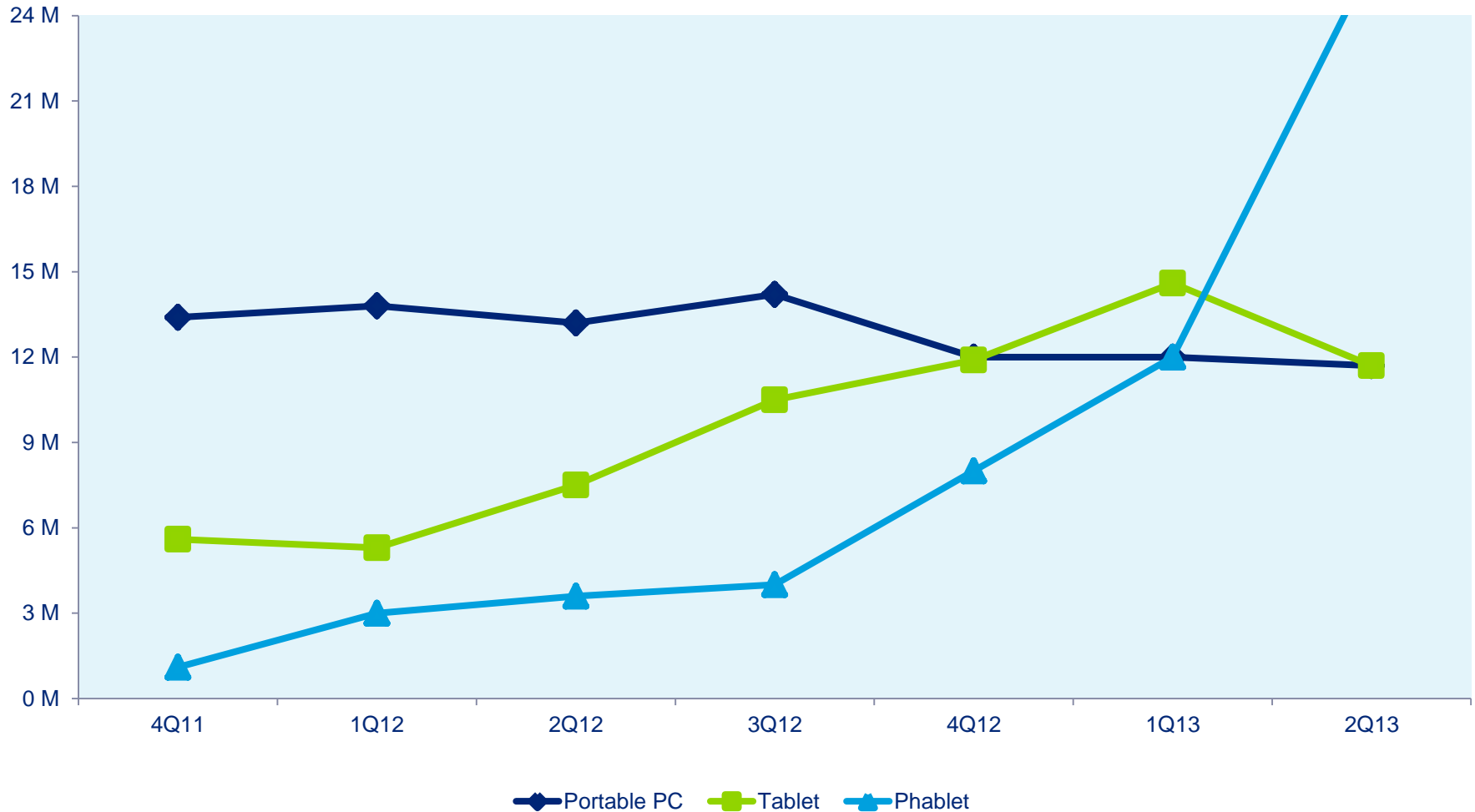
■ 5.0 - 6.9 inches - phablets
■ <5.0 inches

Putting \$125B in context



APEJ portable PC, tablet and phablet shipments, 2011 Q4-2013Q2

Unit Shipments



KANJI

安以宇衣於

阿伊宇江於

HIRAGANA

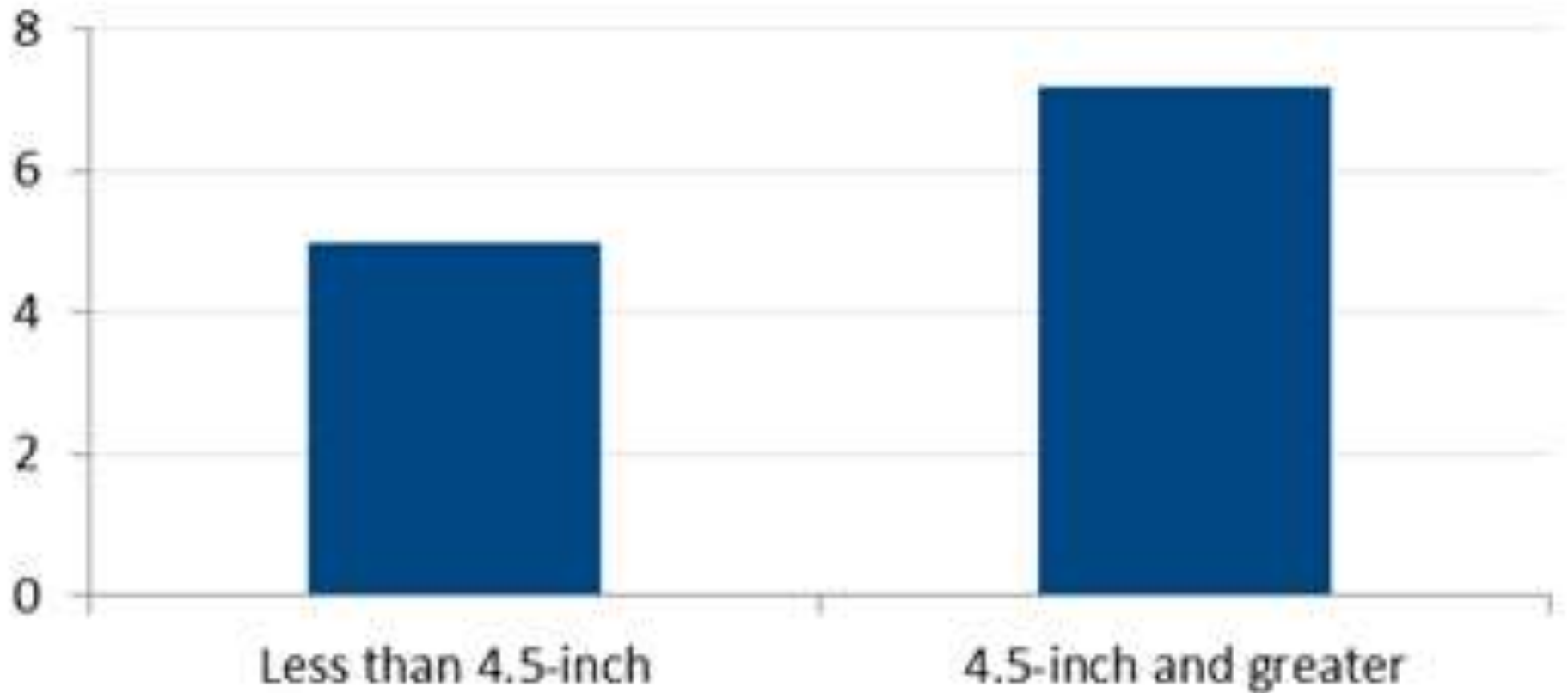
あいうえお

KATAKANA

アイウエオ

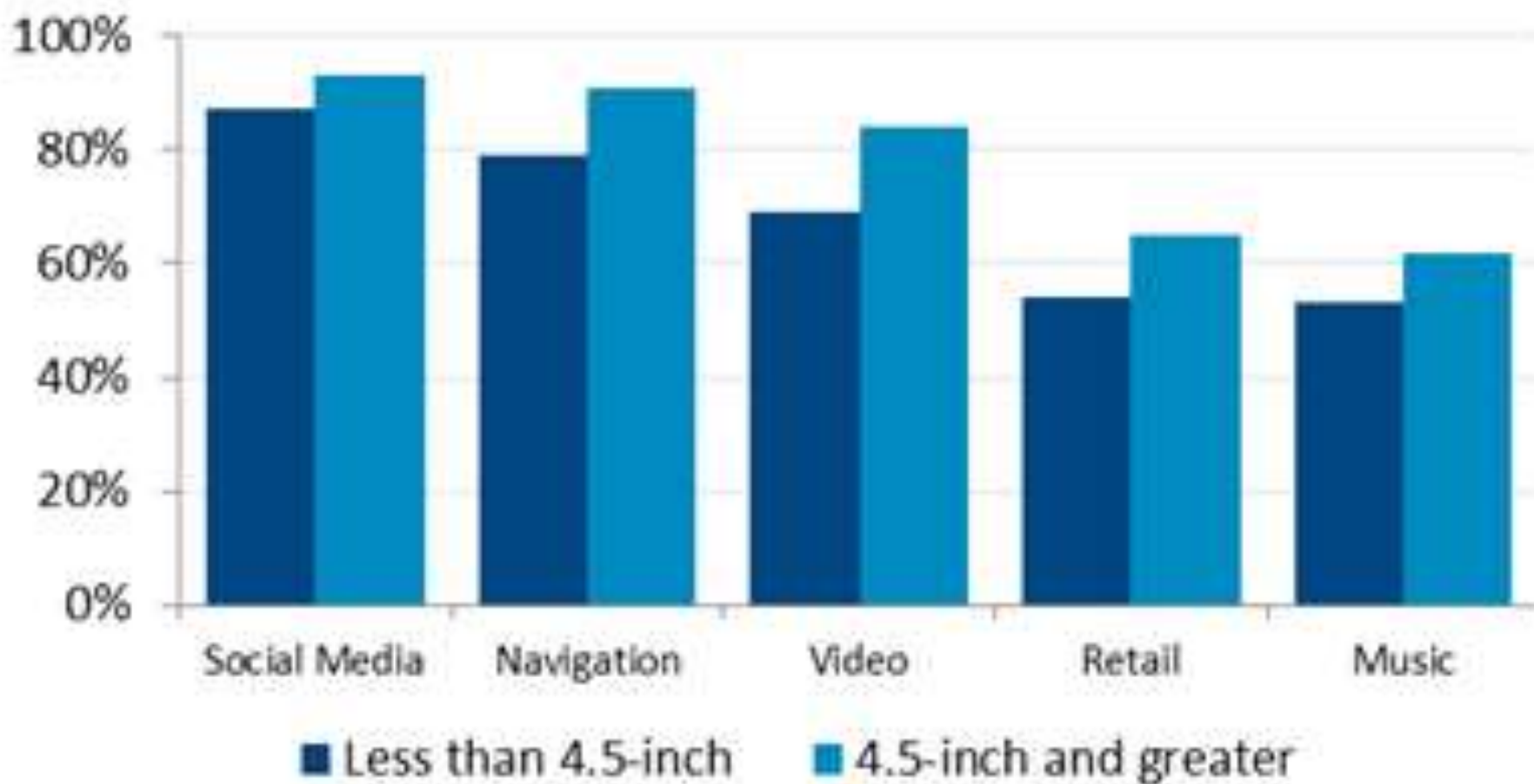
Smartphone Data Usage By Screen Size

(Wi-Fi & Cellular Data in GB)



Source: The NPD Group, Inc. / Connected Intelligence /
Smartphone Usage Report, 3 months ending July 2013

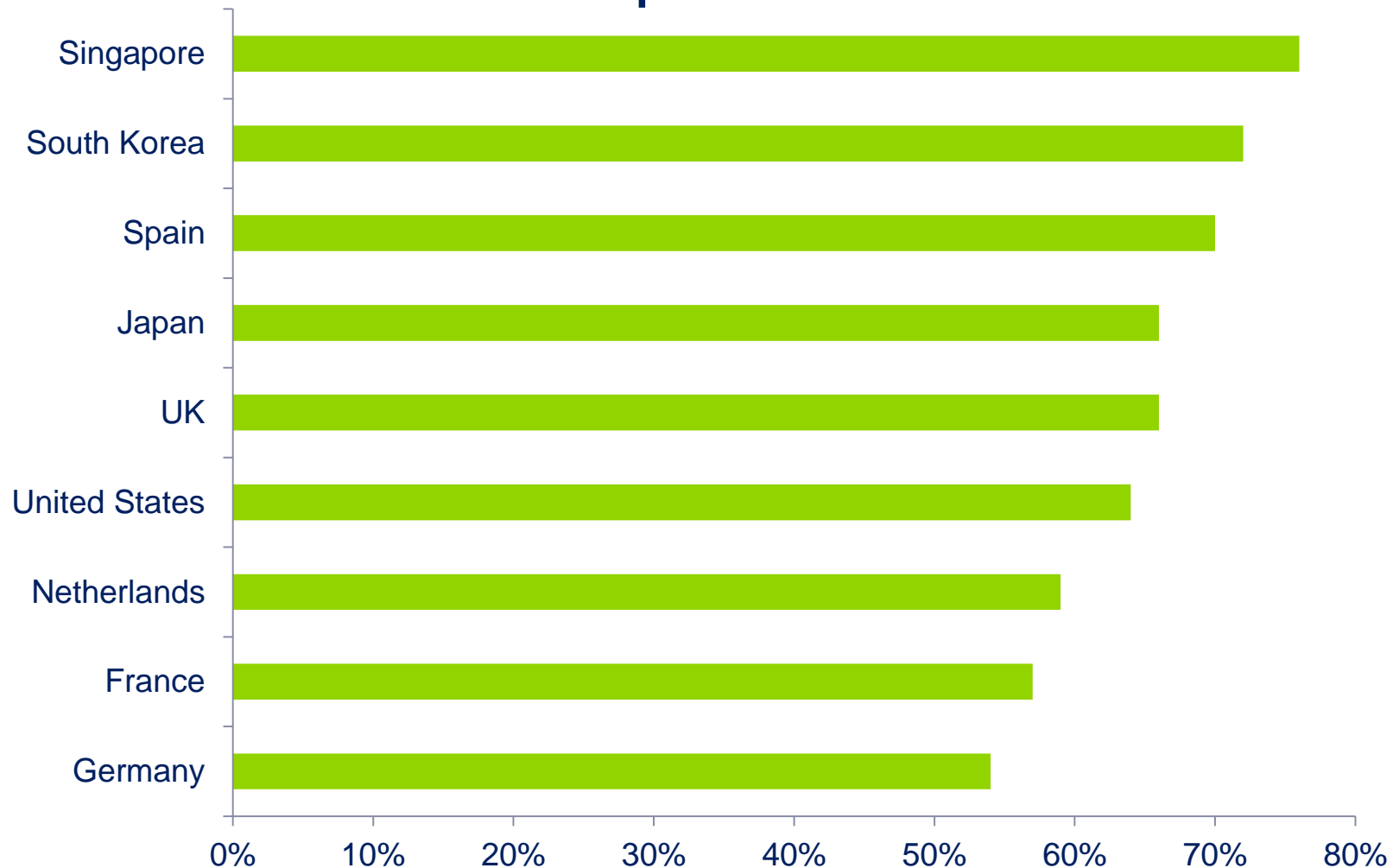
Smartphone App Usage By Screen Size



Source: The NPD Group, Inc. / Connected Intelligence /
Smartphone Usage Report, 3 months ending July 2013



Proportion of phablet owners having a smaller smartphone too



Source: Deloitte Global Mobile Consumer Survey, Developed countries, May-June 2013

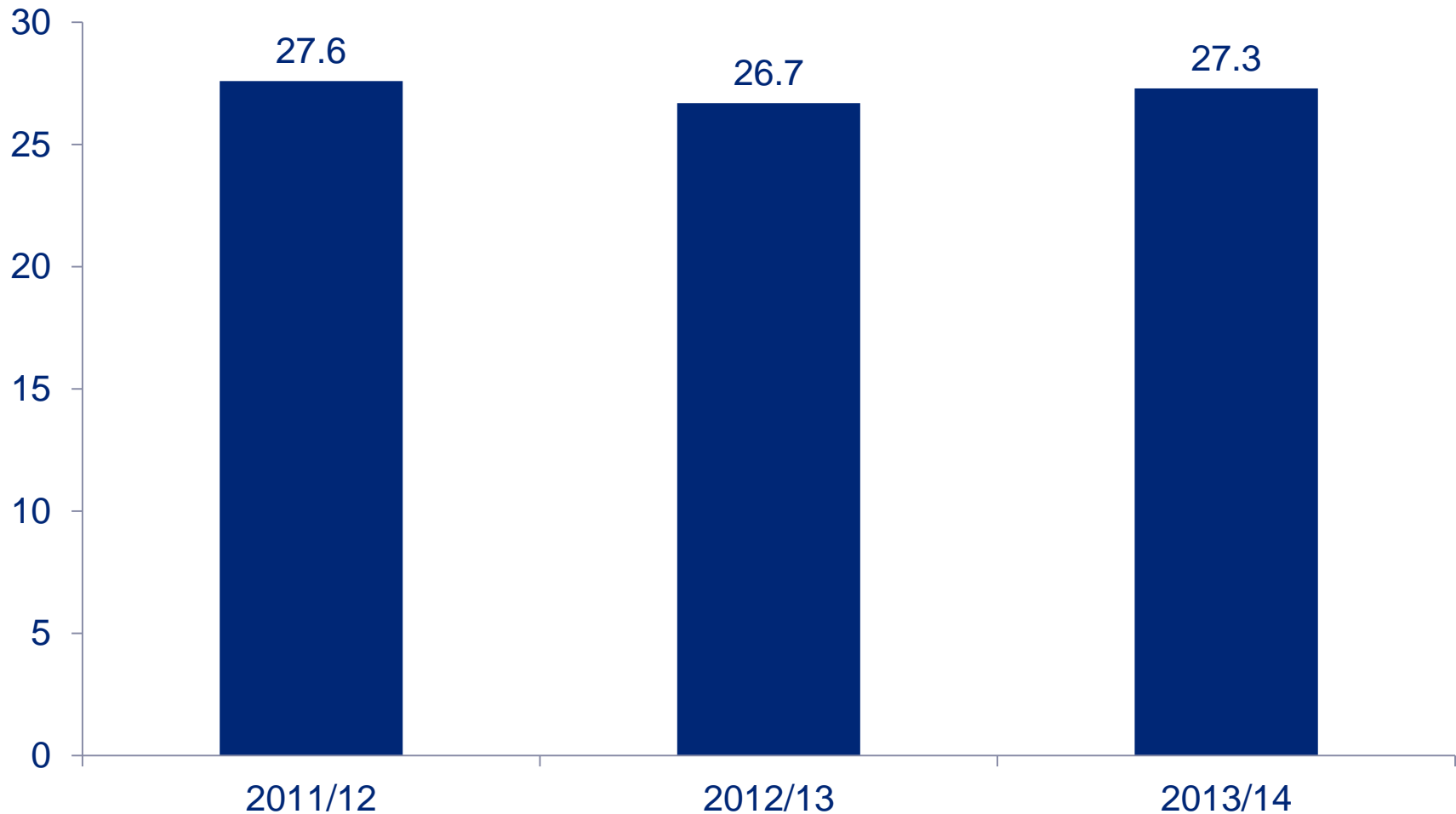
Base: All Smartphone owners: 16, 378, Smartphone owners 12,313, Large smartphone owners 8,269

The Death of TV

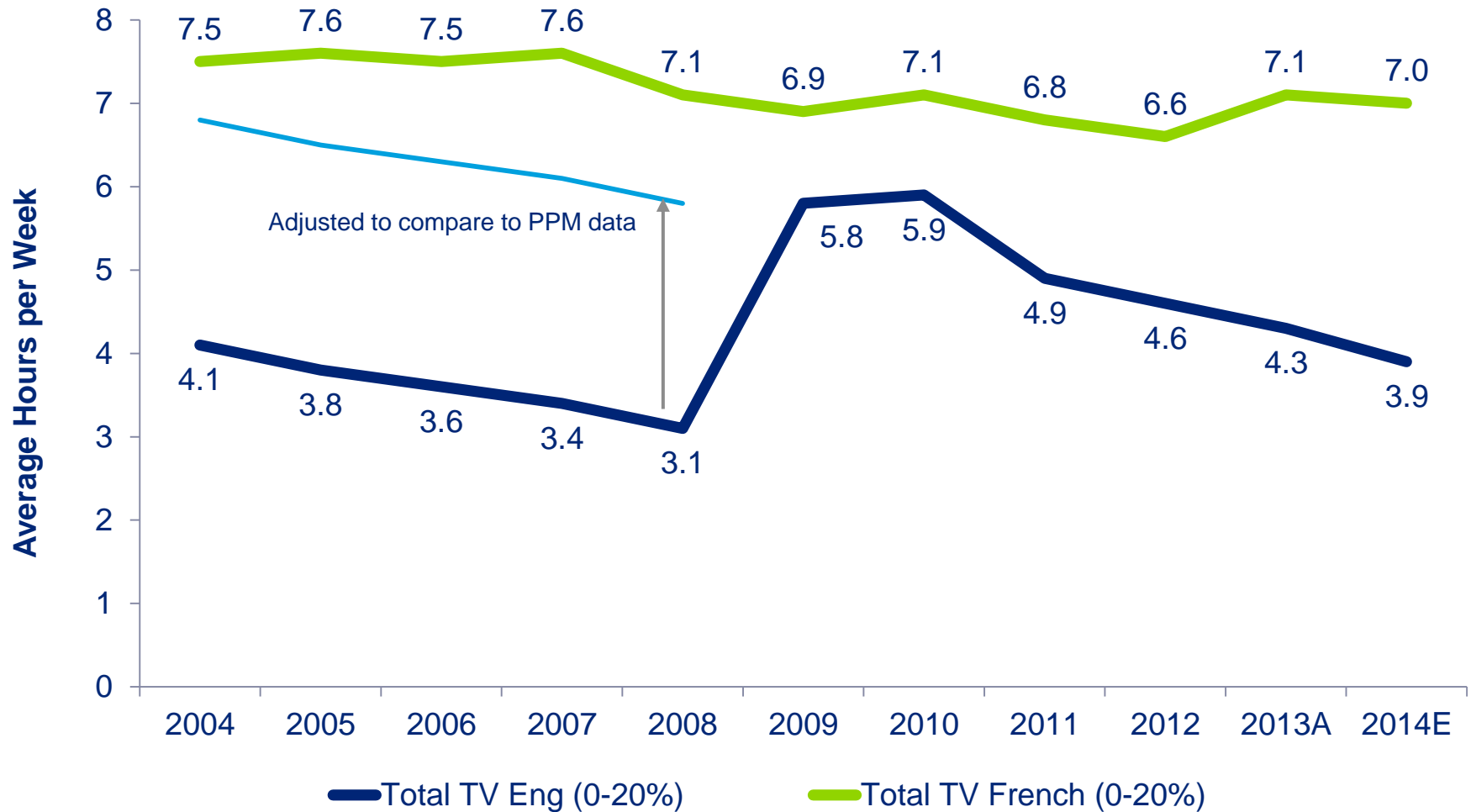
A vintage television set with a wooden frame, showing significant wear and tear. The screen is cracked and displays a grainy, static-like pattern. The wooden frame is heavily damaged, with peeling paint and exposed wood. The television is leaning against a wooden wall.

As we know it.

Hours of traditional TV watched per week by all Canadians aged 2+

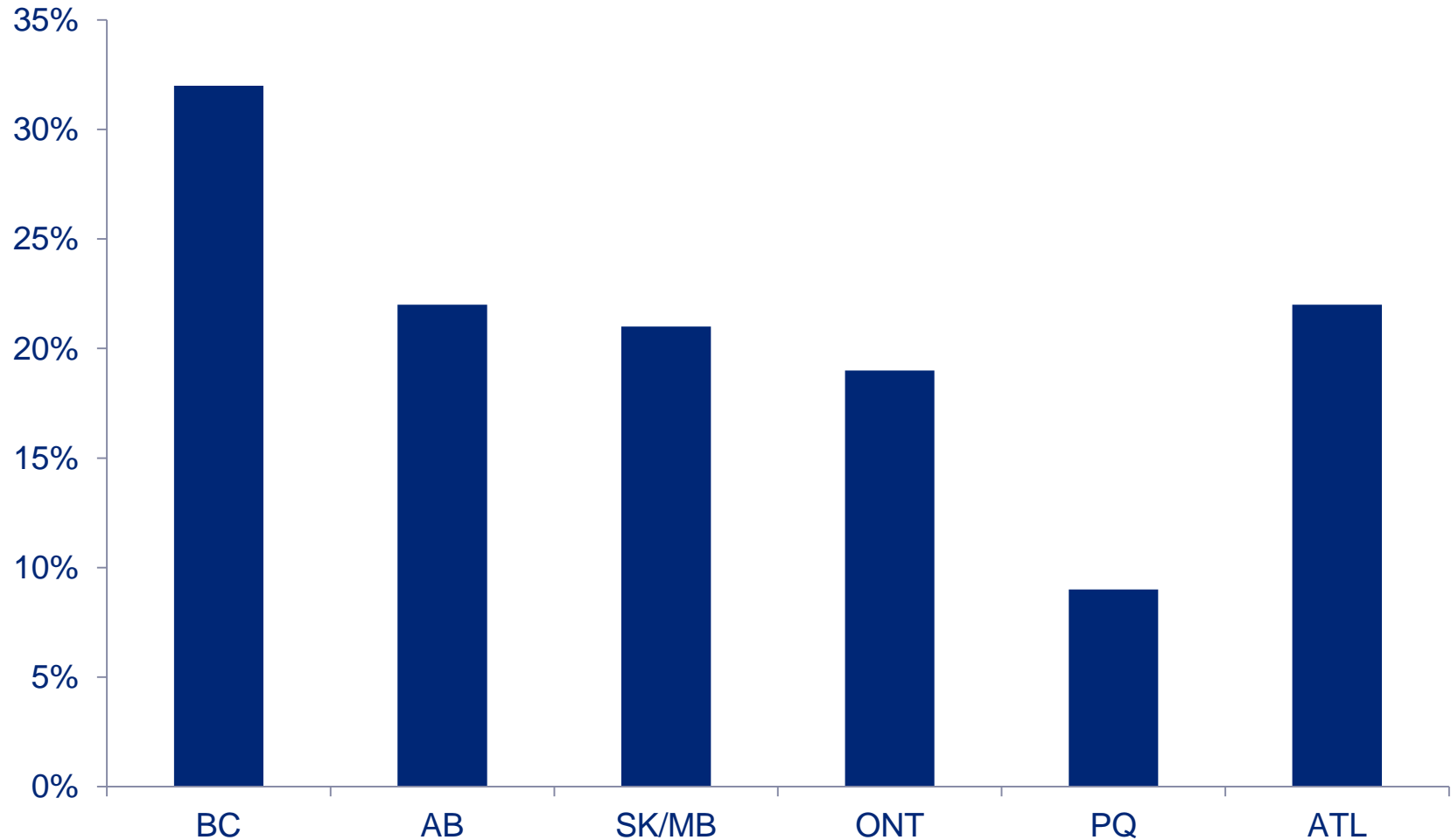


0–20% Quintile – average hours per week



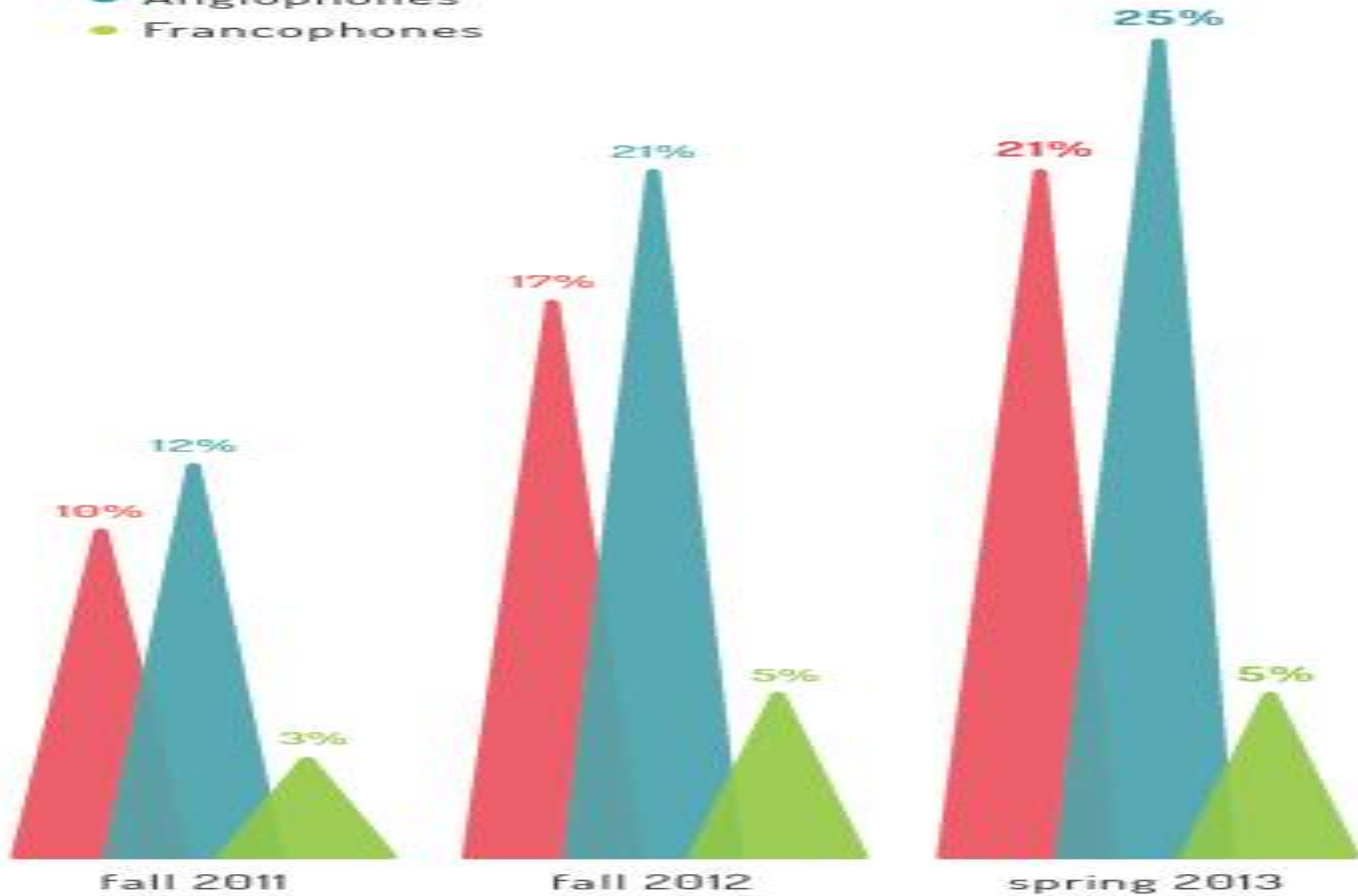
Source: BBM Canada, P2+, Each year defined by 4 November weeks, M-Su 2a-2a
*PPMs introduced for Total TV Eng in 2009

Canadians who are currently subscribing to video subscription service (i.e. Netflix) or are in first free month



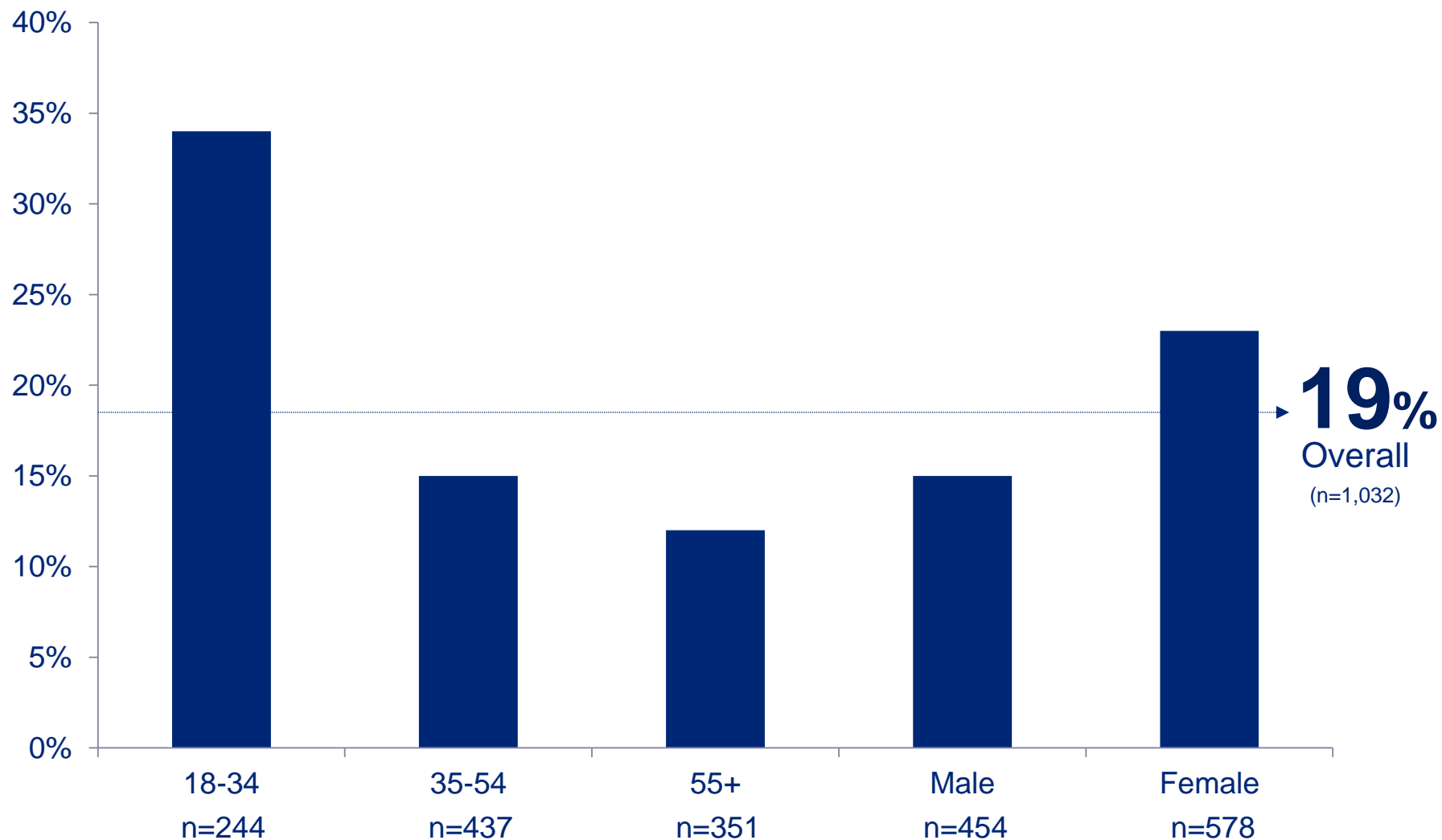
NETFLIX SUBSCRIBERS

- National average
- Anglophones
- Francophones



(MTM, 2013)

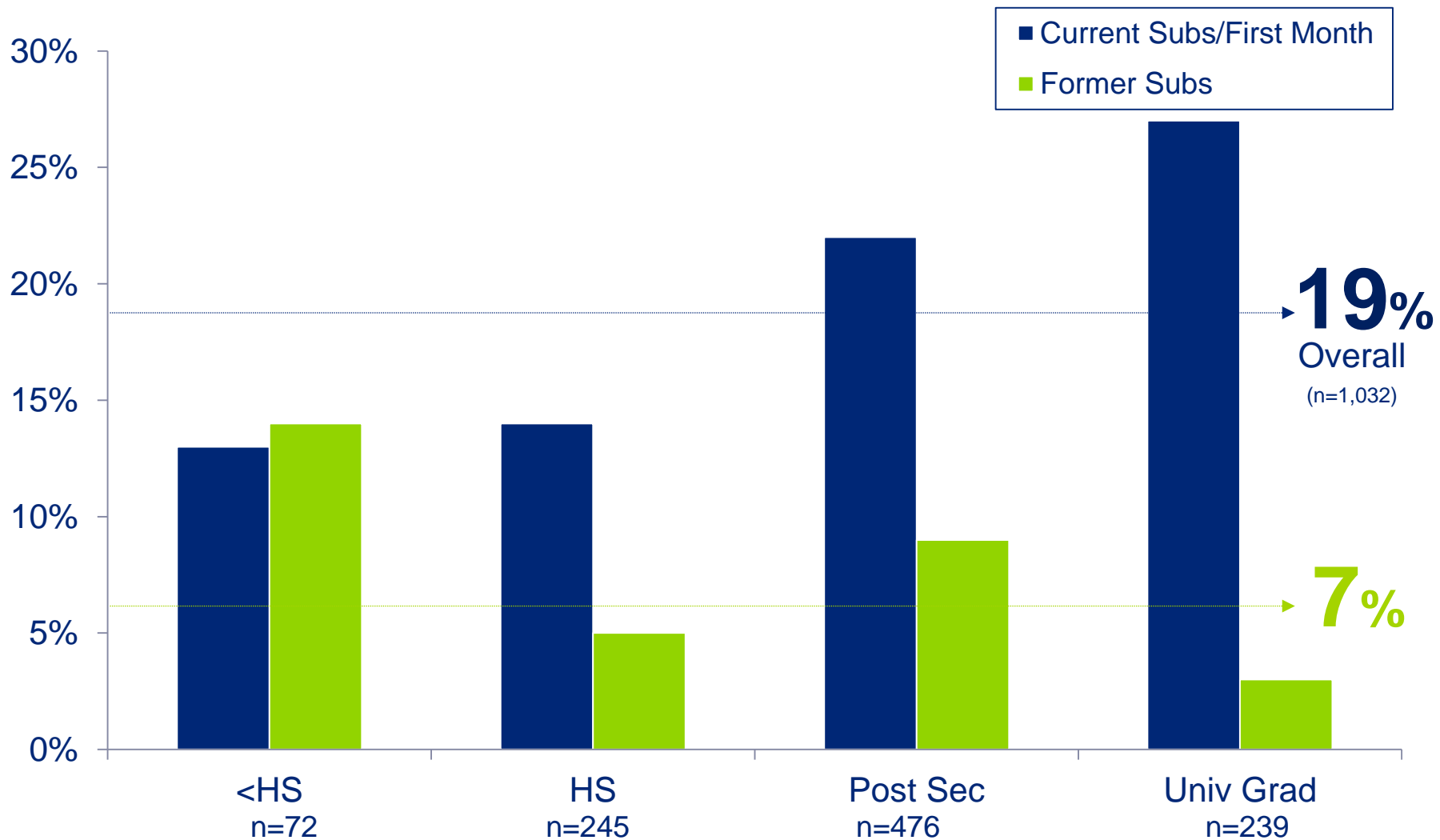
Canadians who currently subscribe to a video subscription service (i.e. Netflix) or are in the free first month





DOWNTON ABBEY

Video subscription services (i.e. Netflix)



H1 2014 North American Fixed

| Rank | Upstream | | Downstream | | Aggregate | |
|------|-------------|--------|--------------|--------|--------------|--------|
| | Application | Share | Application | Share | Application | Share |
| 1 | BitTorrent | 24.53% | Netflix | 34.21% | Netflix | 31.09% |
| 2 | HTTP | 14.27% | YouTube | 13.19% | YouTube | 12.28% |
| 3 | SSL | 6.54% | HTTP | 11.65% | HTTP | 11.84% |
| 4 | Netflix | 6.44% | iTunes | 3.64% | BitTorrent | 5.96% |
| 5 | YouTube | 5.52% | SSL | 3.42% | SSL | 3.80% |
| 6 | Skype | 2.23% | BitTorrent | 3.40% | iTunes | 3.33% |
| 7 | Facebook | 2.17% | MPEG | 2.85% | MPEG | 2.62% |
| 8 | FaceTime | 1.50% | Facebook | 1.99% | Facebook | 1.83% |
| 9 | Dropbox | 1.20% | Amazon Video | 1.90% | Amazon Video | 1.82% |
| 10 | iTunes | 1.15% | Hulu | 1.74% | Hulu | 1.58% |
| | | 64.40% | | 76.24% | | 74.58% |



Table 2 - Top 10 Peak Period Applications - North America, Fixed Access





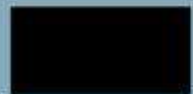
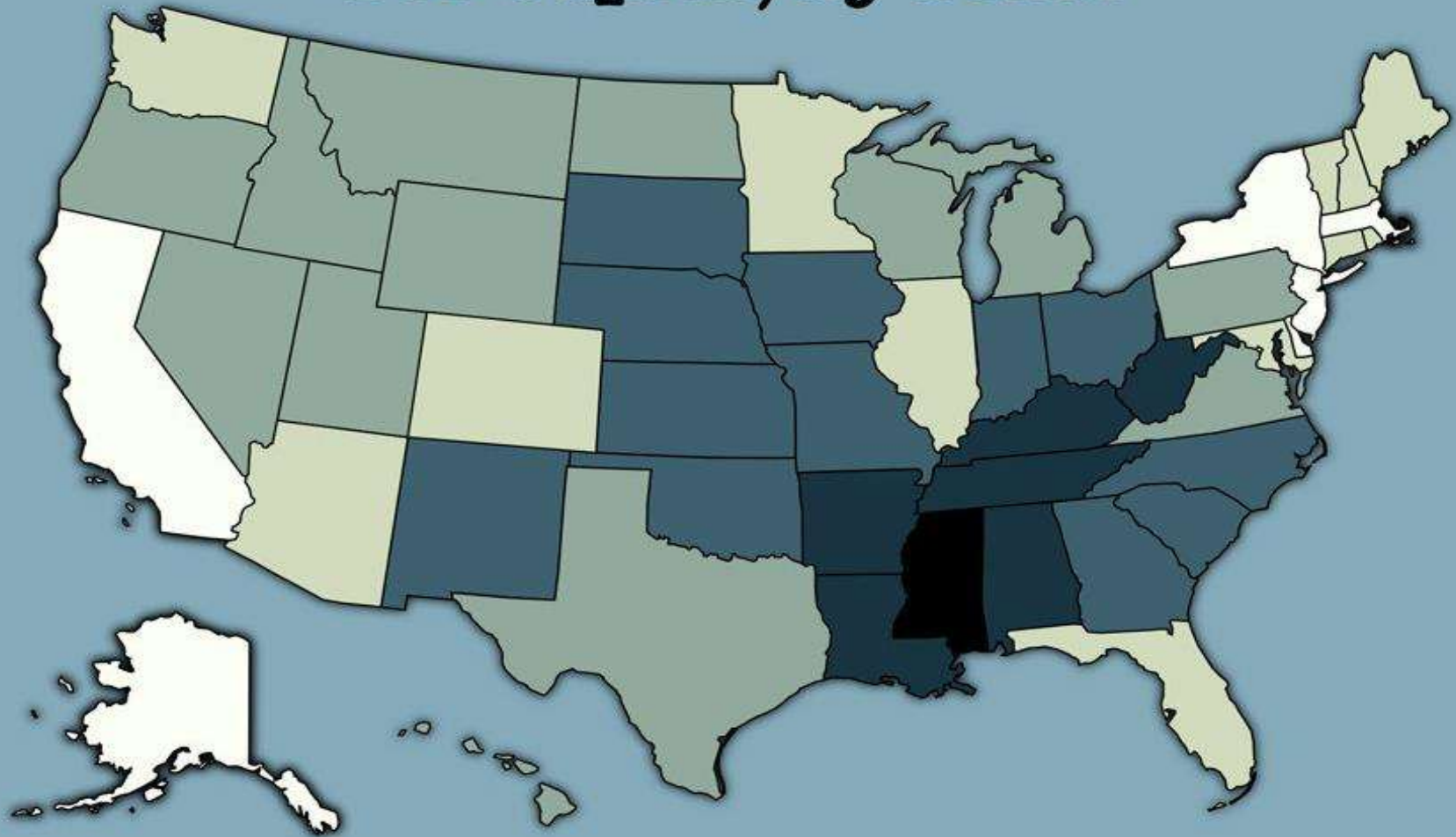
RADIO

SION

APER

INES

Per Capita, by State



Less than
%20



More than
%20



More than
%30



More than
%40

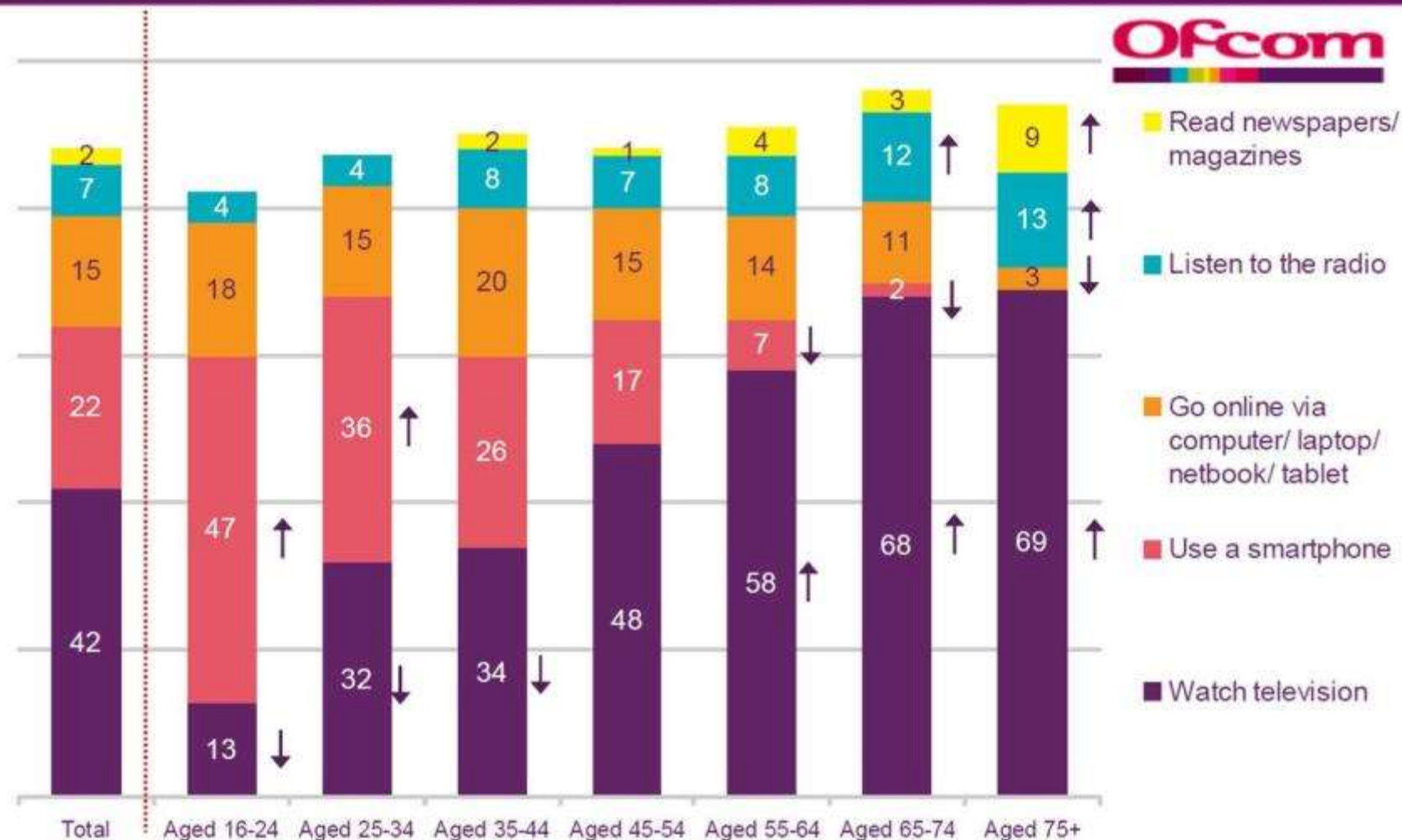


More than
%50



More than
%60

Figure 3.9.2: Most-missed media - top five mentions among all adults, by age: 2013



A2 – Which one of these would you miss doing the most? (Prompted responses, single coded) – NB Showing the five most popular responses in 2013 at an overall level

Base: All adults aged 16+ (1642 aged 16+, 224 aged 16-24, 260 aged 25-34, 270 aged 35-44, 226 aged 45-54, 262 aged 55-64, 211 aged 65-74, 189 aged 75+). Significance testing shows any difference between any age group and all adults aged 16+

Source: Ofcom research, fieldwork carried out by Saville Rossiter-Base in October to November 2013

SPORT A MONOCLE

free shipping & free returns

SHOP NOW >

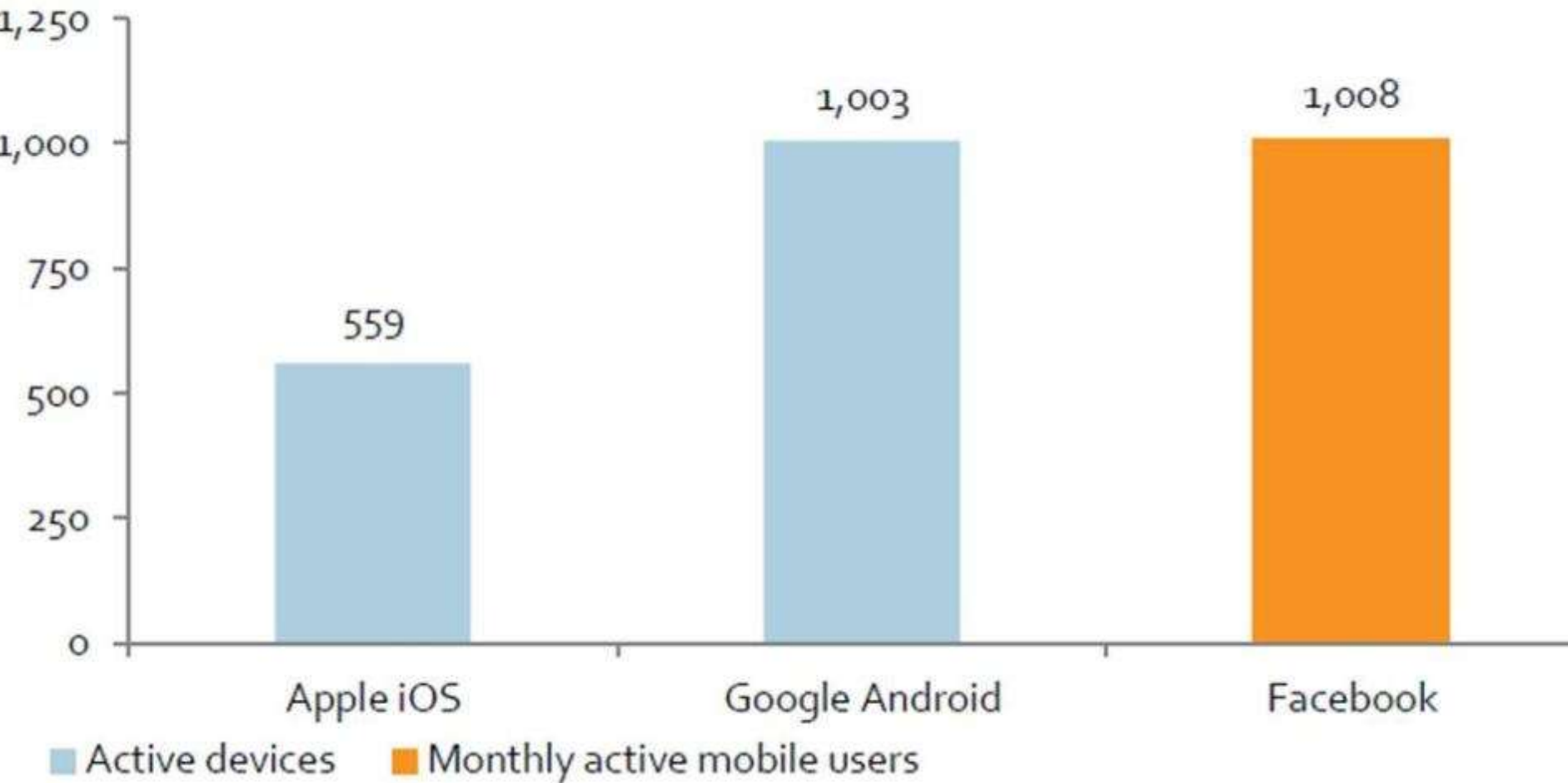
*Russell, Founder, Tommy Guns Hair Salons
Colonel Monocle, Whiskey Turtle*

3 Million Teens Leave Facebook In 3 Years: The 2014 Facebook Demographic Report



| | Jan '11 (millions) | Jan '14 (millions) | Change (millions) |
|----------|-----------------------|-----------------------|----------------------|
| US 13-17 | 13.1 | 9.8 | -3.3 |
| US 25+ | 88.3 | 128.0 | +39.7 |

Figure 1: Estimated active installed base, March 2014 (m)



[Source: companies, Gartner, Enders Analysis]

Social is where the PC was in 1993



TMT Predictions tailored events



Duncan Stewart can deliver a presentation for your office/industry.

- **Email Duncan:** dunstewart@deloitte.ca
- **Follow him on Twitter:** [@dunstewart](https://twitter.com/dunstewart)
- **Connect on LinkedIn**
- **Subscribe to him on Facebook**
- **Read his blog:** duncanpredicts.wordpress.com

Deloitte.