

Mobile surfers boost Internet growth - Ericsson

STOCKHOLM, SWEDEN: Troubled telecommunications equipment manufacturer Ericsson said it was confident about prospects this year as more operators boost network capacity to meet growing demand for video streaming services such as YouTube.



The Swedish company, which announced in November that it would axe 1,550 jobs, announced a 53% drop in annual profit for 2012 as it was hit by a charge for joint venture ST-Ericsson.

But chief executive Hans Vestberg said the group would benefit from projects by telecommunications operators increasing the capacity of their networks in the second half of this year.

"While the macroeconomic and political uncertainty continues in certain regions the long-term fundamentals in the industry remain attractive," he said in a statement.

Telecommunications companies around the world are struggling to keep up with customers' growing demand for bandwidth needed by services such as YouTube, Netflix and online gaming apps on tablets and smartphones.

Ericsson said the amount of data used by mobile devices had doubled over the past year.

The trend poses a conundrum for operators, since upgrading networks is expensive yet consumers want cheap mobile surfing deals.

However, for wireless equipment makers like Ericsson and Nokia Siemens Networks the need for upgrades could signal a turnaround in a sector where spending has been suffering amid economic uncertainty.

"The operators have to do this sooner or later," said Erik Paulsson, an analyst at investment bank Pareto Oehman.

"We had expected these projects to increase network capacity, but now it's been confirmed by the company, which is very

positive," he added.

Source: *AFP* via I-Net Bridge

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