

The table below contains historic data on the IOS market that will permit better understanding of the behavior of each class of systems over a 5 year period.

Table - Brazilian Private Switching Market 5 Years Overview

Source: ABINEE

Thousand lines

	1986	1987	%	1988	%	1989	%	1990	%	1991	%	AVER
PBX	202.2	171.1	-15.42	220.19	28.73	305.2	38.61	276.9	-9.28	282.4	1.98	8.92
KS	247.8	201.7	-18.61	209.03	3.64	220.5	5.47	116.0	-47.39	122.0	5.21	-10.34
mPBX	-	-		33.48		165.8	395.4	204.2	23.16	273.0	33.65	113.1
TOTAL	450.1	372.8	-17.18	462.70	24.13	691.5	49.45	597.1	-13.65	677.4	13.44	11.24

The annual growth of the market is influenced by economic conditions, but over a period of 5 years the average growth has been 11.24%. 1987 and 1990 were years of harsh economic recession, and the market declined by 17.18% and 13.65%, respectively. In compensation, economic growth in years like 1988 (+ 24.23%) and 1989 (+49.45%) covered the losses from previous years.

The most spectacular growth was in mPBX systems which in 4 years of existence have accumulated an average growth rate of +113.05% decreasing the KS market share by 10.34% per year over the 5 year period.

Given that this pattern of constant average growth of 10% held firm during the last 5 years, it is reasonable to assume similar growth over the next 5 years. The mPBX market share will decline over the period, as the end users realize the digital hybrid systems price and performance benefits, changing the segment growth figures, which will probably be close to 18% for mPBX and 3% for digital hybrid systems.

The following table shows an overall market growth of 10% per year reaching 1.064 million lines in 1997 from 678 million in 1991. Combined KS and small size PBX systems will make up 55.3% of the growth and digital medium and high capacity PBX will maintain a market share of around 44.7%.