ADSL Forum

ANNUAL REPORT 1997

As the ADSL Forum completes its third full year of operation since its creation in late 1994, the Board of Directors would like to thank the delegates of our member companies for their contributions to the successful work of the Forum and for their efforts in advancing ADSL.

The ADSL Forum already has achieved significant milestones in the development of ADSL as a mainstream technology for truly high-speed broadband delivery of multimedia, data, entertainment, Internet services and more. As we gather in Barcelona for the Annual Meeting of the ADSL Forum on March 31, 1998, we can be proud of our accomplishments, which collectively constitute a giant step toward fulfilling the primary goal of the ADSL Forum:

> *"To Create A Global Mass Market For ADSL."*
>
> *ADSL trials on five of the world's seven continents have proven the technology works, providers are beginning to deploy commercial services, and there is growing consensus on the end-to-end architectures needed to support this.*

During the past three years, the ADSL Forum has grown tremendously and made significant progress in its technical work to support end-to-end architectures. At the same time, the Forum's marketing and public relations programs have increased awareness of ADSL, its key benefits and the fact that ADSL remains the most viable option for providing virtually ubiquitous delivery of broadband services to the consumer mass market. Our work continues as significant developments in the marketplace accelerate the growing momentum for ADSL.

This Annual Report is intended to share our substantive accomplishments in 1997 and highlight some of our plans for 1998.

ADSL FORUM ACCOMPLISHMENTS IN 1997

The ADSL Forum is a non-profit industry association working cooperatively to promote ADSL. We've forged a powerful alliance of service providers and companies from virtually every sector of the communications, networking and computer industries to focus on developing end-to-end solutions.

By drawing upon the tremendous collective expertise of our members and joining forces to develop a focused strategy, we can direct significant resources toward the development of end-to-end solutions. Moreover, we can pool efforts to promote ADSL in the media, analyst community, communications industry and other markets, ensuring that ADSL gets the recognition it deserves as an affordable, secure and continuous high-speed remote access solution and enabler of interactive multimedia applications.

Forum meetings and activities not only keep participants abreast of industry news and technical developments, but provide a crucial platform for influencing ADSL developments.

Membership increased significantly again during 1997, mushrooming to nearly 300 member companies by year-end. This astounding growth reflects the accelerating market momentum for ADSL as providers begin deploying commercial services and others realize its tremendous potential.

MARKETING

As a result of a comprehensive public relations program, the ADSL Forum is now considered as the primary and unbiased source of information on matters relating to ADSL and broadband access in general. In addition, our public relations representatives have generated considerable media coverage of ADSL and the Forum through news releases about our accomplishments, via editorial opportunities pursued by working closely with key editors and analysts, and other publicity in the form of editorial contributions written by Forum officers that have been published in trade magazines.

Our communication strategy is to elevate awareness of ADSL and the Forum, increase visibility of both and promote the benefits of ADSL. We have established strong ties with influential analysts and editors while articulating a clear and consistent message to educate them about the relative benefits of ADSL over competing access technologies.

Next year, the Forum's public relations representatives will develop a series of user case studies to showcase real-world ADSL solutions and highlight the technology's benefits.

ADSL Forum Ambassadors have been speaking at an increasing number of conferences and ADSL related events in the US, in Europe, and in SE Asia. The Forum's Ambassador Program has been extremely successful, dispatching speakers to

Membership at the end of 1997 was as follows:

Principal Members: 73
Auditing Members: 220

ADSL FORUM MEMBERSHIHP GROWTH
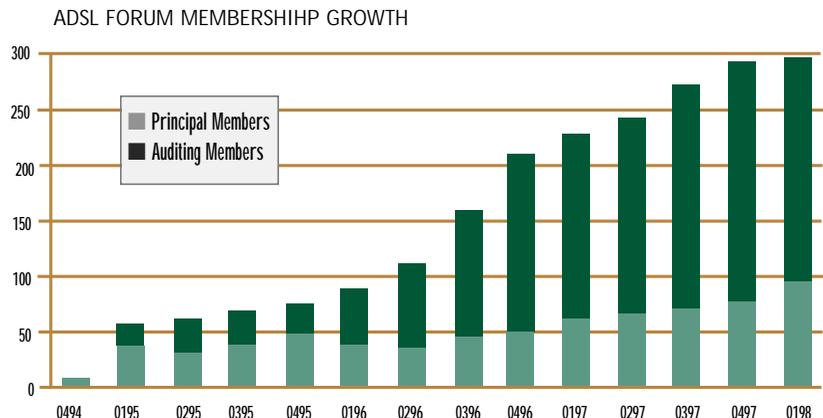
Figure 1 shows the development of the total number of members since the creation of the ADSL Forum.

explain the group's mission and make the case for ADSL at several conferences and industry events.

During 1997 four ADSL Forum Summits were held. These provided an excellent platform for updates on ADSL developments and to discuss key issues. The ADSL Forum Summit held in San Francisco last December was especially successful in drawing a significant percentage of attendees from non-member organizations and in spreading the word of ADSL's accelerating momentum to a wider audience. The summit featured Senior VP Craig Mundie from Microsoft who described the many interactive multimedia applications that ADSL enables, an excellent panel of Service Providers who discussed their ADSL deployment plans and an analyst's report on the outlook for ADSL. The ADSL Forum Summit was one of the highlights of the year.

During the past year the ADSL Forum has participated in several key trade shows in North America, Europe, and Asia, including Comdex and two Networld+Interop shows in the US, Asia Telecom in Singapore and Telecom Interactive in Geneva. Participation in these shows provides a significant educational opportunity among trade audiences, a platform for editorial interviews and a focus for capitalizing on the work of the Forum.

In 1998 the Forum plans to continue participating in key trade shows to gain greater exposure for ADSL as well as the Forum. At CeBit in March 1998, the ADSL Forum will be participating through members to add value to their extensive activities and promotional focus on ADSL.

The Forum also will host an ADSL technology demonstration at Networld+Interop in Las Vegas on May 4-8. This demonstration provides an educational vehicle and public relations platform to showcase the real benefits of ADSL technology by reaching industry decision-makers and prospective customers.

The web site of the ADSL Forum is another useful vehicle for getting the word out about ADSL. It is a valuable resource for anyone interested in ADSL, drawing 35,000+ hits a month from editors, analysts, industry observers and the general public. We will unveil a new design for the Forum web site during our Annual Meeting in Barcelona to make it even more dynamic and user-friendly. The "Members Only" section has developed into a highly useful working tool for all members with automated facilities for registering contributions and archiving important documents.

The ADSL Forum also has commissioned a comprehensive market research study to analyze the regional market environments in North America, Europe and Asia-Pacific, collect statistics on key telecommunications market indicators and identify trends. This research, which will be published by June 1998 in a comprehensive report available free to our members and for a price to non-members, will provide definitive data on the current and immediate future of ADSL worldwide.
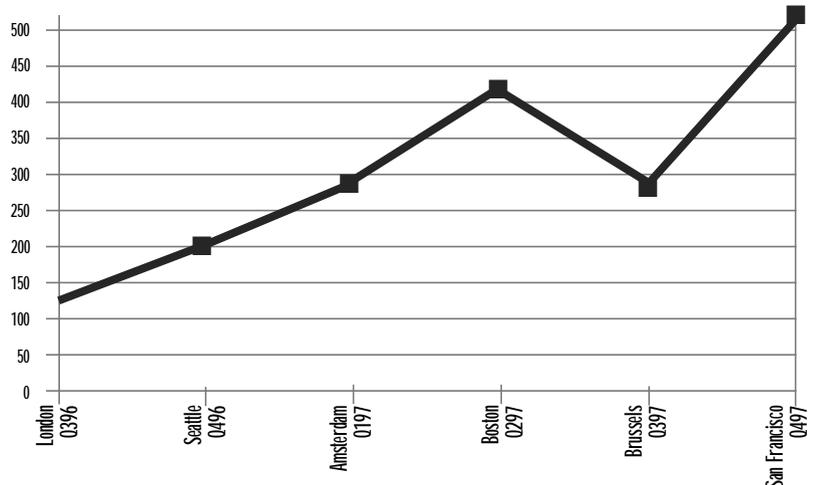
ADSL Forum meetings keep participants abreast of industry news and technical developments

Figure 2 the growth of meeting attendance over the past 18 months.

POSITION & OUTLOOK

TECHNICAL

The increased productivity achieved by the Technical Committee and its working groups has resulted in some impressive achievements. Three Technical Recommendations were approved during 1997 and five documents entered the Ballot Process.

The following documents have been approved through ballot during 1997:

TR-002:   *ATM over ADSL Recommendations*

TR-003:   *Framing and Encapsulation for ADSL: Packet Mode*

TR-004:   *Network Migration*

At the time of writing of this report the following documents had entered the ballot process:

TR-005 (DRAFT):   *ADSL Network Element Management (formerly WT-008)*

TR-006 (DRAFT):   *SNMP-based ADSL LINE MIB (formerly WT-015)*

TR-007 (DRAFT):   *Interfaces and System Configurations for ADSL: Customer Premises: (formerly WT-011)*

TR-008 (DRAFT):   *Default VPI/VCI Addresses for FUNI Mode Transport: Packet Mode: (formerly WT-016)*

TR-009 (DRAFT):   *Channelization for DMT and CAP ADSL Line Codes: Packet Mode: (formerly WT-017)*

Furthermore, the following documents have entered the straw ballot process:

SNAG Document - WT-014.v8

During the meetings, so-called 'Round Tables' have been held on various subjects to enable our members to discuss in an open manner issues of major interest and to determine if the Forum should address these issues through its committees and working groups. Among the topics covered were VDSL and Splitterless ADSL.

ADSL FORUM POSITION & OUTLOOK

The ADSL Forum is recognized by a number of Standardization Bodies and groups similar to the ADSL Forum and has established formal liaisons to these groups to help ensure that ADSL advances in the most expeditious manner.
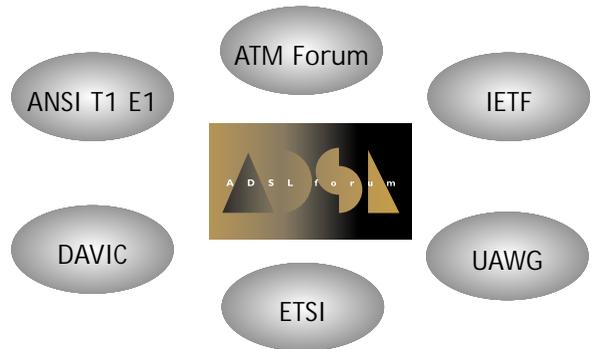
In early 1998 some of the most influential corporations in the telecommunications, computing, semiconductor, and software industry created a new group: the Universal ADSL Working Group (UAWG). The ADSL Forum has established a formal liaison to the UAWG.

Several questions have been put forward with respect to the UAWG and the ADSL Forum. It is important to note here that the nature of the two organizations is quite different. The ADSL Forum, by its nature, has to follow the Anti-Trust Laws in force in the US and elsewhere, whereas the UAWG is a group of companies working together to achieve a clear objective and only during a limited time period. In addition, the UAWG is addressing issues at the physical layer, whereas the ADSL Forum focuses on developing end-to-end solutions at the upper layers.

The UAWG, whose members to a large extent are the same as the members of the ADSL Forum, will provide the result of their work as inputs to further elaboration and agreement both to the International Telecommunication Union (ITU) for issues relating to the physical layer, and to the ADSL Forum for the upper layers.

The fact that the UAWG has been created is a further sign of confidence in ADSL as a technology and its future role as a means to enable broadband access on a very large scale.

Additionally, the fact that the ITU is now working on issuing specifications on various ADSL related topics, including ADSL lite, gives ADSL true world-wide applicability and a platform for the ADSL Forum to continue to provide Technical Recommendations, supported by the largest group of companies possible, on End-To-End Network Architectures and moving rapidly towards End-To-End Service Architectures.

Based on input from our members, the Board of Directors has decided to give the following topics highest priority in the work to be performed in the ADSL Forum during 1998:

- *Interoperability is crucial for the further development of ADSL. The ADSL Forum will take leadership and ensure that the various independent initiatives to work towards interoperability will proceed in a coordinated manner inside the ADSL Forum*
- *Interoperability and Conformance Testing shall be included in all future Technical Recommendations as a mandatory element*
- *Continue the work on End-to-End Network Architectures but move rapidly to include End-to-End Service Architectures*

In order to enhance further the productivity of the Technical Committee, the Board of Directors propose to:

- *Introduce "Rapporteurs" who will take a limited and well specified task and assume responsibility for maintaining a time schedule, gathering people to support the work and assuring timely completion of the task*
- *Extend ADSL Forum meetings to four days starting with Montreal*

In order to increase the visibility of the ADSL Forum even further, we have decided to:

- *Increase the number of ADSL Forum Ambassadors significantly in order to be able to cover more events*
- *Support all relevant conferences with ADSL Forum Ambassadors and provide hot links from our website to conference information*
- *Make the ADSL Forum web site a preferred resource for the ADSL community.*

It is the view of the Board of Directors of the ADSL Forum that 1998 will be one of formidable challenges. Many expectations have been created around ADSL and the whole industry needs to live up to them, maintain the momentum, and carefully manage the expectations around new developments to come.

As the preferred solution for secure, continuous high-speed remote access in the local loop, ADSL is well positioned to win new converts in the years ahead. We look forward to your continuing participation and support as we usher in an exciting future.

ADSL FORUM ORGANIZATION

By drawing upon the tremendous collective expertise of our members and joining forces to develop a focused strategy, the ADSL Forum can direct significant resources toward the development of end-to-end solutions.

Last year as the Forum was growing by leaps and bounds, the Board of Directors' Membership & Nominations Committee reviewed membership categories to ensure that the Forum could advance its work expeditiously even as our numbers swelled. The Committee recommended that membership categories be broadened to meet the requirements of the wide range of organizations with a stake in ADSL and to provide them with a level of participation that fits their needs.

The Board of Directors approved the committee's proposed new Membership Classes, and members were informed of these changes during November 1997.

Membership Classes of the ADSL Forum starting from January 1, 1998:

- *Principal Members (full membership rights)*
- *Small Company Principal Members (full membership rights at a reduced fee)*
- *Auditing Members (limited membership rights at a reduced fee)*

ORGANIZATION

Each year, members elect new officers to the ADSL Forum Board of Directors to lead the effort to promote ADSL. Board members themselves serve on several internal committees to focus on specific areas of management.

- Finance & Audit
- Membership & Nominations
- Technical Management
- Marketing Management

After elections at the March 1997 Annual Meeting, the new Board held a full-day strategic planning session in late April to discuss the issues that we and our members felt should be addressed in the coming months. The Board also explored ways to increase the productivity of our committees and working groups.

As a result, during 1997 the work process and the organization of ADSL Forum meetings have been gradually changed in order to enable more productive work during and in between meetings.

The Secretariat runs the administrative affairs of the ADSL Forum. After changes at SoftBanks Expos' associations department in early 1997, the Board of Directors issued a Request For Quotation (RFQ) for a new Secretariat. After reviewing proposals and evaluating several companies, Associations Management Solutions LLC was contracted to fulfill this function.

The work of the ADSL Forum is performed under two main committees, which were headed by the following chairpersons:

- Technical Committee
  Chair: Nigel Cole
  Vice Chair: Frank van der Putten

- Marketing Committee
  Chair: Marc Zionts
  Vice Chair: Franz Starnberger

The results of the recent elections for the new Technical Committee Chair and the Marketing Committee Chair will be announced at our annual meeting in Barcelona on March 31, 1998.

The Technical Committee is subdivided into a series of sub-committees or working groups that focus on specific areas in order to facilitate and expedite the technical work of the Forum.

Technical Committee working groups:

- *ATM End-To-End*
- *CPE & CO Physical Configurations & Interfaces*
- *Network Management*
- *Packet End-To-End*
- *Operations & Testing*

Additionally the Forum recently created a "VDSL Study Group" that bridges both the Technical and Marketing Committees.

The Marketing Committee also is subdivided into task-oriented groups which focus on increasing awareness of ADSL, educating key audiences about the many key benefits of ADSL and winning 'mind share' in the marketplace for ADSL.

Marketing committee working groups:

- *Public Relations & Education*
- *Ambassador Program*
- *Web Site*
- *ADSL Forum Summits*

The Forum's public relations work has significantly increased during 1997, resulting in far more press coverage of ADSL, greater interest among industry and financial analysts, increased awareness about ADSL and a review of our overall communication strategy for the remainder of the decade.

Jansen Communications, an outside public relations consultancy, is contracted to manage public relations for the ADSL Forum in North, Central and South America. In 1997, Pielle Consulting was hired to extend the scope of the Forum's public relations program to cover Europe and Asia-Pacific more comprehensively.

ADSL FORUM FINANCIAL REPORT

The financial management of the ADSL Forum has been reviewed by our auditors, Hood & Strong LLP, Certified Public Accountants. The following gives an overview over the key financial figures and indicators of the ADSL Forum. Statement of Unrestricted Revenues, Expenses & Change in Membership Equity:

December 31	1997	1996
Unrestricted Revenues:		
Membership Fees	$706,500	$365,272
Meeting Observer Fees	$267,996	$30,950
Sponsorship Revenues	$30,000	$2,500
Interest	$13,931	$7,966
CDA Donation	$12,000	
Other	$3,303	$1,576
	$1,033,730	**$408,264**
Unrestricted Expenses:		
Management Fees	$250,285	$183,455
Sales & Marketing	$74,283	$31,603
Consulting & Professional Fees	$18,228	$6,522
Meetings & Trade Shows	$356,403	$26,683
General & Administrative	$30,679	$20,842
	$729,878	**$269,105**
Increase in Unrestricted Membership Equity	$303,852	$139,159
Unrestricted Membership Equity, January 1st	**$185,182**	**$46,023**
Unrestricted Membership Equity, December 31st	**$489,034**	**$185,182**

Statement of Financial Position:

December 31	1997	1996
Assets		
Cash & Cash Equivalents	$527,390	$308,902
Prepaid Expenses		$494
Total Assets	**$527,390**	**$309,396**
Liabilities & Membership Equity		
Liabilities:		
Accounts Payable	$16,361	
Deferred Membership Fee Revenue	$21,995	$63,152
Payable to Secretariat		$61,602
Total Liabilities	**$38,356**	**$124,214**
Membership Equity –Unrestricted	**$489,034**	**$185,182**
Total Liabilities & Membership Equity	**$527,390**	**$309,396**

CONCLUSION

The Board of Directors would like to take this opportunity to thank the delegates of our member companies for their contributions to the successful work of the Forum and for their efforts in advancing ADSL. We also thank them for their confidence in our officers and chairpersons.

The ADSL Forum has performed its tasks and duties in a very professional and cooperative spirit during 1997. Its Officers have taken great care and made every effort to manage the Forum to the best of its members' interest.

Therefore, the Board of Directors proposes to the members present at the Annual Meeting to accept this Annual Report and approve the Financial Report provided by the Treasurer.

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Chairman and President

William Rodey
Vice President and Treasurer

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