VoIP Products

Essential sourcing intelligence for buyers

China manufacturer profiles
Detailed profiles of 14 suppliers with verified manufacturing and export credentials

Product & price trends
Prices and specifications of 54 top-selling export products

Supply centers & market trends
Coverage of leading and emerging supply centers, plus insight into capacity, output and R&D

September 2009  US$495

VoIP products supply center

www.ChinaSourcingReports.com
VoIP PRODUCTS
Supplier capability in China

EXECUTIVE SUMMARY
China’s overseas shipments of VoIP products are rising steadily as the technology is increasingly being adopted worldwide, particularly in the commercial and enterprise segments. Leveraging their price advantage over foreign counterparts, makers in the country have secured a strong position in the low-end and midrange sectors. But they are still struggling to establish a niche in an industry that is dominated by a few large international companies.

The global financial crunch, meanwhile, is both a challenge and an opportunity for the VoIP industry. Suppliers expect export sales to continue their gradual upward trend as more enterprise and personal users choose VoIP instead of conventional telephony in pursuit of cost reductions amid the economic downturn.

But even though VoIP deployment is spreading worldwide and traffic increasing, China suppliers face stiff competition, especially from makers of other less expensive devices, including computer microphones.

The lack of standards in the use of VoIP phones, particularly from the operator side, also poses a challenge to suppliers, as does the variety of protocols used.

Under efforts to boost sales, suppliers are keeping an eye on the market as VoIP technology continues to advance toward the wireless mobile communication platform.

Many are also banking on the developments in China’s telecom restructuring program, hoping that some provisions will benefit the line. And in an increasingly convergent and broadband environment, makers are optimistic that growth is in store for the VoIP industry.

The following are some of the key trends observed in China’s VoIP product industry:

• Exports in the line are expected to grow in the next 12 months but at a moderate 10 percent rate.

• Makers are providing aftersales service even as they continue to offer prices relatively lower than foreign counterparts. They will maintain focus on the low-end and midrange sectors.

• Suppliers will direct product development on function integration, wireless connectivity and enhanced audio transmission. Improved hardware and software compatibility will likewise be emphasized.

• Anticipating increased demand from Europe, North America and the Asia-Pacific region, suppliers intend to raise capital expenditure between 20 and 50 percent in coming months.

This report covers the major types of VoIP products manufactured in China, namely VoIP products, including phones, PBXs, and gateways and routers. These are discussed in separate product sections, each detailing common features found in mainstream models. Price and R&D trends are also covered.

The Industry Overview section tracks production and export growth in China’s VoIP industry. It also discusses the supplier base and the main production hubs.

The mainland has more than 80 VoIP phone suppliers, which turn out from 2,000 to 5,000 units a month, excluding USB phones. VoIP gateway and router makers number about 100. They have a monthly output of 1,000 to 5,000 units. VoIP PBX suppliers, meanwhile, are estimated at around 10.

Irrespective of product focus, the majority of makers focus on OEM and ODM business with only a few promoting in-house brands. A handful of suppliers with strong R&D capability lead product trends in the industry. The rest are small and midsize companies that follow in their footsteps. Guangdong, Fujian and Jiangsu provinces, Hong Kong and Shanghai host China’s VoIP product suppliers.

In this report
• 14 in-depth company profiles
• 54 top-selling export products
• Supplier demographics
• Supplier survey
• Industry statistics & charts

METHODOLOGY
To produce this report, Global Sources surveyed a wide range of suppliers. Rather than focus simply on high-profile makers, we compiled a representative sample of large, midsize and emerging manufacturers. All profiled companies are export-oriented professional suppliers that may or may not be clients of Global Sources.

The selection of suppliers is designed to reflect the composition of the industry in China in terms of geographic spread, business type and company ownership.

For in-depth company profiles, our research teams interviewed senior executives and export managers who discussed their recent performance and provided price, R&D, production and export forecasts for the next 12 months. The interviews were done in person, by phone or e-mail.

In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials, including their production and export statistics, and a breakdown of exports by product type and market. Our production checklist details the product-specific manufacturing capability of each supplier.

All profiled suppliers participated in a survey designed to provide insight into product and price trends, and challenges facing the industry in the next 12 months. All survey questions are single choice. Results were calculated based on the actual number of valid responses to each question.
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Top-selling export products

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Exports of VoIP products from China are increasing, but at a slow pace due mainly to gradual adoption of the technology worldwide and a saturated supply market. Currently, however, this low-cost alternative to conventional telephony is getting a boost from enterprises and consumers looking to cut costs amid the economic downturn.

Seizing this opportunity, suppliers in China are now more than ever emphasizing the products’ affordability and highlighting the technology’s cost effectiveness. Makers are promoting basic functionality and low prices as selling points, and providing aftersales service. Leveraging their price advantage over foreign counterparts, makers have secured a strong position in the low-end and midrange sectors.

The commercial and enterprise sectors are being targeted in particular. In fact, many small and medium enterprises worldwide have been migrating to VoIP in recent years, further expanding the application base, which previously was mostly confined to the residential sector. Suppliers are now diversifying into these segments, which are expected to spur innovations that in turn can push the product line up the value chain.

Makers are also keeping an eye on VoIP adoption in the wireless mobile communication platform. Skype, for example, launched a software application designed for smartphones that enables international calls using local wireless minutes. The company also released a similar product for the iPhone.

This new market is expected to boom by 2011, with estimates pointing to 100 million mobile VoIP users worldwide from 7 million in 2007, according to the consulting firm On World. Revenue from this segment may reach $33.7 billion, swelling from $516 million in 2006.

Demand for VoIP is expected to pick up speed in coming years. To gather support for more widespread deployment of VoIP, major companies set up the Voice on the Net coalition in a bid to educate policymakers and consumers on the advantages of Internet communication.

In-Stat forecasts the worldwide total user base, including home, enterprise and commercial, will balloon to 55 million subscribers in 2009.

In addition, Infonetics Research forecasts that global VoIP service revenue increased 52 percent year-on-year in 2007 to reach $24 billion. Although growth in worldwide revenue has been slowing down—the growth rate was 66 percent in 2006— it remains significant enough, makers say, to indicate market sustainability.

Amid this rosy outlook, however, VoIP product suppliers face a number of hurdles that could hamper export growth. One of the main challenges is minimal product differentiation among suppliers. The low technology barrier, which makes it easy to manufacture and export the products, has resulted in oversupply and price competition. Only suppliers with in-house design capability, mostly tier 1 makers, actively pursue R&D. The rest simply follow their lead and compete solely on price.

Consequently, profit margins have narrowed to critical levels, forcing many of the smaller companies out of the line. The positive aspect of this, however, is that much of the competition has been eliminated, eventually resulting in industry consolidation.

To win orders, China makers must have local sales and network support because a successful VoIP deployment depends largely on installation, configuration and maintenance. This, however, can erode profit margins from hardware sales.

To address the problem, some companies are incorporating user-friendly features such as automatic configuration, software upgrade and remote debugging, to lower the technology barrier for end-users and therefore lessen the need for vendor support. Further, silicone and software vendors have commoditized VoIP technology, benefiting China suppliers whose advantage lies in low-cost hardware production.

Another concern for suppliers is the slow adoption of VoIP globally. The technology is prohibited in 24 countries and restricted in 37 others, due mainly to telecom carriers’ vested interests. Lax restrictions are in place in the EU and the US, while Japan, Hong Kong and Singapore impose strictly managed service provisioning. In some European countries, such as Ukraine, VoIP operators are required to establish their own network or cooperate with telecom service providers, especially those that provide long-distance phone services.

Many suppliers are banking on the developments in China’s telecom restructuring program, hoping that some provisions will benefit the line. And in an increasingly convergent and broadband environment, makers are optimistic that growth is store for the VoIP industry.

Industry composition
The VoIP industry in China continues to be dominated by a few large companies. To establish a niche, companies are hard-pressed to boost quality and are, therefore, increasing investments in product development.

Large-scale suppliers generally have the capability for in-house SMT, plastic injection molding, silkscreen printing and assembly. Many of these companies also handle PCB, software and mold design, and most R&D and QC work.
Atcom Technology Co. Ltd

Last year, Atcom produced a monthly average of 14,000 VoIP products, including VoIP phones, PBXs, and gateways and routers.

About 85.7 percent of output in the line was exported to North America, Europe, the Asia-Pacific region and the Middle East. Total annual sales hit $8 million.

The supplier’s monthly capacity for VoIP products reached 30,000 units last year. OEM orders comprise 50 percent of shipments, with the balance being ODM contracts at 20 percent and OBM 30 percent.

The mainland China-owned enterprise has 600 employees, 30 of whom are members of the product development team. It allocates $800,000 for product development. This accounts for 10 percent of total sales.

The company plans to increase its annual capital expenditure by up to 50 percent. Export sales are also expected to increase between 10 and 20 percent in the next 12 months, with the EU as the main target market.

Established in 1998, Atcom has one factory with a capacity utilization of 47 percent.

### Company facts

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<th>Year established</th>
<th>1998</th>
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<tr>
<td>Business type</td>
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<td>Company ownership</td>
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<td>Head office location</td>
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<td>Number of factories</td>
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<tr>
<td>Factory location(s)</td>
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<td>No. of full-time employees</td>
<td>600</td>
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<td>No. of R&amp;D/design staff</td>
<td>30</td>
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<td>No. of QC staff</td>
<td>30</td>
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<td>Annual sales (all products)</td>
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<td>ISO certification</td>
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### Sales & output: VoIP products

| Annual sales | $7.5mn |
| Share of total sales | 94% |
| Annual export sales | $6.5mn |
| Total monthly capacity | 30,000 units |
| Average monthly output | 14,000 units |
| Capacity utilized | 47% |
| Average monthly exports | 12,000 units |
| Export ratio | 86% |
| OEM % of exports | 50% |
| ODM % of exports | 20% |
| OBM % of exports | 30% |
| Major customers | Dlink (India), Topcom (US), Soyo (US) |
| Other products made | Telephony cards |

### Profile

#### Production

- **Capacity**: 30,000 units/mth
- **Output**: 14,000 units/mth
- **Exports**: 12,000 units/mth

#### Sales

- **Total sales**: $8.0mn/yr
- **Sales (VoIP products)**: $7.5mn/yr
- **Exports (VoIP products)**: $6.5mn/yr

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VoIP Products
SUPPLIER PROFILES

### Capability

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<td></td>
<td>Housing design</td>
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<td></td>
<td>Software design</td>
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<table>
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<tr>
<th>Exports by product</th>
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</thead>
<tbody>
<tr>
<td>VoIP phones</td>
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<tr>
<td>VoIP PBXs</td>
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<tr>
<td>VoIP gateways &amp; routers</td>
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<table>
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<tr>
<th>Exports by market</th>
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<td>North America</td>
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<td>European Union</td>
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<tr>
<td>Asia-Pacific</td>
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<tr>
<td>Middle East</td>
</tr>
<tr>
<td>Other</td>
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</tbody>
</table>

### Survey

- **Export prices**
  - Stayed the same
- **Export sales**
  - Increase 10-20%
- **Target market**
  - European Union
- **Capital expenditure**
  - Increase up to 50%
- **Major challenge**
  - Design copying/piracy
- **Export capability**
  - Shorten design/development time
- **R&D focus**
  - Wireless function

### Popular export models

#### VoIP gateway & router

- **Model**: AG188N
- **MOQ**: 100 units
- **Packaging**: Carton
- **Delivery**: 20 days
- **Price**: $250

**Description:** Supports SIP (RFC3261, RFC 2543), IAX2, VLAN, T.38 fax function, reverse polarity, SNTP, STUN, RTCP, WAN-IP, DHCP client and server, PPPoE; E.164 dial plan and customized dial rules; tone generation and local DTMF regeneration according with ITU-T, G.711a/u, G.722, G.723 G729, G.168/G.165

#### VoIP phone

- **Model**: AT610
- **MOQ**: 100 units
- **Packaging**: Carton
- **Delivery**: 20 days
- **Price**: $40

**Description:** Broadcom chipset; WAN/LAN; supports SIP 2.0 (RFC3261), NAT transversal, STUN client, DTMF, SRTP, MWI; G.711a/u, G.723.1, G.729a/b, G.722, G.722.1, G.168; speakerphone, conference and voice record on SIP server, 10 ring tones; call forward, transfer, hold

#### VoIP phone

- **Model**: AT530
- **MOQ**: 100 units
- **Packaging**: Carton
- **Delivery**: 20 days
- **Price**: $45

**Description:** Infineon chipset; supports SIP (RFC3261, RFC 2543)/IAX2, DHCP client and server, PPPoE, STUN; E.164 dial plan and customized rules; tone generation and local DTMF regeneration

*Information not disclosed*
VoIP Products

PRODUCT GALLERY

VoIP phones

Acetech
(profile page 24)
Model: V08822
MOQ: 500 units
Packaging: Color box
Delivery: 35 days
Price: $40
Description: MIPS chipset solution; Ethernet network; supports SIP (RFC 2543, RFC 3261); 64/64 incoming/outgoing call records; 100 address book entries; 3-way conferencing; headset; voice-mail/pickup call key

Acetech
(profile page 24)
Model: V08822
MOQ: 500 units
Packaging: Color box
Delivery: 35 days
Price: $40
Description: MIPS chipset solution; Ethernet network; supports SIP (RFC 2543, RFC 3261); 64/64 incoming/outgoing call records; 100 address book entries; 3-way conferencing; headset; voice-mail

Atcom
(profile page 26)
Model: AT620
MOQ: 100 units
Packaging: Carton
Delivery: 20 days
Price: $60
Description: Supports SIP (RFC 3261, RFC 2543); 2 SIP lines + 1 IAX2 line, DHCP client and server, PPPoE, STUN; AGC, VAD, CNG, echo cancellation; CE, FCC, RoHS

Atcom
(profile page 26)
Model: AT610
MOQ: 100 units
Packaging: Carton
Delivery: 20 days
Price: $40
Description: Broadcom chipset; WAN/LAN; supports SIP 2.0 (RFC 3261), NAT transversal, STUN client, DTMF, SRTP, MWI; G.711A/µ, G.723.1, G.729a/b, G.722, G.722.1, G.168; speakerphone, conference and voice record on SIP server, 10 ring tones; call forward, transfer, hold

Atcom
(profile page 26)
Model: AT530
MOQ: 100 units
Packaging: Carton
Delivery: 20 days
Price: $45
Description: Infineon chipset; supports SIP (RFC 3261, RFC 2543)/IAX2, DHCP client and server, PPPoE, STUN; E.164 dial plan and customized rules; tone generation and local DTMF regeneration

Eacom
(profile page 28)
Model: IP 2000
MOQ: 200 units
Packaging: Carton
Delivery: 30 days
Price: $250
Description: Built-in Web GUI; supports SIP RFC 3261, HTTP/FTP/TFTP, RTP RFC 3550/3551, RTCP RFC 1889; SNTP; NAT traversal with periodical refreshing SIP registration; data and time display; customer logo and text display; call history
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Total amount US$ [ ]

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- [ ] Air courier (printed copy)

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- [ ] Mr
- [ ] Mrs
- [ ] Ms

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Given Name

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Company Name __________________________

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- [ ]  
- [ ]  

Amount (US$) ____________________

Card No. __________________________

Expiry Date ______________________

Signature ________________________  Date __________

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Thank you for your order.