

■ Market segment dynamics

France excels through its exceptional innovative potential in the field of telecommunications. It has some of the flagship companies in the communications technology industry: France Télécom/Orange, Alcatel-Lucent, at the forefront of broadband technology, Thomson, one of the leading companies worldwide for digital video technologies, a key supplier of the Media and Entertainment sector. In addition, a number of start-ups are structuring the industry and adding to its dynamic character: Dibcom, Tagsys, Envivio, Embeddia, Sacet, Sequans, Antenna, Stantec, Luceor, WaveStorm, Open Plug, Astellia, Turboconcept, and Wonderphon. In addition, several major international players have already chosen France for their research centers in the sector (Nortel, Texas Instrument, Motorola, Renesas, LG, etc.).

Modern infrastructures, highly qualified employees, a powerful training and research sector, and support measures for innovative projects further enhance these dynamics.

■ France's attractiveness

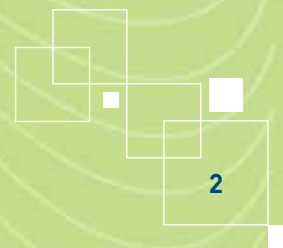
An important market hungry for new technologies: In France, the Internet, "three play" and now "four play", broadband mobile phone and even VoIP, enjoy a receptive market currently worth 40 billion euros.

Technological and industrial advantages, with large players in the telecom industry that are very well positioned at the international level, supported by a network of small and mid-sized companies and dynamic start-up companies and an already strong presence of foreign players which have chosen France to set up their industrial or research activities (Motorola, Nortel, Hitachi, TI, LG, etc.).

Scientific and intellectual advantages with public laboratories of international stature: the federation of engineering schools and research entities, the Groupe des Ecoles des Télécommunications (Telecommunications Schools Group) plays a unique role in terms of development and sharing of knowledge in the field of information science and technologies. INRIA has attained renowned scientific excellence and serves as an example in the field of technology transfer. Through flexibility and responsiveness, it now has 3,500 people who are dedicated to large benchmark projects in the field of ICT.

Excellence clusters with worldwide visibility based around private and public research centers, leading technology companies, and training centers: the "Images et Réseaux" cluster in Brittany, the Systém@tic cluster in Ile de France, the "Secure Communications Solutions" cluster in PACA, the "Embedded Electronics" cluster in the Southwest, the Minalogic cluster in the region of Grenoble. In total, 19 of the 66 competitiveness clusters are based around skills in the field of ICT.

The strategic character of R&D and innovation in this sector has led France to strengthen its support policies and implement ambitious programs whose purpose is to encourage cooperation between industrial companies and public research laboratories. In addition to the support of the AII (Agency for Industrial Innovation) or tax measures such as the CIR (Corporate Tax Credit for Research Expenses), several domestic programs by MINEFI (Ministry of Economy and Finances) and the ANR (National Research Agency) are designed to support the development of these partnerships: competitiveness clusters/FCE, strategic R&D, CAP'TRONIC, RNRT, etc.



■ International players in France

- French Success Story: France Télécom/Orange: The French company today serves as a European driver in terms of research and development activities in the telecommunications industry. In 2005, France Télécom invested more than 590 million euros in research and development, i.e. 20% more than in 2004. R&D investments now represent 1.5% of total France Télécom turnover. With a comprehensive portfolio of 7 794 patents, 530 new inventions were registered by France Télécom R&D in 2005. France Télécom R&D has 4,200 researchers and engineers based at 16 sites around the world.
- Foreign Success Story: Motorola: in 1967, France was the first Motorola site outside of the United States. Since then, Motorola has continued to invest and diversify its activities on the French territory. The US company today employs approximately 1 000 people in France, distributed between Angers, Toulouse, Saclay and Rennes. The latter site, acquired from Mitsubishi Electric Corporation, specializes in the development of i-mode mobile phones and also participates in the development of future platforms geared towards the 3G market. The Saclay site, the largest advanced research center of Motorola outside the United States, works in particular on convergence-related projects such as mobile Internet, alternative networks, WiMAX, mobile phone TV, broadband access (OFDM, WiFi), interoperability, and system management. The center cooperates with universities and participates in the French, European, and worldwide standards organizations.

(1) The provision of broadband Internet access, fixed line telephone service and TV by the same supplier grouped into a single offer, within a single package.

(2) Four play means three play plus mobile telephone service.