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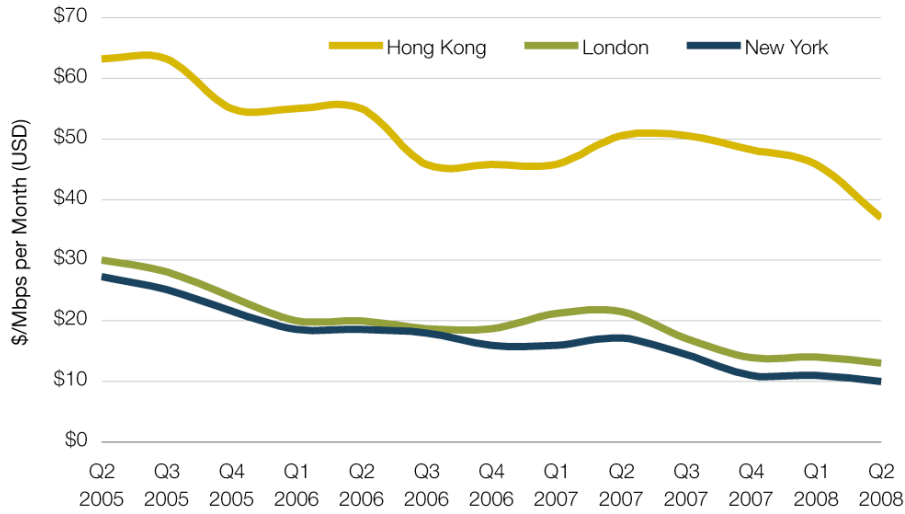
Fig. 15. Individual Carrier GigE Pricing in Selected European and North American Cities

## IP Transit Pricing Report Example

IP transit pricing changes over the past year range from nearly flat in markets with low competition to 50 percent declines by individual carriers in competitive markets. From 2005 to 2008, aggregate prices fell at a compound annual rate of approximately 25 percent in U.S. and European cities, where most IP transit is sold. Between Q2 2007 and Q2 2008, the pace of decline accelerated as prices fell roughly 30 to 40 percent.

High-capacity 10 Gbps Ethernet (10 GigE) ports, which afford the lowest price per bit, are widely available in competitive markets, where IP transit could be bought for less than \$5 per Mbps per month in Q2 2008. One IP transit supplier, Cogent Communications, promotes itself as “Home of the \$4 Megabit” on its web site. Despite Cogent’s candid offering, the global IP transit market is not as simple as \$4 per Mbps. Prices reflect a complicated mix of transaction terms, strategic relationships, transport costs, capacity availability, and number of competitors that vary by geography.

**FIGURE 1**  
**Median GigE IP Transit Prices in Major Global Cities, Q2 2005-Q2 2008**



Notes: Each line is the median monthly price per Mbps in that city. Data exclude installation and local access fees. Gigabit Ethernet (GigE) = 1,000 Mbps. Historical prices received in another currency were converted using the June 2008 average exchange rates.

Source: TeleGeography Research

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