Same-Day Analysis

Telecoms

United Kingdom: Virgin Media’s Launch Invigorates U.K. Broadband Market

(Fri 09 Feb 2007) - The launch of Virgin Media is set to transform the United Kingdom's broadband market with the country's first quadruple-play offering.

In Brief

Asia-Pacific

Telecoms

India: Indian Telcos Fined for Missing Roll-Out Obligations

(Fri 09 Feb 2007) - India's Department of Telecommunications (DoT) has announced that it has advised the Telecom Commission to fine seven telecoms operators, including Bharti Airtel, Reliance Communications, Hutchison Essar and Tata Teleservices, for failing to meet their roll-out obligations. Under their new Universal Access Service (UAS) licences, the seven operators were obliged to provide 90% external and in-building coverage within their licensed service areas. The DoT has asked the Telecoms Commission to levy a fine of 70 million rupees (US$1.6 million) per service area. Significance: In all, the operators face fines of 4,001,500,000 rupees, but are challenging the fines on the basis that delays in allocating frequencies have delayed roll-out. They have also asked for the roll-out obligations to be removed from the licences, but given India's teledensity targets, the country's telecoms regulators are unlikely to succumb to this argument.

Telecoms

Indonesia: Bakrie Telecom to Raise Capex by 74%

(Fri 09 Feb 2007) - PT Bakrie Telecom has announced it will spend the capital expenditure of 2 trillion rupiah (US$221.4 million) in 2007, a 74% increase on 2006. The cash will be spent on national network development after it recently won a national telecoms licence. Significance: The money obtained through vendor financing and financial institutions will assist in developing 800 base transceiver stations (BTS), giving an overall total of 1,200 BTSs and significantly increasing network coverage in 17 cities in the country.

Telecoms

Japan: DoCoMo in Handset Alliance with Vendors

(Fri 09 Feb 2007) - NTT DoCoMo has teamed up with mobile handset operators and vendors (Renesas Technology, Fujitsu, Mitsubishi Electric, Sharp, and Sony Ericsson Mobile Communications) to launch a next-generation mobile phone platform based on the Symbian operating system and the Renesas single-chip SH-Mobile product. The platform will support a category of HSDPA using wideband CDMA and is expected to be completed in the second quarter of 2008. Significance: NTT DoCoMo has recently launched a range of ultra-thin mobile phones through a partnership with its regional subsidiaries (see Japan: 17 January 2007: NTT DoCoMo Unveils New Digital TV and Ultra-Thin 3G Handsets). The partnership will enable commonality in the manufacture of mobile phone components; thus reducing development times and costs. Worldwide distribution will be carried out by Renesas and is expected to cost less than other 3G phones.

CIS

Telecoms

Kazakhstan: KaR-Tel Sees Mobile Penetration in Kazakhstan Reaching 80% by End-2007

(Fri 09 Feb 2007) - VimpelCom's Kazakh subsidiary, KaR-Tel, has revealed that it aims to increase its subscriber base by 25% year-on-year (y/y) in 2007, to around 5 million, according to Reuters. The mobile operator offers services under the "Beeline" and "K-Mobile" brands, but General Director Dmitry Kromsky estimated that tariffs might be cut by as much as 15% by the end of the year in the face of renewed competition in the sector. KaR-Tel estimates that it has around 47-48% of the mobile market, but that it trails behind GSM Kazakhstan, which is 51% owned by Flintur-Holdings and 49% owned by national fixed-line incumbent Kazakhtelecom. A third mobile operator, Mobile Telecom Service, is due to begin offering services early this year under the "NeoTelecom" brand, and is aiming to establish a subscriber base of around 700,000 within its first 12 months of operation. Mobile Telecom Service is fully owned by Kazakhtelecom.

Significance: Kazakhstan's mobile subscriber base is estimated at around 8.0 million, up from approximately 3.8 million 12 months ago. Penetration has risen to around 53%, and Kromsky expects growth to continue in 2007, with penetration climbing to around 80% by the end of the year. At the end of the third quarter of 2006, VimpelCom's Kazakh operations had generated revenue of US$103.5 million, with monthly ARPU rising 7.6% y/y to US$11.3. The potential tariff cuts this year may see revenues and ARPU levels drop, but having generated total revenues of US$1.3 billion for its overall Commonwealth of Independent States operations in the third quarter VimpelCom appears to have the financial muscle to make a short-term loss in order to win subscribers. The Kazakh market is in a healthy state, with operators likely to see continued subscriber uptake and consumers likely to benefit from strong competition and therefore lower tariffs in 2007.
Moldova: VoxelT Records 900,000 Subscribers at End of 2006  
(Fri 09 Feb 2007) – Moldovan mobile operator VoxelT has reported that in 2006 its subscriber number rose to 900,000, from 240,000 the previous year, according to SeeNews. The Russian Telecom-owned operator also stated that revenues in 2006 rose 39% year-on-year (y/y) to 1.3 billion lei (US$101.2 million). Investments in 2006 totalled US$220 million, including around US$11 million directed towards network coverage. At the end of the third quarter of 2006 the operator had coverage of 94.45% of Moldova’s territory, offering services to 96.95% of the population. VoxelT is rivalling on the mobile market by Mintur-owned Moldcell, while later this year Events Mobile is likely to enter the GSM market and fixed-line operator Moldtelecom is planning to launch a CDMA network (see Moldova: New GSM Operator Events Extends 40% National Coverage by End-2007).  

Significance: VoxelT has described the 2006 figures as the most successful in its history, having met its targets of coverage expansion and launching new services. At the end of the third quarter of 2006 mobile penetration in Moldova was 37.6%, indicating that there is plenty of room for further growth. The competition offered by Moldcell and, later, Events ought to keep tariff prices at reasonable levels for subscribers. However, with the overall growth of the market, VoxelT is likely to be in a position of financial strength which should give it a safety net should it opt to cut tariff prices in order to gain more customers.

Russia: PeterStar Eyeing Regional Rival Linia1  
(Fri 09 Feb 2007) – ST Petersburg alternative operator PeterStar is reportedly close to completing the US$10-million acquisition of local rival Linia1, according to Novecon. Linia1 is currently 99.5% owned by Orbita Telecom, with the remaining 0.5% held by Pilot. The operator provides services to around 1,000 corporate clients, and also sells services to private customers of ST Petersburg Transit Telecom. Linia1 generated net profit of around US$1.0 million in 2006 and annual turnover of US$7.0 million.

Significance: PeterStar itself is reportedly close to being acquired by Russian asset management company Promsvyazcapital, for somewhere between US$150 million and US$360 million (see Russia: 8 February 2007: Promsvyazcapital Closes in on 100% Stake in PeterStar). It is therefore likely that the planned acquisition of Linia1 has met with the approval of Promsvyazcapital. While Linia1’s subscriber base is low, it evidently targets a high-end niche within ST Petersburg, where it has to date competed with PeterStar and fixed-line incumbent North-West Telecom, a subsidiary of national fixed-line holding Svyazinvest.

Russia: Activity in Russia’s Pay-TV Market  
(Fri 09 Feb 2007) – Russia’s pay-TV market continues to see developments. Alternative operator Golden Telecom has confirmed the acquisition of a 65% stake in digital TV provider Fortiland Limited. The deal had been proposed in December, and Golden Telecom has confirmed that a US$51 million deal will begin with a payment of US$38.6 million on 5 April, to Kolanger-Optim (see Russia: 21 December 2006: Golden Telecom Closing In on Corbina, Acquires Digital TV Operator). Golden Telecom expects to launch commercial services in the fourth quarter of 2007 using Digital Video Broadcast (DVB) technology, which will enable viewing on mobile phones, smartphones, laptops, and handheld PCs. Meanwhile, Sistema Mass Media (SMM), the media arm of Russian holding Sistema AFK, has revealed that it plans to launch mobile television and high definition television (HD TV) in the near future. SMM is exploring the possibility of entrantice into the mobile TV market through a joint venture, with SK Telecom, Naspers, and T-Systems reportedly approached. SMM aims to launch a service later in 2007 on the network of Sistema-owned Mobile TeleSystems (MTS), Russia’s leading mobile operator. Services will initially be offered exclusively to MTS users for six months, before being offered to other network users in time for major sporting events in 2008 such as the Olympic Games and European Football Championships. The HD TV service is likely to be launched in September.

Significance: There is a growing trend in Russia for telecoms operators to explore the possibility of pay-TV as a means of boosting subscriber numbers and revenues. Fixed-line operators such as Sistema unit Comstar and Golden Telecom are appreciating the financial possibilities of bundling IP TV services within their internet offerings, as fixed-line telephony alone is not sufficient to win subscribers and generate significant revenue (see Russia: 8 February 2007: Stream-TV Records 1.4 mil. Subscribers in 2006). This trend has also been adopted by smaller operators eager to capitalise in a market in which value-added services are being snapped up by customers (see Russia: 5 February 2007: Mostelecom Plans US$270-mil. Investment, Selects Alcatel-Lucent for IP Network Roll-Out and Russia: 5 February 2007: Corvette Telecom Selects Verimatrix for IP TV Solution in Moscow). Meanwhile, mobile operators are also turning to value-added services as a means of boosting revenues as they adapt to a highly penetrated voice market. With 3G roll-outs imminent, the launch of innovative non-voice mobile services is becoming an increasingly popular approach (see Russia: 23 October 2006: More Value-Added Schemes from MTS). The moves towards pay-TV provision are likely to continue across Russia, in both the fixed-line and mobile markets, as operators seek to generate revenue as earning and spending power amongst citizens improves and technologies advance.

Russia: MegaFon Stakeholder IPOC Facing Liquidation Threat  
(Fri 09 Feb 2007) – The Bermuda-based IPOC International Growth Fund, an 8.0% shareholder in Russia’s third-largest mobile operator, MegaFon, may be forced to liquidate, reports Prime-Tass. The Bermudan government has filed a lawsuit with the Supreme Court asking it to liquidate IPOC and eight affiliates, following an audit of the company by KPMG.

Significance: The current status of the Bermudan government’s request is currently unclear, and history suggests that the issue may drag on for some time, but the biggest beneficiary could be Russian holding group Alfa. IPOC and Alfa have been locked in dispute over a 25.1% stake in MegaFon, which Alfa claims to have acquired in August 2003. This is disputed by IPOC, which alleges that it ought to have had first option to purchase the stake (see Russia: 14 June 2006: IPOC Files US$150 mil. Lawsuit Against Alfa in MegaFon Row). Should IPOC be liquidated, the row could be brought to a sudden conclusion in Alfa’s favour.

Ukraine: Ukrainian Telesystems Launches Commercial CDMA 2000 1X EV-DO Services  
(Fri 09 Feb 2007) – Alternative Ukrainian telecoms operator Ukrainian Telesystems has announced the launch of commercial CDMA 2000 1X EV-DO services, according to press reports. Among the services provided will be internet access at speeds of up to 2.4 Mbps. Two tariffs are being offered in Dnipropetrovsk, Odessa, and the capital Kiev, under the "PEOPLEnet" brand. The operator has 103 base stations in these three cities, as well as a further 10 in Kharkiv, where a test network has been constructed. Around 1,000 base stations are planned by the end of 2008, which should enable coverage to 80% of the country’s citizens. Ukrainian Telesystems invested US$50 million in the project in 2006, and plans to spend a further US$130 million in 2007.

Significance: Although previously established as a minor fixed-line operator, Ukrainian Telesystems has a mobile licence to offer nationwide services until 2016. The country’s only 3G licence on the GSM frequency range has been issued to national fixed-line
incumbent Uktelecom, which plans to launch 3G services early this year. Uktelecom is reported to be planning investment of around US$700 million in its 3G project over the next three years, while in neighbouring Russia, Mobile TeleSystems has announced that its investments in the construction of a possible W-CDMA 3G network will be around US$200 million this year, a sum that could increase to as much as US$500 million over the next three years (see Ukraine: 28 December 2006: Uktelecom Seeks US$200-mil. Loan to Fund 3G Roll-Out and Russia: 2 February 2007: MTS Outlines Plans for 3G Investment and CIS Acquisitions in 2007).

Ukrainian TeleSystems’ investment is therefore relatively small, and suggests that the operator will target smaller, higher spending sectors of the market rather than massive subscriber uptake across the entire country. The operator will also face the problem of marketing CDMA services in a country in which the majority of mobile subscribers use GSM services. Of around 48 million mobile subscribers nationwide at the end of 2006, just 204,000 were CDMA 800 users (see Ukraine: 23 January 2007: Number of CDMA 800 Subscribers in Ukraine up to 204,000 at End-2006).

Europe

Telecoms

Bulgaria: Competition Authorities Clear Ramford Alliance’s Cabletel and Vicom Acquisitions
(Fri 09 Feb 2007) – The Bulgarian Commission for Protection of Competition (CPC) has approved the planned acquisition by the United Kingdom’s investment fund Ramford Alliance of Bulgarian broadband provider Cabletel and cable TV and internet services provider Vicom Bulgaria, which controls several local cable TV operators, including Eurocom Sofia Cable, Eurocom Chirpan, Gabrovo Cable, and Vitin Cable, as well as satellite operator, Eurotur Sat TV.

Significance: The move will help Cabletel to consolidate its position on the Bulgarian cable TV and broadband markets. Cabletel currently controls 10% of the Bulgarian cable TV market. Its network comprises 14 local cable TV and internet providers. In October 2006, the company also acquired a majority stake in rival Eurotur Sat TV, which operates under the EstNet brand, that strengthened Cabletel’s operations in Varna, on the Black Sea coast. It provides voice telephony and broadband internet access services, in addition to its core home entertainment services (see Bulgaria: 26 October 2006: Cabletel Buys Rival TV Gunchev Group).

Telecoms

Europe: GSMA Claims Per-Minute Roaming Charges Fell 25% in 2006
(Fri 09 Feb 2007) – The GSMA has released figures indicating that the average cost of roaming minutes while travelling in Europe had fallen by 25% year-on-year (y/y) to 0.62 euro (US$0.82) per minute in the fourth quarter of 2006. 

Significance: The aim of the press release was to argue that “innovative tariffs”, which could be made illegal under European Union (EU) proposals for regulation, should lead the way in cutting roaming charges, rather than top-down regulation of charges (see Europe:23 January 2007: Germany Proposes Cap on Mobile Roaming Fees). In a surprise move from a company that is appearing increasingly innovative with regard to opening up what used to be a highly closed network, operator 3 recently announced that it would drop roaming charges for subscribers travelling to other countries in which it operates networks (see World:16 January 2007: 3 Drops Roaming Charges Across Operations).

Several other operators have already pledged to drop roaming charges from levels that are currently somewhat prohibitive for the mass market subscriber in the face of EU pressure, but have argued against the imposition of regulations (see Europe: 15 December 2006: T-Mobile Plans to Cut Rates for Calls Within EU by 14%, Europe: 13 December 2006: Vodafone, France Telecom Seek to Limit Mobile Roaming Fees Cap and 12 December 2006: O2, T-Mobile, Vodafone Could Face EU Fines over Roaming Issues).

Telecoms

Lithuania: Teo LT’s 2006 Y/Y Revenue Up 0.7% to US$281 mil.
(Fri 09 Feb 2007) – Lithuania’s fixed-line incumbent Teo LT, formerly Lithuanian Telecom, has announced that in 2006 it generated revenue of 734.8 million litas (US$280.98 million), a year-on-year (y/y) increase of 0.7% on the 729.6 million litas recorded in 2005, according to AFX International Focus. The operator’s full-year net profit rose 55.3% y/y to 130.5 million litas, while EBITDA (earnings before interest, tax, depreciation, and amortisation) decreased 1.0% y/y to 350.2 million litas. Operating margin decreased to 47.7% from 48.5%, and the company’s pre-tax earnings increased 47.5% y/y to 160.2 million litas. Teo LT’s 2006 investments amounted to 111.1 million litas, a 50.6% y/y rise.

Significance: Although its dominance of the fixed-line market is beyond dispute, Teo LT is being forced to diversify in the wake of fixed-to-mobile substitution that has seen the number of fixed-line subscribers steadily drop over the last five years. The operator now offers ADSL internet services, and in 2006 launched a digital TV service under the “Gala” brand, making an initial investment of 20 million litas in 2006, and promising a further 10 million to 15-million-litas investment for each of the next five years (see Lithuania: 9 October 2006: Teo LT Launches IP TV in Lithuania). The move to expand the range of services offered is typical of a number of fixed-line incumbents across Eastern Europe (see Estonia: 6 February 2007: Elion Selects Alcatel-Lucent Triple-Play Solution, Launches HDTV).

Telecoms

Portugal: Portugal Telecom Posts 1% Y/Y Decline in 2006 Revenue
(Fri 09 Feb 2007) – Portugal’s fixed-line incumbent. Portugal Telecom, posted a 33% year-on-year (y/y) increase in full-year net profit to 867 million euro (US$1.1 billion) at end-2006, from 654 million euro in 2005, on a 1% y/y decline in revenue to 6.34 billion euro. Underlying core profit, measured as EBITDA (earnings before interest, taxes, depreciation, and amortisation), fell by 3% y/y to 2.42 billion euro. Net profit was boosted by lower income tax charges, which amounted to 8 million euro in 2006, compared with 323 million euro in 2005. The telco’s broadband operations continue to offset declining fixed-line voice telephony business. Portugal Telecom increased its broadband customer base by 17% y/y in the fourth quarter alone to 685,000. The company’s mobile arm registered 5.7 million users, while fixed-line subscribers declined to 4.4 million.

Significance: Portugal Telecom is currently a takeover target of rival group Sonaeicom. The company’s shareholders are expected to vote on Sonaeicom’s 9.5-euro-per-share offer on 2 March, but the telco has been advising shareholders against the deal, alleging that it undervalues the company. The telco’s management board is promising to pay 3.5 billion euro in dividends and extraordinary dividends to shareholders if Sonaeicom’s bid is rejected. It is also looking into a sale of its cable unit, PT Multimedia. The move may force Sonaeicom to boost its offer to 10.5-11.0 euro.

Turkey: Turkcell to Offer BlackBerry on GSM/GPRS and International Roaming

Latin America and Caribbean

**Telecoms**

**Brazil: Vivo to Launch Postpaid GSM Services in Q1**

(Fri 09 Feb 2007) - Vivo has announced that it will launch postpaid GSM services in the first quarter of 2007.

**Significance:** The operator is already offering prepaid GSM services in several cities, but as part of its GSM overlay strategy is launching a postpaid offering. This will be crucial in order to gain penetration of the corporate and higher end market, where it has been losing market share to GSM operators particularly TIM Brasil. Investors are still concerned that Vivo may struggle to migrate its current CDMA subscriber base to GSM at a sufficient rate to generate a return on its network investments, but the operator has little choice other than to move to GSM.

**NAFTA**

**Telecoms**

**United States: Qwest Back in Black for 2006**

(Fri 09 Feb 2007) - Qwest Communications has continued the return to profitability in the release of the latest results for the fourth quarter, giving the first full year of net profits since 2003, although the results have missed expectations. Full-year revenues totalled US$13.9 billion, barely up by 0.1% on the previous year, while the cost-cutting programme, which cut US$680 million from annual operating expenses of US$12.4 billion, swung the net loss of US$779 million in 2005 to net income of US$593 million in 2006. Quarterly results reflected the position with revenue up by 0.2% at US$3.5 billion, and net income swung from a US$528-million loss to US$194-million net income, although this included a US$61-million gain from the sale of business. Capital expenditure also fell, down 19% y/y for the quarter to US$406 million, although increasing slightly for the full year to US$1.6 billion. Forty per cent was spent on expanding the broadband footprint and enhancing speeds with an additional 35% on growth.

**Significance:** Qwest is making inroads into a continued turnaround in the transition to data-centric services but is still finding overall revenue growth elusive. Qwest has concentrated on cutting costs, but this leaves it vulnerable to advances made by competitors such as the cable companies as higher speed and more attractive bundled video services are deployed. Qwest noted that bundled penetration rose from 51% to 57% y/y, highlighting the attractiveness of the bundled deal, but Qwest does not own the facilities to deliver all these services. The VDSL fibre-to-the-node (FTTN) network that runs Qwest's own ChoiceTV service passes only 400,000 homes and maximum speeds are reported as between 5Mbps and 7Mbps, in comparison with Verizon's recently launched 50 Mbps service (see United States: 19 December 2006: Verizon Launches 50 Mbps FiOS).

**Telecoms**

**United States: Verizon Provides Consolation Prize for Mobile**

(Fri 09 Feb 2007) - ESPN has announced the consolation prize for its MVNO operations, which closed in 2006 because of a lack of interest, in key indication of the tough market for MVNOs (see United States: 29 September: MVNO Mobile ESPN Goes Under). Verizon has announced that it will carry the ESPN content and application that were intended to be the key differentiator and selling point for the MVNO to the VCast service, which it was revealed is available on a third of Verizon's 59 million subscribers' handsets.

**Significance:** While the sports content offering of ESPN may not have been enough to entice subscribers to the MVNO, which suffered from high prices and poor handsets, the application is said to be effective and the content focus enduringly popular and may help to boost Verizon take up and data usage. The youth-content-focused MVNO is maintaining its operations dependent of cash requirements but has also been leveraging its content offering in other regions (see United States: 6 October 2006: MVNO Amp'd Predicts Cash Required Before Profit in 2008 and Japan: 6 November 2006: Amp'd Reaches For Content Revenue).

**Telecoms**

**United States: Embarq Income up 25% on Static Revenues**

(Fri 09 Feb 2007) - Sprint wireline spin-off Embarq has reported a 25% year-on-year (y/y) rise in quarterly profit to total US$194 million as revenues rose only marginally to US$1.62 billion. For the year, adjusted revenues totalled US$6.52 billion. Access line losses, previously reported as a better-than-expected 6.1% annual attrition rate, were balanced by broadband, video, and wireless additions (see United States: 12 January 2007: Embarq Access Lines Fell 6.1% in 2006). The rapid 47% y/y growth in broadband subscriptions brought an additional 84,000 subscribers and pushed the total just past 1 million. The MVNO wireless operation also doubled subscribers in the second quarter of availability, taking it to 48,000 while video customers increased by 86% to 162,000. Capital expenditure totalled US$214 million for the quarter and US$899 million for 2006, which is expected to be reduced to between US$870 million and US$890 million in 2007.

**Significance:** Embarq is managing to stay on top of the transition to an independent company operating in the data-focused market. The leading edge launch of an enterprise fixed-to-mobile (FMC) product helps to direct its MVNO wing towards the high-value enterprise market rather than the somewhat over-served and low-margin youth and value market (see United States: 26 October 2006: Embarq Launches Network Agnostic FMC Product, Releases Q3 Results). With reasonable performance, it is a possible acquisition target, although market conditions including recent major consolidation activity and the adjustment to an independent company make this less likely in the immediate future.

**Telecoms**

**United States: Windstream Income Up 38% on Revenues Up 11%**

(Fri 09 Feb 2007) - Windstream, the fixed line company formed through the spin-off of Alltel's landline business and merger with Valor Communications (see United States: 19 July 2006: Alltel Spins off Wireline Business, Embargos Move MVNO) has boosted fourth-quarter profits by 39% year-on-year (y/y) to a net income of US$117.7 million on the back of revenues up 11% (up 3% pro forma) to US$827.6 million. It acquired 53,000 new broadband customers, bringing the total subscriber base up to 656,000, up by 46% y/y. Access line losses were below those of most incumbents, who have seen annual rates of loss between 6-7% at 4.4%, taking the company to a total of 3.24 million lines. For the year, pro forma revenues and operating income were static at US$3.19 billion and US$1.67 billion respectively.

**Significance:** Windstream is to sell its directory business in a move to reduce debt and focus on core operations (see United States: 14 December 2006: Windstream to Sell Directories Unit). This was seen as a move that enhanced the appearance that the company is positioning itself as an acquisition target. Current performance is good, although long-term network assets, currently able to hit 6Mbps, may not be able to compete effectively as next generation fixed and wireless networks are deployed.

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**Sub-Saharan Africa**

**Telecoms**

**Liberia: Libercell Awards GPRS Billing Contract to Argent Networks**

(Fri 09 Feb 2007) - Libercell/Atlantic Wireless, one of four Liberian mobile operators, has awarded a contract to New Zealand vendor Argent Networks to supply it with billing solution for its GPRS and EDGE services. No financial details are available. Argent Networks will supply its "Eclipse" billing solution, according to a company press release, which will make the mobile data services available to both prepaid as well as postpaid subscribers. Libercell announced the launch of its GPRS and EDGE network in November in Monrovia (the capital) (see Liberia: 21 November 2006: Libercell Launches GPRS, EDGE Network in Liberia). According to the Inquirer newspaper, the operator is also launching an MMS service delivered over the network. Libercell launched an analogue mobile network in 1999, and was granted a GSM licence in 2003. Libercell now competes against Lonestar (a subsidiary of Investcom Holdings), Celcom Communications, and Comium.

**Significance:** Libercell was the first operator in Liberia and the nineteenth in sub-Saharan Africa to launch GPRS. At least 22 mobile operators in Africa had deployed GPRS by the end of 2006, up from 7 at the end of 2004 and 3 at the end of 2003. Meanwhile, three operators have deployed 3G services (plus a number of CDMA 2000 1X networks), and a further four are scheduled to launch 3G services during 2007.

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**Namibia: MWeb Launches Wireless Broadband Service**

(Fri 09 Feb 2007) - MWeb Namibia, a leading ISP, launched a WiMAX broadband wireless service this week. The service was initially launched in Windhoek (the capital), according to the Namibian Economist newspaper, and in a second phase will soon launch services in Walvis Bay and Swakopmund. The new service will come in addition to the ISP’s broadband VSAT offerings.

**Significance:** MWeb Namibia is a subsidiary of MWeb Africa, which also has subsidiaries in Nigeria and Zimbabwe. MWeb Namibia is the first ISP in the group to deploy WiMAX. MWeb Africa itself is a subsidiary of the South African ISP MWeb.

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**World and Regions**

**Telecoms**

**Europe: GSMA Claims Per-Minute Roaming Charges Fell 25% in 2006**

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**Telecoms**

**World: Alcatel-Lucent Losses Push Job Cuts**

(Fri 09 Feb 2007) - Newly merged Alcatel-Lucent has announced that job cuts will be increased from 9,000 to 12,500 following the dip in trading previously announced for the fourth quarter, which saw net income drop from a pro forma profit of US$497 million to a loss of US$802 million, largely on restructuring and impairment charges of US$752 million related to the merger (see World: 24 January 2007: Alcatel-Lucent Uncertainty Hits Q4 Results). Uncertain trading from 2006 moving into 2007, particularly as a result of the Alcatel-Lucent merger and numerous and large-scale consolidations of carriers in North America, will, however, settle to power expected revenue growth of 5% in 2007 overall (see United States: 29 December 2006: AT&T Edges Towards US$85-bil. Purchase of BellSouth and United States: 17 January 2007: Fairpoint to Merge with Verizon’s NE Wireline Operations).

**Significance:** The rollercoaster trading conditions were created by market consolidations of both carriers and vendors and have made this a difficult quarter for Alcatel-Lucent. The market has responded positively to the announcement of further job cuts, which will raise estimated savings from US$1.8 billion to US$2.2 billion. There have also been a number of significant contracts signed even in the past week that suggest this is a temporary aberration and the new behemoth will rapidly gain strength as the major consolidations settle and next-generation network deployments gain pace (see Estonia: February 6 2007: Elion Selects Alcatel-Lucent Triple-Play Solution, Launches HDTV, Nigeria: 2 February 2007: Globacom Awards US$600-mil. Contract to Alcatel-Lucent, and Russia: 5 February 2007: Mostelecom Plans US$270-mil. Investment, Selects Alcatel-Lucent for IP Network Roll-Out).