Same-Day Analysis for 29 Mar 2007

Telecoms

Sub-Saharan Africa: MTN Reports 73% Annual Growth to 40 Million Subscribers
(Thu 29 Mar 2007) - The MTN Group, the largest mobile operator in Africa, reported 40.051 million subscribers as of 31 December 2006.

Telecoms

Brazil: Vivo's GSM Clients Surpass 300,000 Mark
(Thu 29 Mar 2007) - The southern hemisphere's largest mobile operator Vivo, with 28.9 million subscribers at the end of February 2007, has reported over 300,000 GSM customers in the first three months of this year, following commercial launch of the service.

Telecoms

United States: CTIA Mobile Survey—Data Revenue Up 77%, SMS Use Up 95%
(Thu 29 Mar 2007) - Continued strong subscriber growth and increases in data use drive revenues higher in the United States despite flat ARPU; cell site expansion is resurgent and roaming revenues have fallen.

In Brief

Asia-Pacific

Telecoms

Australia: Optus Orders Third D-Series Satellite
(Thu 29 Mar 2007) - Optus, the Australian subsidiary of SingTel, said it has placed an order for a third D-series satellite from U.S.-based manufacturer Orbital Sciences Corp, the AFX financial news provider reports. With delivery scheduled for 2009, the Optus D3 satellite will boost the group's satellite fleet capacity by 30%, said the company. "The decision to build a third D-series satellite follows continued demand for access, especially for television broadcast services, with companies such as SKY Television in New Zealand and FOXTEL in Australia," the Optus chief executive, Paul O'Sullivan, commented.

Significance: Optus' D1 satellite is already in orbit, while the D2 satellite is expected to be launched into space in late 2007. The company said that with the decision to buy a third satellite, the overall investment for the D-series satellite programme has now reached more than A$600 million (US$484 million).

Telecoms

Hong Kong: PCCW 2006 Net Profit Falls 22% Y/Y; Deputy Chairman Resigns
(Thu 29 Mar 2007) - Hong Kong's largest fixed-line operator, PCCW, today said its 2006 net profit fell by 22% year-on-year (y/y) to HK$1.25 billion (US$160 million), and the company announced it had replaced its managing director, Dow Jones reports. PCCW said losses widened in mobile service and broadband television operations, while the company posted lower investment gains. The company said revenue rose by 14% y/y to HK$25.64 billion, partly due to a growth in customers at its 3G mobile phone service. At the same time that PCCW announced its disappointing results, the company said its board had accepted the resignation of Jack So, the company's managing director and deputy chairman, effective from 30 April. PCCW Chief Financial Officer Alex Arena told a news conference that he would succeed So in both roles. Group Director of Finance Susanna Hui will succeed Arena as finance chief of PCCW.

Significance: Losses from PCCW's mobile phone operation widened to HK$701 million from HK$126 million on an earnings before interest, tax, depreciation and amortisation (EBITDA) basis. PCCW, which completed its acquisition of the assets of affiliated mobile operator Sunday Group in December and folded them into PCCW, said its mobile service customer base in Hong Kong rose 25% y/y to 921,000 at end-2006. PCCW said EBITDA earnings at its fixed-line phone operation rose to HK$4.95 billion in 2006, from HK$4.88 billion a year earlier. Losses at its IP TV operation expanded to HK$450 million in 2006 from HK$343 million, on an EBITDA basis, even though the customer base of its NOW TV product reached 758,000 at the end of last year, up from 549,000 a year earlier. The company expects that the television business can achieve break-even results on an EBITDA basis in 2007. PCCW plans US$400 million in capital expenditures in 2007, about the same as in 2006.

Telecoms

India: Hutchison Essar Mulling IT Outsourcing—Report
(Thu 29 Mar 2007) - The Indian mobile operator, Hutchison Essar, may outsource its IT operations to International Business Machines Corp, in a deal that could be valued at up to US$1.6 billion, the Economic Times reports, citing unnamed sources. The scope of the deal would depend on the growth of India's fourth-largest mobile provider, the paper said, adding that the deal would be the largest outsourcing contract signed by an Indian operator.

Significance: Last month, Hong Kong's Hutchison Telecommunications International Ltd. (HTIL) agreed to sell its majority stake in Hutchison Essar to Vodafone Group for US$1.1 billion. The deal is yet to be approved by the Indian government. Quoting unnamed sources, the Economic Times said the outsourcing deal had been discussed with Vodafone chief executive Arun Sarin. Last year, Vodafone outsourced key IT functions to IBM, the world's largest computer services company, and Electronic Data Systems Corp (see World: 6 October 2006: Vodafone Dials IBM, EDS in Billion-Dollar Outsourcing Deal).

Telecoms

Taiwan: Chunghwa Telecom Seeks to Control Costs, Boost Data Revenues
(Thu 29 Mar 2007) - Taiwan's Chunghwa Telecom will control its marketing and personnel costs this year and will seek to boost data services revenue, Dow Jones reports, citing company President Lu Shuye-Ching as saying, after the telecoms firm reported a 5.8%...
decline in 2006 earnings. Chunghwa Telecom, the island’s largest telecom firm by revenue, said its consolidated audited net profit last year was NT$44.88 billion (US$1.36 billion), down from a net profit in 2005 of NT$47.65 billion, as a result of higher marketing fees and early retirement expenses. Consolidated revenue totalled NT$184.53 billion, up 0.6% from NT$183.38 billion in 2005.

**Significance:** Chunghwa plans to cut down subsidies for mobile handsetsets this year. The company’s operating costs rose 2.0% last year from 2005, mainly because of higher marketing fees. Chunghwa also reiterated its plans to focus on internet and mobile data services, such as 3G mobile phone services and internet TV services, to offset declining fixed-line revenue. Chunghwa is targeting a total of 580,000 users of its internet TV services this year, up from 270,000 now, and plans to sign an additional 1.4 million 3G users this year. At the end of February, the company had 1.13 million 3G users. The company said it will continue to encourage customer migration to the fibre-optic network. It also aims to offset the impact of the tariff cut by the regulator. The National Communications Commission (NCC) approved in December last year a reduction in leased-line rates by 5.35% each year from April 2007 through 2010, and a cut in 2G mobile phone rates by 4.88% annually over the same period (see Taiwan: 4 January 2007: **Chunghwa Telecom Plans US$4-bil. Network Investment Over Next Five Years**).

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**Telecoms**

**Thailand: Nationwide CDMA Mobile Service to be Commercially Available by Year-End**

*(Thu 29 Mar 2007)* - A CDMA mobile phone service in Thailand is expected to be commercially available nationwide by the end of the year, with state-run operator CAT Telecom teaming up with the operator of the Hutch brand to market the service, the *Bangkok Post* reports. The Hutch CDMA service is currently available in 25 central provinces, including Bangkok, through Hutchison CAT Wireless Multimedia, a joint venture between CAT Telecom and Hong Kong-based Hutchison Telecom. The latter holds 75% of the venture and CAT has 25%. The newspaper said CAT Telecom now owns the CDMA 2000 1X EV-DO network that covers the 51 provinces not yet covered by Hutch. The mobile broadband network was built by Huawei Technologies of China and delivered to CAT early this year. The network is currently under inspection by CAT.

**Significance:** Hutch currently markets the CDMA 2000 1X mobile service in 25 central provinces on a network leased from BF KT, a wholly-owned subsidiary of Hutchison Telecom. CAT now has about 15,000 CDMA subscribers while Hutch has 700,000 customers in a mobile market of nearly 40 million. A CAT executive said that a marketing campaign for CAT CDMA and Hutch CDMA would soon be developed under the same slogan, “Nationwide CDMA”, with an umbrella logo. He also said that under the collaboration, both services would have same service rates and promotional packages and would use the same agency. However, he made it clear that the collaboration did not mean CAT would hand over its nationwide CDMA network to Hutch to do marketing, as had happened in the 25 central provinces. Procurement, employment and collection of service fees would be separated, he said.

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**CIS**

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**Telecoms**

**Armenia: Vivacell Refutes Rumours of Possible VimpelCom Takeover**

*(Thu 29 Mar 2007)* - Armenian mobile operator VivaCell has denied speculation that it is to be sold to rival mobile operator and fixed-line incumbent Armentel. A number of VivaCell spokesmen have been cited in the press as denying that a deal is imminent. Indeed, as part of its refutation, VivaCell has emphasised its plans to extend its mobile network capacity to support 1.5 million subscribers, from its current level of 1 million. Spokesman Vahe Isahakyan has indicated to the Arminfo news agency that this will entail fresh investments.

**Significance:** VivaCell's presence as an alternative operator on Armenia’s mobile market has long been a source of controversy. Its entrance onto the market in July 2005 forced then monopolist Armentel to free up spectrum. This development signalled a deterioration in relations between then 90% Armentel shareholder, OTE, and the Armenian government, which held the remaining 10% (see Armenia: 5 November 2004: Armentel Loses Mobile Operator Monopoly Status But Gains VoIP). Ultimately, OTE responded to the removal of its monopoly by ending its investment in Armentel, which led to the divestment of the operator. VimpelCom has entered the Armenian market promising investment of around US$100 million and indicating that it will also invest in the fixed-line sector. However, it is unclear whether it would want to pour more funds into the country by acquiring VivaCell as well. VivaCell itself welcomed news of VimpelCom's entrance, when the Armentel acquisition was agreed last year, suggesting that it would benefit competition in the country.

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**Telecoms**

**Kazakhstan: Alcatel-Lucent Reports Smooth Progress in Kazakhtelecom Next-Generation Network Project**

*(Thu 29 Mar 2007)* - Kazakhtelecom and Alcatel-Lucent have reported that the first stage of their next-generation IP network in the capital, Astana, has been successfully completed. A multi-service broadband network, including IP core and broadband access elements, has now been launched, and Kazakhtelecom will now be able to provide advanced voice and data services. These will be targeted at both business and residential customers.

**Significance:** The deal with Alcatel-Lucent is part of an ongoing network development project being undertaken by Kazakhtelecom as it aims to improve the quality of its services (see Kazakhst an: 17 May 2006: **Lucent and WinnCom Extend NGN Deployment for KazakhTelecom**). However, with fixed-line voice and internet penetration at low levels, of 17.1% and 12.1% respectively at the end of 2005, the operator will also need to focus upon network expansion, as well as service upgrades.

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**Telecoms**

**Moldova: Moldtelecom Selects Sistema Unit Intracom in US$2.5 mil. Equipment Deal**

*(Thu 29 Mar 2007)* - The Moldovan fixed-line incumbent, Moldtelecom, has agreed a deal with Intracom Telecom, the Greek unit of Sitronics, itself the technology subsidiary of Russian holding Sistema, which will see the provision of equipment for a Next-Generation Network (NGN). The deal is worth US$2.5 million and will see Intracom implement, effect and supply in-house designed-and-built equipment for the NGN. Intracom is likely to deploy an IBAS Multi-Service Access Node solution platform, capable of supporting triple-play services. Intracom has indicated in a press release that the aim of the project will be to expand Moldtelecom's existing telecoms network, in line with the latest international trends.

**Significance:** The deal with Intracom is indicative of Moldtelecom’s keenness to diversify. The operator already dominates the country’s fixed-line sector, but with fixed-to-mobile substitution starting to take effect in the country, it is evidently aware of the need to expand its range of services. Moldtelecom has already announced a US$25 million investment in the launch of a mobile CDMA operator, ‘Unite’, which offers 3G technology (see Moldova: 28 February 2007: **Moldtelecom Plans Mobile CDMA Launch for 1 March**). It now appears that Moldtelecom is also keen to improve its presence in the non-voice sector through the NGN with Intracom,
which will have the capacity to support triple-play services. The statement that Moldatelecom aims to expand “in line with the latest international trends” suggests that the operator is aware of market environments in neighbouring countries such as Ukraine, where the fixed-line incumbent is also examining diversification possibilities, despite its dominance of the fixed-line voice sector (see Ukraine: 16 March 2007: Ukrtelecom Increases Focus on Data Transmission and Internet Access).

**Telecoms**

**Russia: VimpelCom Plans to Sever Ties with Minor Content Providers**

(Thu 29 Mar 2007) - The Russian mobile operator, VimpelCom, is planning to end its partnerships with a number of minor mobile content providers, according to press reports. The Prime-TASS and Novoecon news providers cite a number of unnamed sources as suggesting that the operator is unhappy with the quality of content provided by smaller providers. It is claimed that VimpelCom will in future use content from major providers for its “Beeonline” portal.

**Significance:** Although no confirmation of these reports has yet emanated from VimpelCom, the operator’s increased focus on non-voice services, in the increasingly saturated Russian mobile market, would render understandable any move to improve the quality of its mobile content. A similar move was reportedly made by the country’s leading mobile operator, Mobile TeleSystems, several months ago.

**Europe**

**Telecoms**

**Bulgaria: Orbitel Targets 10-20% Market Share in Bulgaria By 2010**

(Thu 29 Mar 2007) - Bulgaria’s alternative telecoms operator, Orbitel, expects to grab 10% to 20% of the domestic fixed-line market within the next three years. Orbitel, which is a subsidiary of Deutsche Telekom’s Hungarian unit, Magyar Telekom, expects to expand its broadband services in efforts to boost growth.

**Significance:** The planned adoption of the new telecoms law this year is expected to speed up the liberalisation of the Bulgarian telecoms market, enabling alternative telcos to boost their presence. The country’s fixed-line incumbent, BTC, currently dominates the telecoms sector. Orbitel serves 50,000 residential customers and 50 corporate clients, representing a 2.5% share of the fixed-line market. Magyar Telekom acquired Orbitel for 8 million euro (US$10.7 million) at end-November 2005 (see Bulgaria: 6 February 2007: Magyar Telkom Completes Orbitel Acquisition and Bulgaria: 30 November 2005: Deutsche Telekom Enters Bulgarian Fixed-Line Market via Orbitel Acquisition).

**Telecoms**

**Bulgaria: Turkcell Bids For 65% Stake In BTC**

(Thu 29 Mar 2007) - The Turkish leading mobile group, Turkcell, has made an offer for a 65% stake in Bulgaria’s fixed-line incumbent, BTC. The Icelandic private equity fund, Novator Telecom, acquired an option to buy a 100% stake in the Vienna-based investment vehicle, Viva Ventures, from the U.S. private equity fund, Advent International. Viva Ventures owns 65% of BTC. Novator, which is controlled by Iceland’s richest man, Thor Bjorgolfsson, is currently holding a tender to sell its option.

**Significance:** Novator acquired its option on the BTC stake last year from the U.S. equity fund, Advent International, which bought into BTC during its privatisation in 2004. Advent is bound by the privatisation contract not to change its ownership before 11 June 2007 (see Bulgaria: 14 March 2007: Bjorgolfsson Boosts Stake in BTC). BTC also operates the country’s number-three mobile operator, Vivatel. Turkcell, which faces mounting competition in its domestic market, has embarked on plans to expand in South-Eastern Europe, the Middle East and Central Asia. The company signed a US$3 billion syndicated loan last month, which will be used to invest in its expansion strategy (see Turkey: 27 February 2007: Turkcell Sign US$3 bil. Unsecured Syndicated Loan).

**Telecoms**

**Europe: EU Renews Call for Telecoms Network Separation**

(Thu 29 Mar 2007) - The European Union (EU) has renewed its call for Europe’s incumbent telcos to separate their networks and their services. In a report today, the U.K.-based Financial Times newspaper said the EU information society commissioner, Viviane Reding, renewed the call as part of a revamp of the rules that govern the telecoms sector. “The functional separation model is a very interesting remedy for the access problems in this market,” Reding told the newspaper. The EU’s proposal will see the telcos offload their network assets into a new unit that they would still control. However, the new unit will be functionally separate from the incumbent, with direct supervision from the national regulators, and offering impartial services to all telecoms operators in the market. The EU’s proposal follows a similar, and apparently successful, approach with BT in the United Kingdom.

**Significance:** Although the EU could attempt to introduce the proposal during the telecoms review in July this year, strong opposition from the incumbents and the lack of a concerted political will may provide strong obstacles (see Europe: 22 March 2007: The EU’s New Regulatory Framework; Benefits, Opportunities and Risks for Telcos and 14 December 2006: Incumbent European Telcos Take Swipe at New EU Rules).

**Telecoms**

**France: SFR Set Q2 2007 Date for France Triple-Play Launch**

(Thu 29 Mar 2007) - France’s second-largest mobile operator, SFR, is to launch its triple-play package on 25 April 2007, according to a report in Les Echos. SFR plans to use Neuf Cegetel’s network to offer unlimited telephone calls to landlines, broadband internet access and television services. The report adds that SFR will price the service from 29.90 euro (US$39.90) to 37.90 euro per month.

**Significance:** SFR’s triple-play launch will heighten competition in the fixed sector and further squeeze Bouygues Telecom in the mobile sector. SFR had hoped to use Tele2’s French network for its fixed services launch. However, the European Union (EU) put the brakes on that after deciding to launch a detailed investigation into the acquisition of Tele2 France. The product launch could also signify the beginning of expected co-operation between SFR and Neuf Cegetel. SFR is the largest shareholder in Neuf Cegetel, controlling a 40.7% stake (see France: 3 October 2006: SFR Wades into French Fixed Market with US$451.6 mil. Takeover of Tele2 France).

**Telecoms**

**FYR Macedonia: Macedonian Regulator Considers Fourth Mobile Operator Licence**

The Macedonian telecoms regulator, the Agency for Electronic Communications, is likely to launch a tender for the country's fourth mobile operator licence.

**Significance:** The Macedonian government awarded the third mobile operator licence to Telekom Austria's mobile unit, Mobilkom. The Austrian group paid 10 million euro (US$13.3 million) for its licence, double the minimum amount expected by the government (see FYR Macedonia: 5 February 2007: Mobilkom Wins Third Mobile Licence in Macedonia). The Macedonian mobile market is currently dominated by T-Mobile Macedonia (formerly Mobimak)—owned by Deutsche Telekom's Hungarian unit, Magyar Telekom—and Cosmofon—part of the Greek telecoms group, OTE. The two existing mobile operators jointly had 1.37 million users at the end of September 2006, with T-Mobile Macedonia holding a 67.1% market share (with 926,000 users) and Cosmofon claiming 32.9% (with 450,300 subscribers). A high level of fixed-to-mobile substitution has boosted mobile penetration to 66.4% at the end of September 2006. With only two million inhabitants, however, Macedonia offers limited growth opportunities. Mobile voice and data services are currently available on EDGE networks (see Balkans: 2 March 2007: Benchmarking the Other Balkans: Bosnia-Herzegovina, FYR Macedonia, Montenegro, Serbia). The move to license a fourth mobile player is aimed at boosting competition on the country's mobile market and lowering prices for mobile services.

### Telecos

#### Hungary: TDC Boosts Stake in HTTC

(Thu 29 Mar 2007) - The Danish telecoms group, TDC, has exercised warrants to buy an additional 2.5 million shares in its Hungarian subsidiary, HTTC, at a price of US$1 per share, thus boosting its stake in HTTC to 68%.

**Significance:** The capital injection will help HTTC to finance its recent acquisition of Invitel, Hungary's leading alternative telco. HTTC has gradually been consolidating its position on the Hungarian telecoms market, first with the takeover of Pantel in 2005, and now Invitel (see Hungary: 10 January 2007: TDC's Hungarian Unit Acquires Invitel and Hungary: 1 March 2005: HTTC Completes Acquisition of PanTel from KPN). The consolidation of Pantel boosted HTTC's profitability last year (see Hungary: 20 March 2007: HTCC Posts 5% Y/Y Increase in End-2006 Revenues).

#### Poland: Polish Regulator Plans WiMAX Tender in September

(Thu 29 Mar 2007) - The Polish telecoms market regulator, the UKE, is planning to announce a tender for broadband wireless licences in the 3.6-3.8 GHz spectrum, which will enable the roll-out of WiMAX technology. The UKE, however, intends to issue local licences without national concessions. The regulator will issue up to 60 local licences.

**Significance:** The move is likely to favour smaller local operators, rather than national players, as well as local governments. It signals that new local operators will emerge, which will fragment competition on the broadband market. Smaller local players, however, will lack the economies of scale needed to compete with leading telcos and cable TV operators. The UKE expects that local broadband wireless licences will increase the time to market for WiMAX technology. The regulator issued four WiMAX licences in 2003, but only two players—Netia and NASK—have launched WiMAX networks, while the U.S. operator, Clearwire, has been slow with its investment. Poland's number-two operator, PTC, which holds the fourth WiMAX licence, has stalled its WiMAX investment as it has been rolling out its W-CDMA/HSDPA network (see Poland: 4 September 2006: Netia Ready to Resell TP's ADSL Services, Exatel Launches WiMAX, 23 August 2006: Netia Selects Alvarion for WiMAX Contract and 18 August 2006: Netia Launches WiMAX Network).

#### Turkey: Oger Telecom Refinances Turk Telecom Acquisition Debt of US$3.7bil. 4 Years Early

(Thu 29 Mar 2007) - Oger Telecom announced the US$3.7 billion refinancing of debt facilities associated with its 2005 acquisition of 55% of Turk Telecom and stated it will make the final payment of US$4.31 billion (inclusive of principal payments due and interest accrued over the period) four years ahead of schedule. The chairman of Oger Telecom, Mohammed Hariri, said, “this refinancing of the acquisition of 55% of Turk Telecom is very good news for Oger Telecom and ensures that the Group is now fully funded, smoothing the path toward an Initial Public Offering (IPO)”.

**Significance:** Turk Telecom was successfully privatised in 2005, when a 55% stake was sold to the Oger consortium for US$6.55 billion, which valued the operator at US$11.9 billion. This was the seventh attempt to privatise Turk Telecom. The transaction is the largest acquisition financing in Turkey and the early financing displays the high level of confidence lenders have in the company and its economic environment. The chairman's talk of an IPO thus reinforces the strong market position of the telco. In November 2006, Oger Telecom decided to withdraw its listing on the London and Dubai Stock exchanges (see United Arab Emirates: 22 November 2006: Oger Telecom Cancels Planned IPO on London and Dubai Stock Exchanges) due to volatile market conditions.

### Latin America and Caribbean

#### Telecos

**Mexico: VivaVision Launches LiveTraffic for Mexican Mobile Users**

(Thu 29 Mar 2007) - The California-based company, VivaVision, has announced the availability of its LiveTraffic application in the Mexican mobile market. This is a live video traffic monitoring application that uses feeds from cameras that are consequently...
converted using the software provider's compression algorithm; information is then forwarded to subscribers' handsets. Viva/Vision has partnership agreements with lusacell and Unefon, the sole Mexican operators that offer the service to their customers.

**Significance:** By enriching their services portfolio with applications such as LiveTraffic, Mexican operators are trying to differentiate in a highly competitive market where mobile subscribers' growth reached 29.1% year-on-year in December 2006 (see [Mexico: 12 March 2007: Mexico Registers 56 mil. Mobile Users at End-2006]). However, both operators present a small market share compared to the dominant player, Telcel, which encompasses more than 75% of the total subscriber figure of 56 million. Therefore, measures to boost brand loyalty in conjunction with the launch of innovative services are of major importance to these smaller telcos.

**Telecoms**

**Mexico: xG Technology Signs Trial Agreement with Telefónica Mexico**

(Thu 29 Mar 2007) - xG Technology has announced an exclusive territory trial agreement with Telefónica Mexico. This will allow the latter to test and evaluate xG technology with the further potential to deploy a network operating on this standard in Mexico in the future.

**Significance:** According to the infrastructure provider, xG Technology covers a longer range of wired and wireless communication devices and presents reduced energy consumption that results in longer battery life. Due to its ability to deliver mobile VoIP services on a city-wide basis using as little as a single base station, it can potentially be a big success in the markets. Telefónica Mexico has over 8.5 million customers and is the first operator in Mexico to sign such an agreement with the U.S.-based communications technology business.

**NAFTA**

**Telecoms**

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**Telecoms**

**United States: Virgin Mobile Brokers Services Deal with Yahoo!**

(Thu 29 Mar 2007) - MVNO Virgin mobile has become the latest service provider to partner with Yahoo! and offer Yahoo! Messenger, Yahoo! Mail and Yahoo! Mobile Web to subscribers as Yahoo! continues to focus on its mobile strategy and deliver new services (see [World: 9 January 2007: Yahoo! Searches for Mobile Winners]).

**Significance:** Yahoo! recently launched a revamped, contextualised mobile search product in the United States—Yahoo! oneSearch, which has received extremely positive reviews. It looks to be focusing increasingly on the mobile market as Google increasingly dominates the fixed search market. Advertising, particularly with local search results on mobile phones, is set to expand rapidly over the coming years and Yahoo! also provide a range of paid-for information services for which this type of deal provides a significant sales channel. For smaller operators such as Virgin it makes sense to partner with a strong product provider, while larger players increasingly aim to keep service provision in-house (see [United States: 9 March 2007: AT&T Hotspots Grow, Pulling Back from Yahoo! Joint Venture]).

**Telecoms**

**United States: AT&T's U-Verse Breaks 10,000 Subs**

(Thu 29 Mar 2007) - AT&T's fibre-based triple-play service, U-Verse, has reached the 10,000 customer mark, thanks to a dramatic rise in the past several weeks. Speaking at a Bank of America conference in New York on 28 March, Ralph de la Vega, group president of AT&T's regional wireline operations said U-Verse sales had been impressive recently. "In terms of U-verse, I am really pleased with what I've seen in the last few weeks," de la Vega said. U-Verse, which was launched in 2006, delivers video services to customers over a fibre-optic network and aims to win customers from the cable companies' all-in-one packages of video, voice and internet.

**Significance:** After an initial set back, the U-Verse service seems back on track. AT&T had hoped to launch the service in 15 markets by the end of 2006; instead it managed to rollout in 11 markets, reaching 3,000 customers by year-end 2006. A similar product from Verizon Wireless, FIOS, reached 207,000 by year-end 2006. AT&T plans to make the service available to 8 million people by the end of 2007.
Europe: EU Renews Call for Telecoms Network Separation

(Thu 29 Mar 2007) - The European Union (EU) has renewed its call for Europe's incumbent telcos to separate their networks and their services. In a report today, the U.K.-based Financial Times newspaper said the EU information society commissioner, Viviane Reding, renewed the call as part of a revamp of the rules that govern the telecoms sector. “The functional separation model is a very interesting remedy for the access problems in this market,” Reding told the newspaper. The EU's proposal will see the telcos offload their network assets into a new unit that they would still control. However, the new unit will be functionally separate from the incumbent, with direct supervision from the national regulators, and offering impartial services to all telecoms operators in the market. The EU's proposal follows a similar, and apparently successful, approach with BT in the United Kingdom.

Significance: Although the EU could attempt to introduce the proposal during the telecoms review in July this year, strong opposition from the incumbents and the lack of a concerted political will may provide strong obstacles (see Europe: 22 March 2007: The EU's New Regulatory Framework: Benefits, Opportunities and Risks for Telcos and 14 December 2006: Incumbent European Telcos Take Swipe at New EU Rules).

World: Nortel and MSV to Join Satellite and WiMAX

(Thu 29 Mar 2007) - Infrastructure vendor Nortel Networks and Satellite service provider Mobile Satellite Ventures (MSV) have announced that they will be deploying an integrated satellite and WiMAX based broadband service, with an initial trial in Reston, Virginia. The service will be used to provide voice and broadband connectivity and will later be expanded to include video calling and presence services, supported by the IMS platform. MSV already supplies wide footprint Mobile Satellite Services including Push-to-Talk two-way radio, data voice and fax but will create a hybrid network by integrating this network with a WiMAX network of ground base stations and an IMS platform. Nortel will provide WiMAX base stations and terminals, ancillary cell site gear, an IP core network, signalling equipment, authentication servers, media gateways, optical transport and IMS core elements.

Significance: The hybrid network should be able to provide wide footprint, high-mobility services suitable for rural areas, as well as possibly providing a route for interactive broadcast TV services. Rather than heavily marketing their own services, MSV appear to be following a partnership strategy, looking to partner with video service providers for TV services, mobile service providers whom can then offer ubiquitous coverage at a premium through satellites' wide footprint, and last mile access for competitive operators.

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