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CICT, Lyngby 26 Jnue 2003
www.INTUG.net

Faster, faster, faster

Asian and European policies

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INTUG contents

- faster broadband
- faster wireless
- faster roll-out
- policy or business models?

INTUG what is INTUG?

- members
  - national associations
  - corporations
  - individuals
- activities
  - ITU and WTO
  - OECD
  - APEC TEL, CITEL and EU

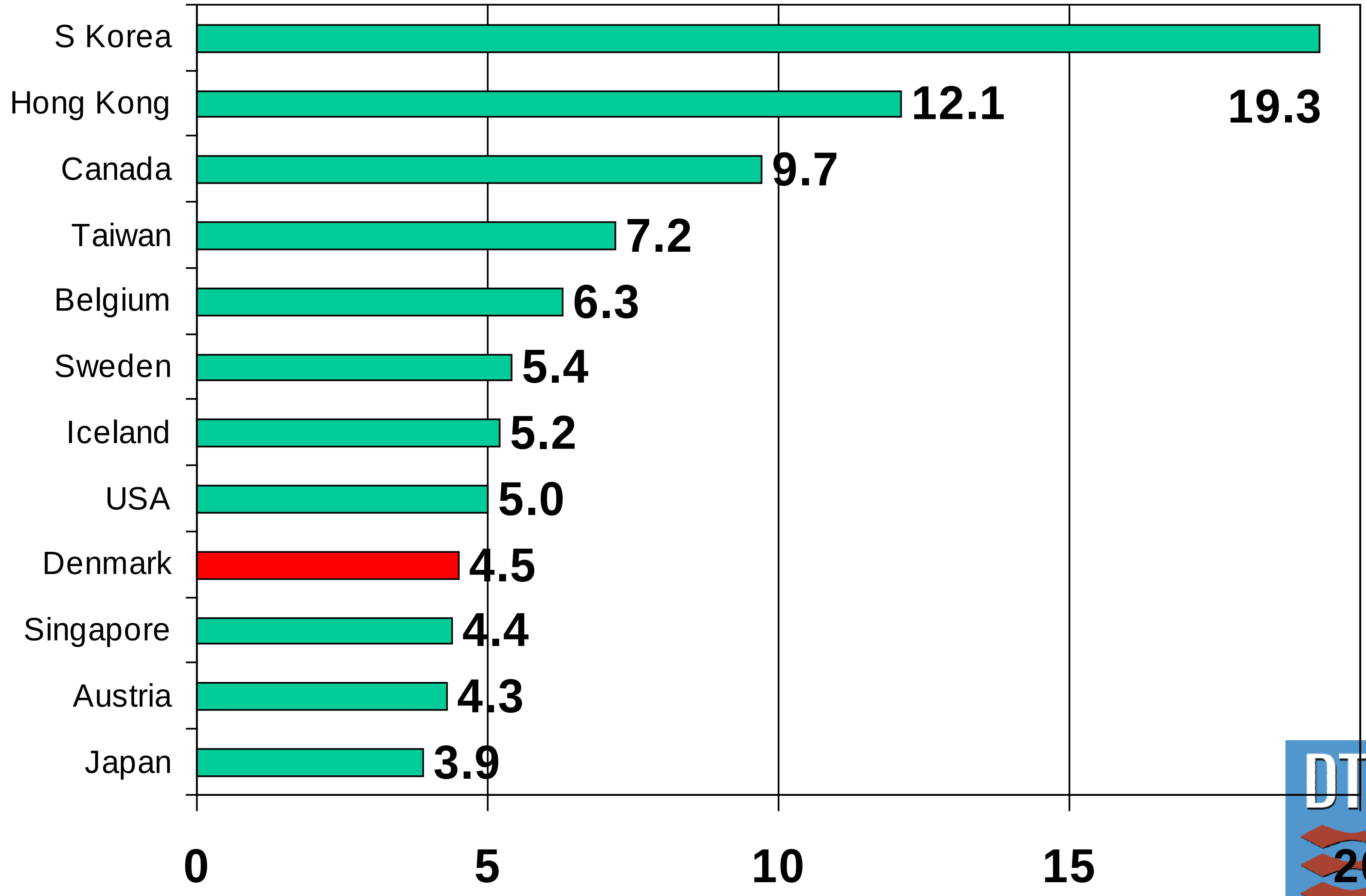
INTUG our aims

- real and effective competition
- genuine choice for users
- lower prices
- higher quality
- more innovative services
- constructive co-operation with
  – international bodies
  – governments
  – regulators

INTUG priorities

- open access to global mobile networks
- regulatory best practice
- liberalization
- leased lines
- IP telephony
- digital divide
- universal access
- numbering

INTUG broadband rankings June 2002



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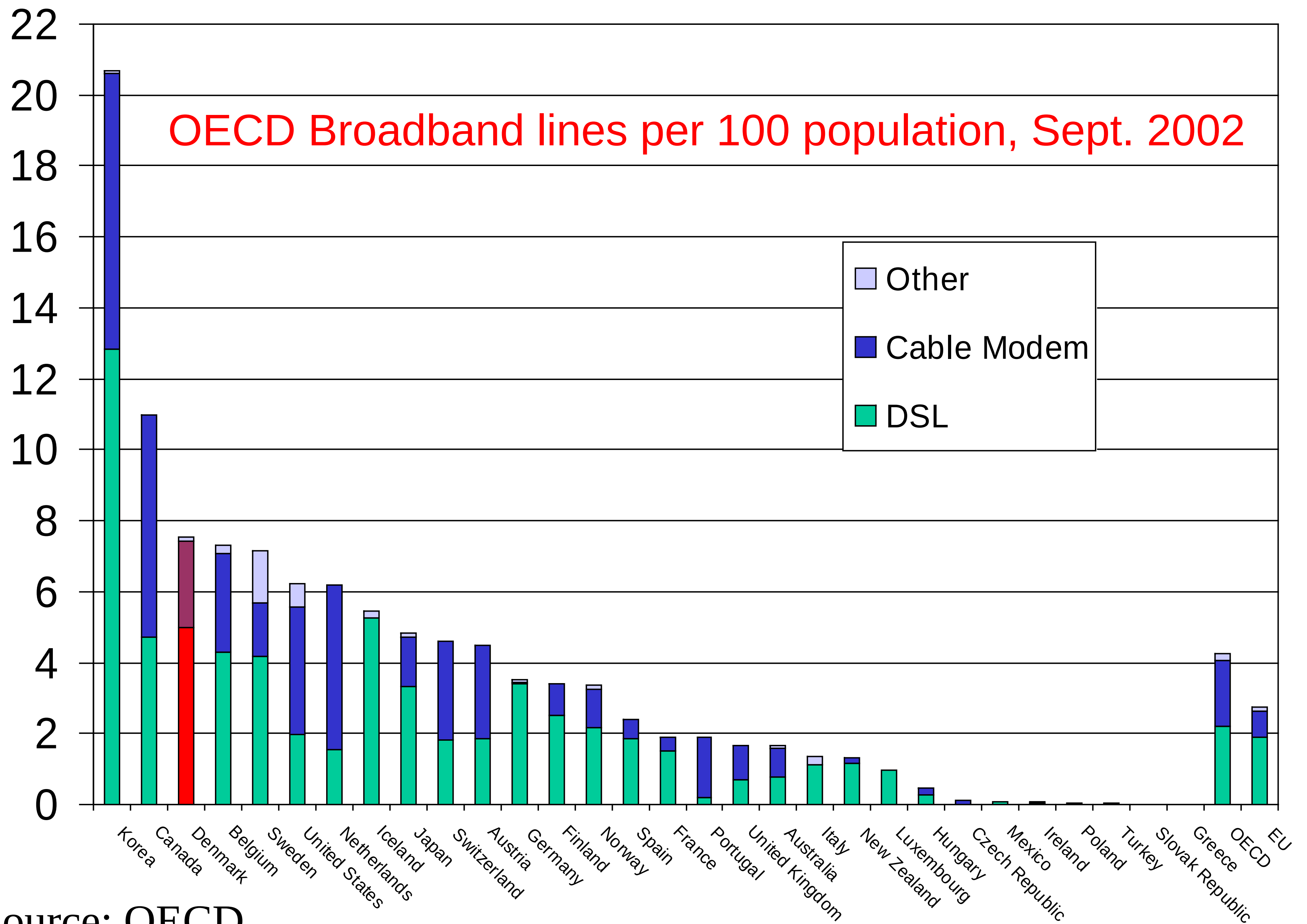
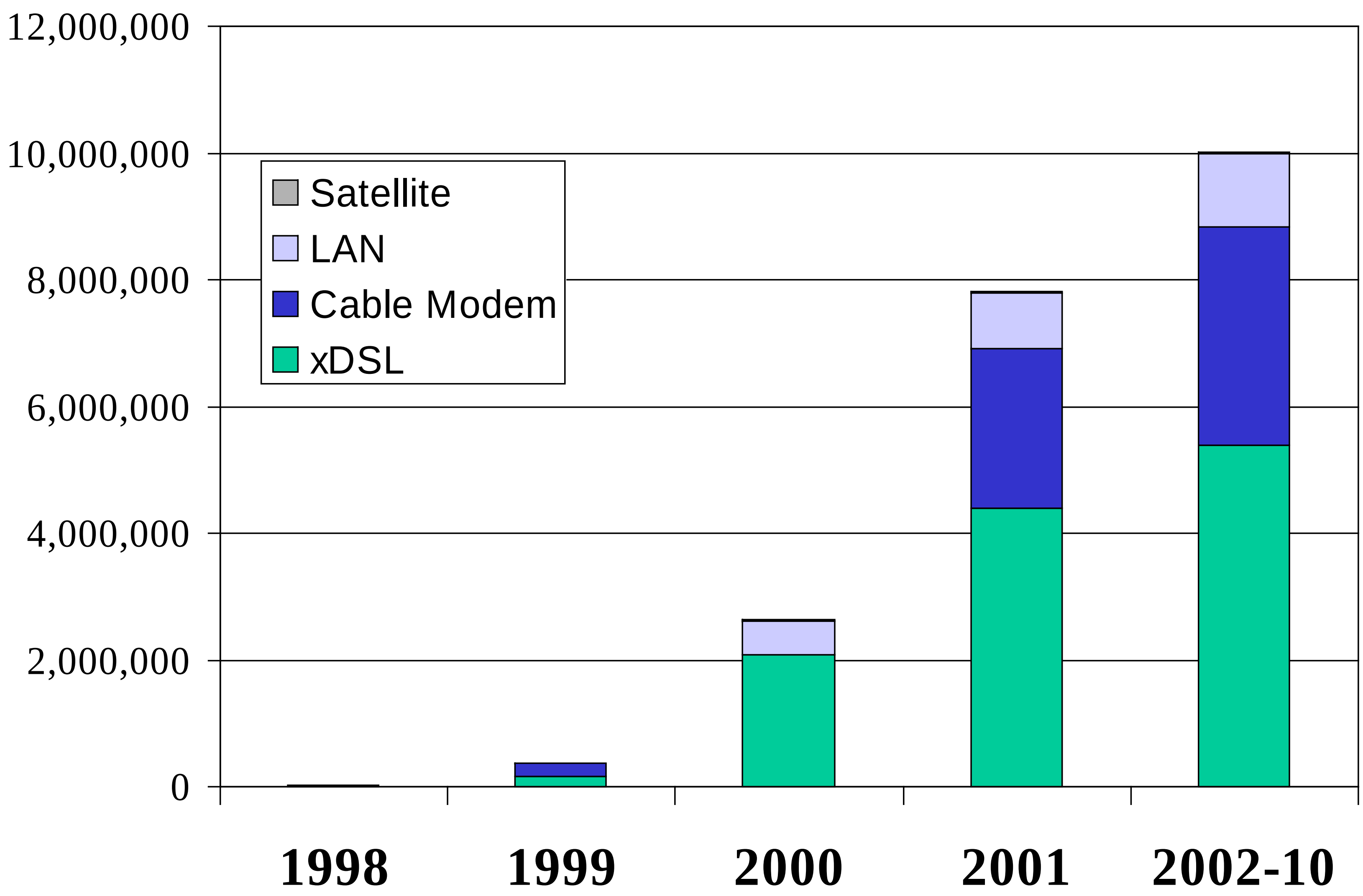


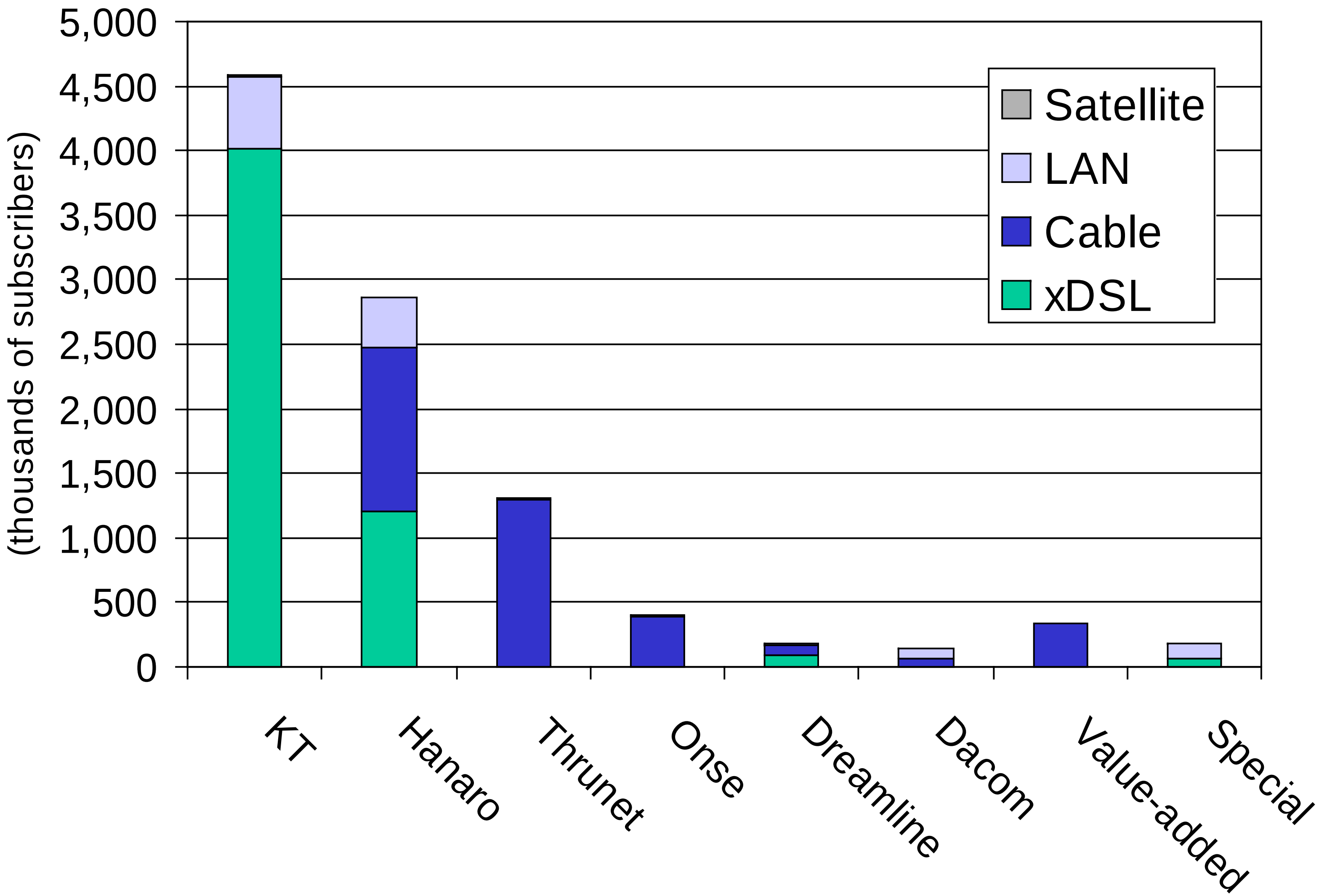
OECD Broadband lines per 100 population, Sept. 2002
Other
Cable Modem
DSL
22
20
18
16
14
12
10
8
6
4
2
0
Korea
Canada
Denmark
Belgium
Sweden
United States
Netherlands
Iceland
Japan
Switzerland
Austria
Germany
Finland
Norway
Spain
France
Portugal
United Kingdom
Australia
Italy
New Zealand
Luxembourg
Hungary
Czech Republic
Mexico
Ireland
Poland
Turkey
Slovak Republic
Greece
OECD
EU

Source: OECD.

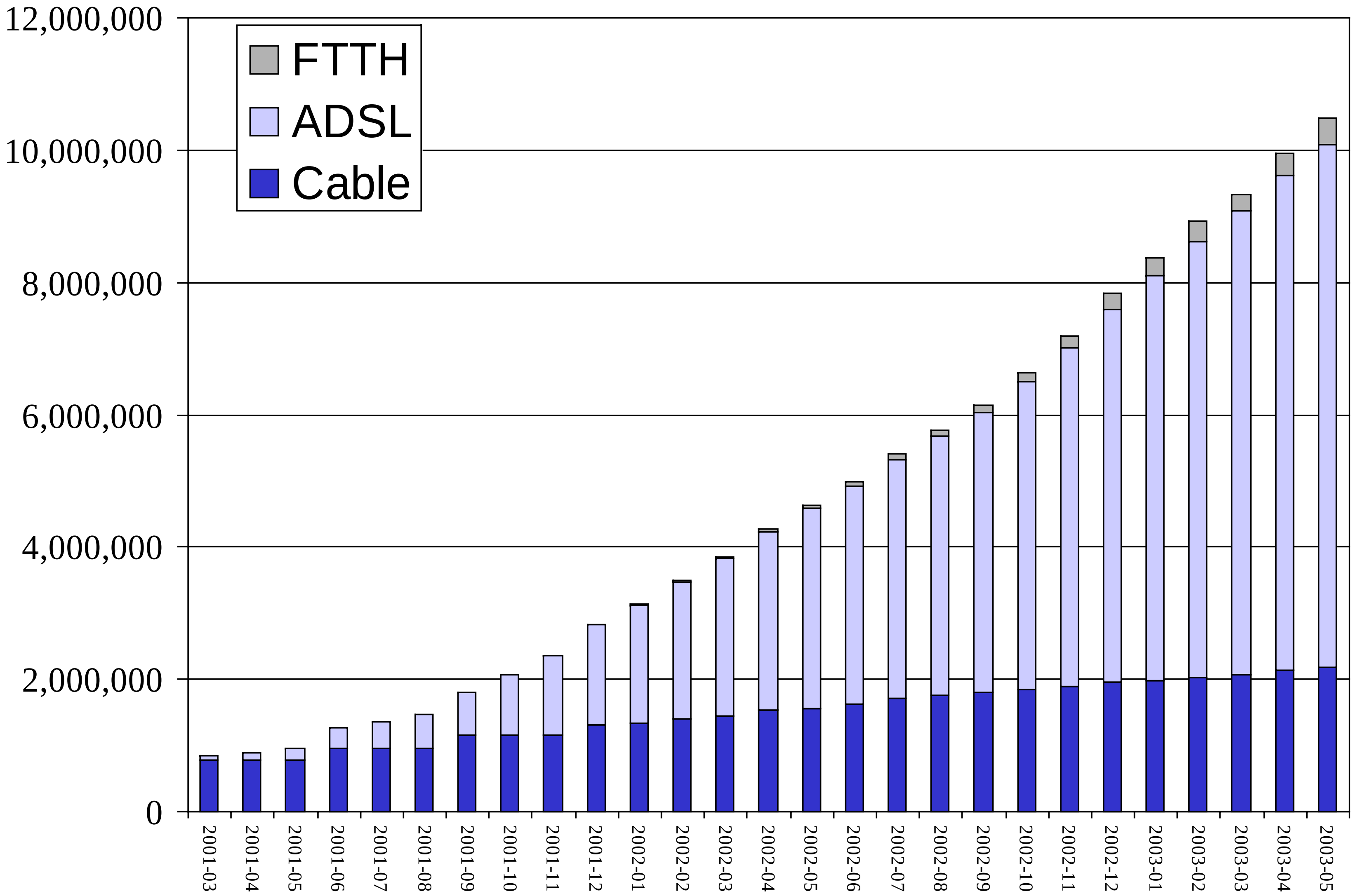
INTUG broadband in South Korea



INTUG market shares



INTUG broadband in Japan



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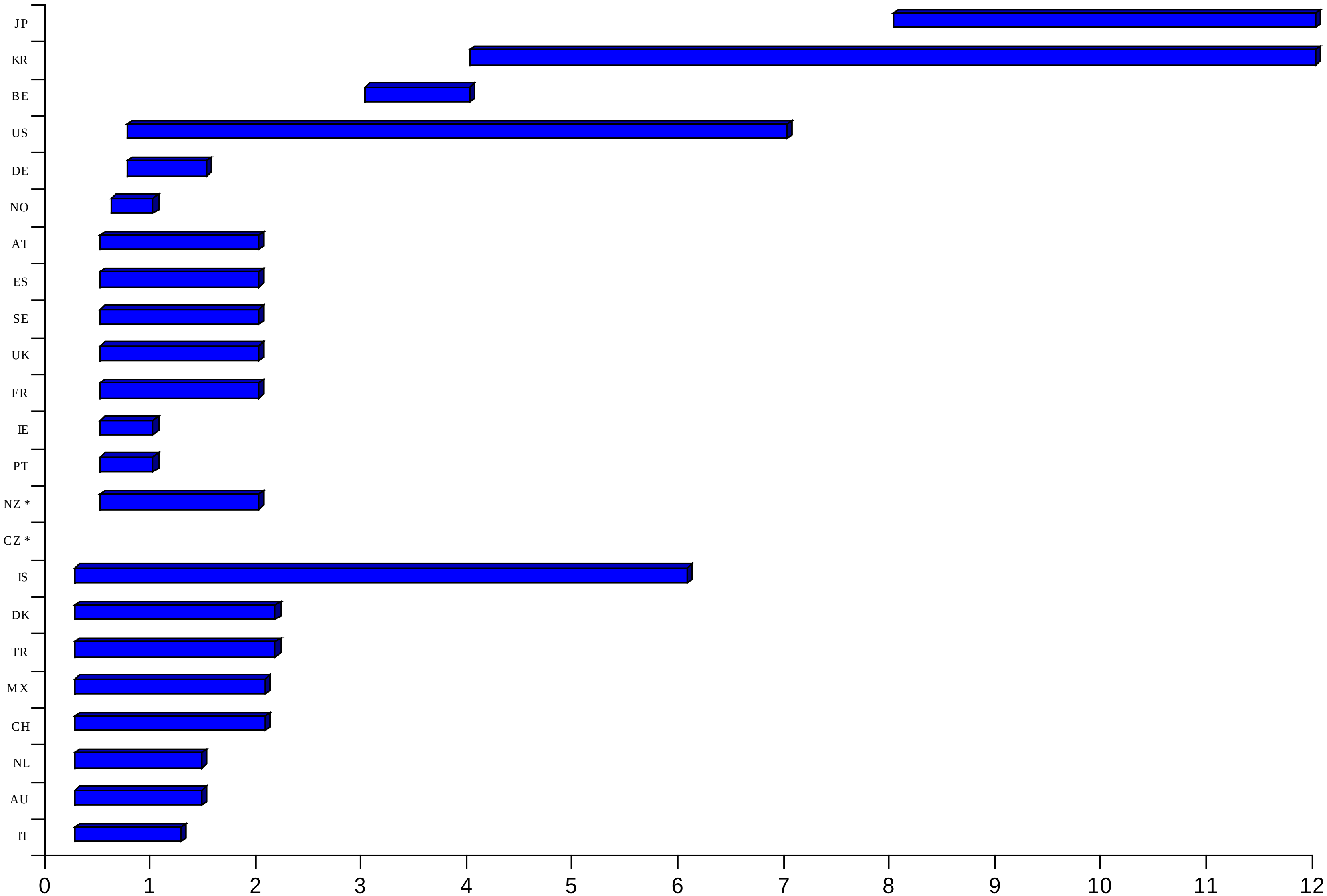
Source: OECD.

INTUG range of broadband speeds available (Mbit/sec)



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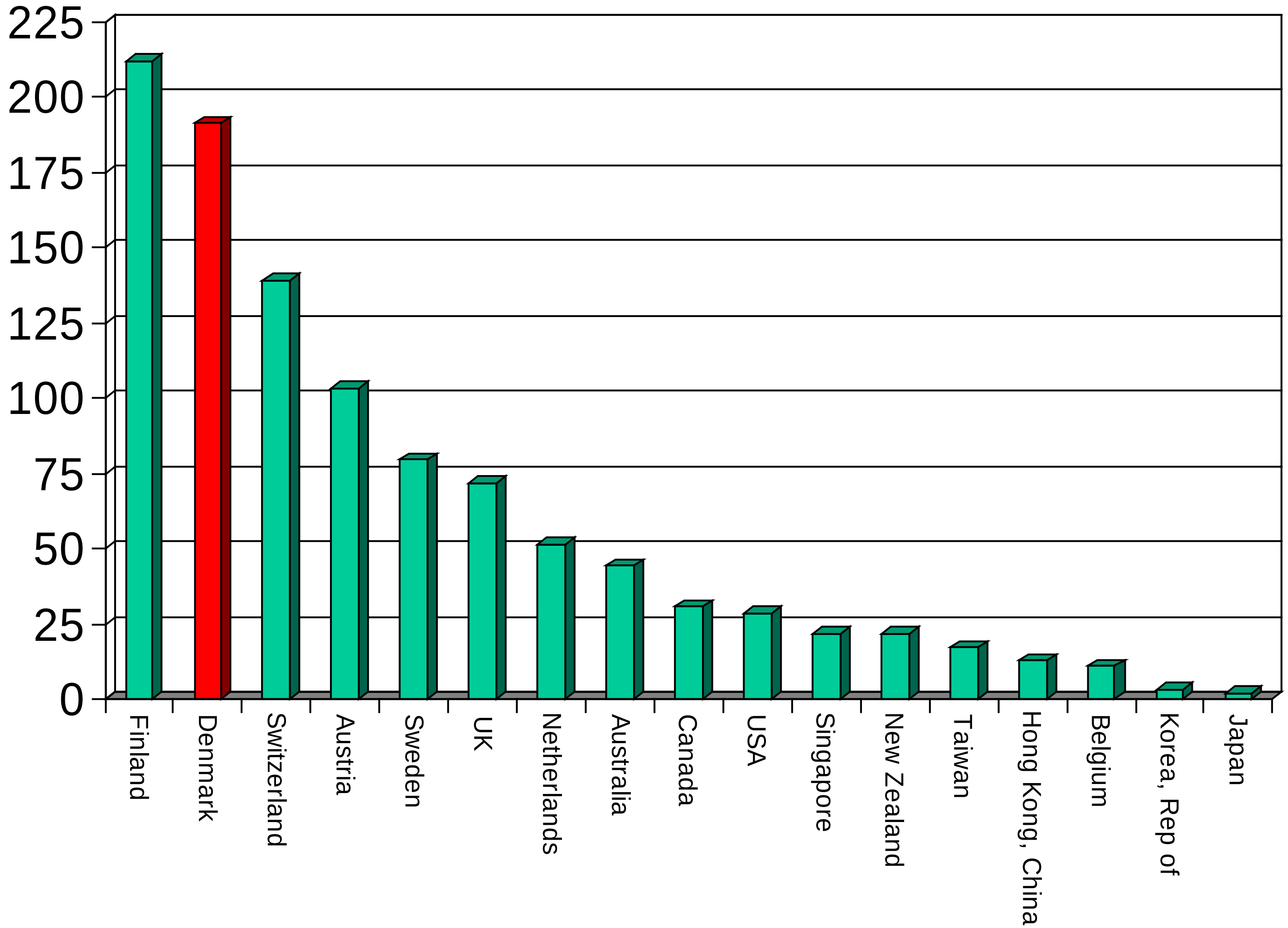
Price (US$) per 1Mbit/s per month, April 2003

Source: ITU.



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INTUG Belgium and Denmark

- similar in geography
- apparently two of the European leaders in broadband
- enormous difference in practice:
  - Belgium is EUR 35 per month for 3Mbit/s
  - Denmark is EUR 47 per month for 0.25Mbit/s
- mysterious TDC speed limit of 2Mbit/s
- competition for Belgacom from Telenet, offering 4Mbit/s

INTUG Belgium

- Telenet cable modem service only in Flanders
- UPC/Chello in Brussels and Leuven (Flanders)
- cable modems:
  - Flanders 306,000 lines (for 5.973 M) = 5.1%
  - Brussels 20,000 (for 0.978M) = 2.0%
  - Wallonie about 60,000 (for 3.359 M) = 1.8%
- small Wallonian cable companies unable to get into Internet access
- plus 500,000 lines of Belgacom ADSL
- differences in PC ownership
  - 22 per 100 population in Wallonie
  - 30 per 100 population in Flanders
- no figures for German speaking community

INTUG beyond 20Mbps

- Video DSL in Korea
  - 12 to 50 Mbps for High Definition TV
  - 750,000 lines in May 2003
- Fibre To The Home (FTTH) in Japan
  - 100 Mbps
  - 350,000 lines in May 2003
  - NTT launched 26Mbit/s VDSL
- new business model:
  - cheap access
  - cheap telephony
  - video on demand

INTUG public WLAN

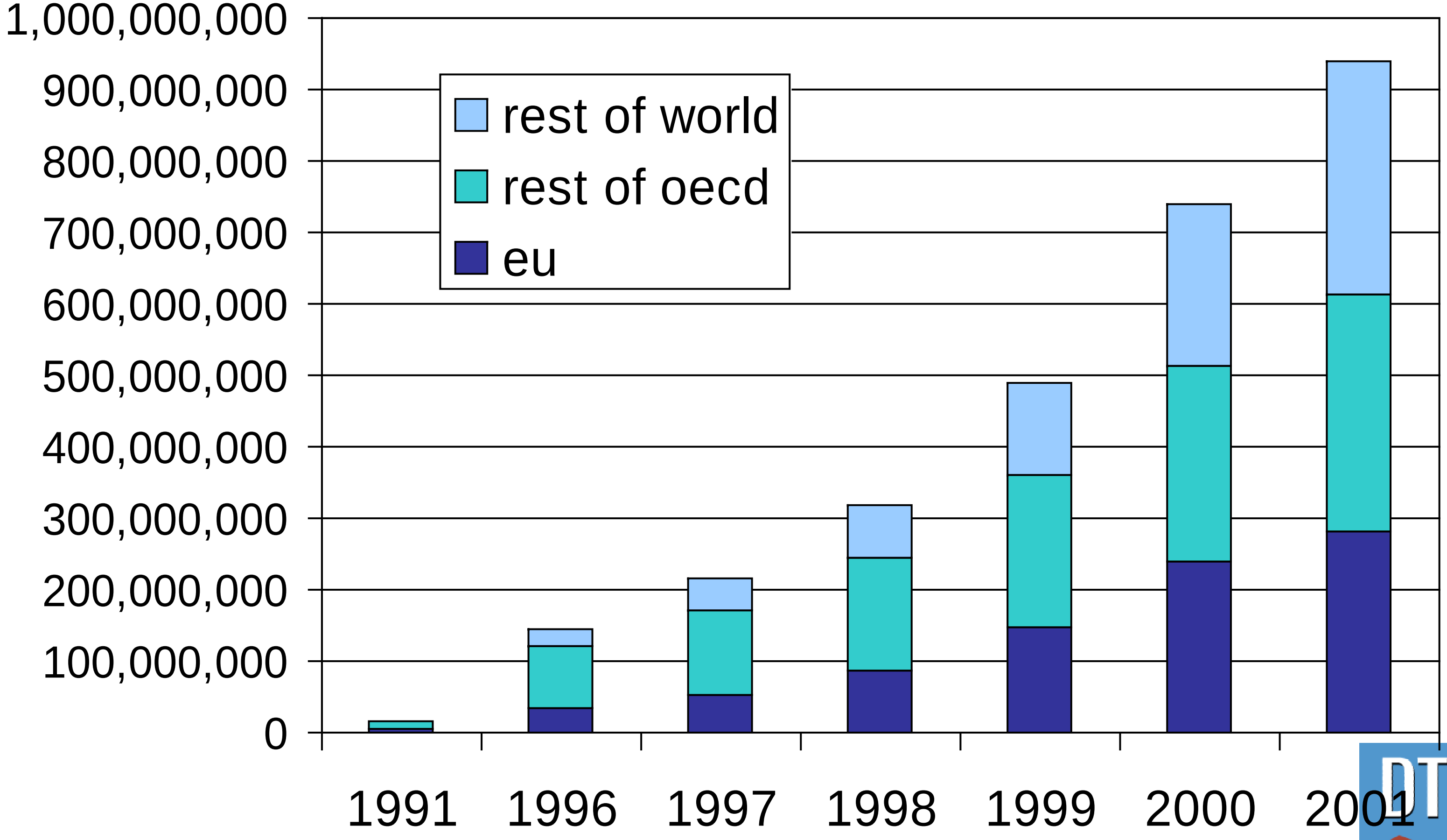
- for a few dollars more
- an incremental service for fixed broadband customers
- fits well with fixed business
- no need for complex billing systems
- not attractive to venture capitalists

Note. Recent OECD report on public WLANs.

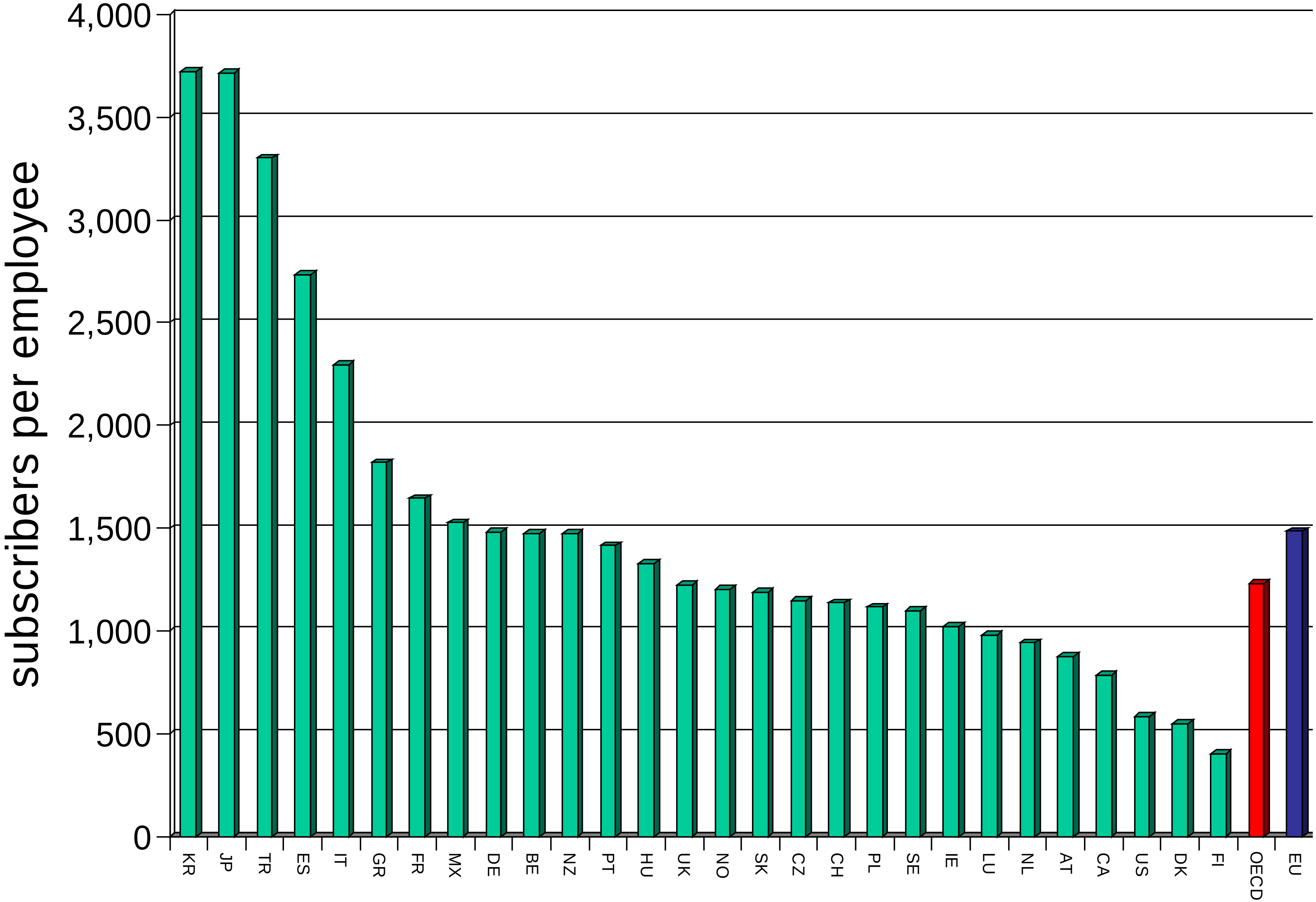
INTUG mobile sector

- global growth is largely found in Asia and Latin America
- Europe is characterised by:
  - customer churn
  - stable ARPU
  - replacement handsets
- MNOs focus on revenue sharing for VANS
- acquisitions and privatisation processes not yet resumed, because financial markets continue to be hostile

INTUG cellular mobile subscribers



Source: OECD, 2003.

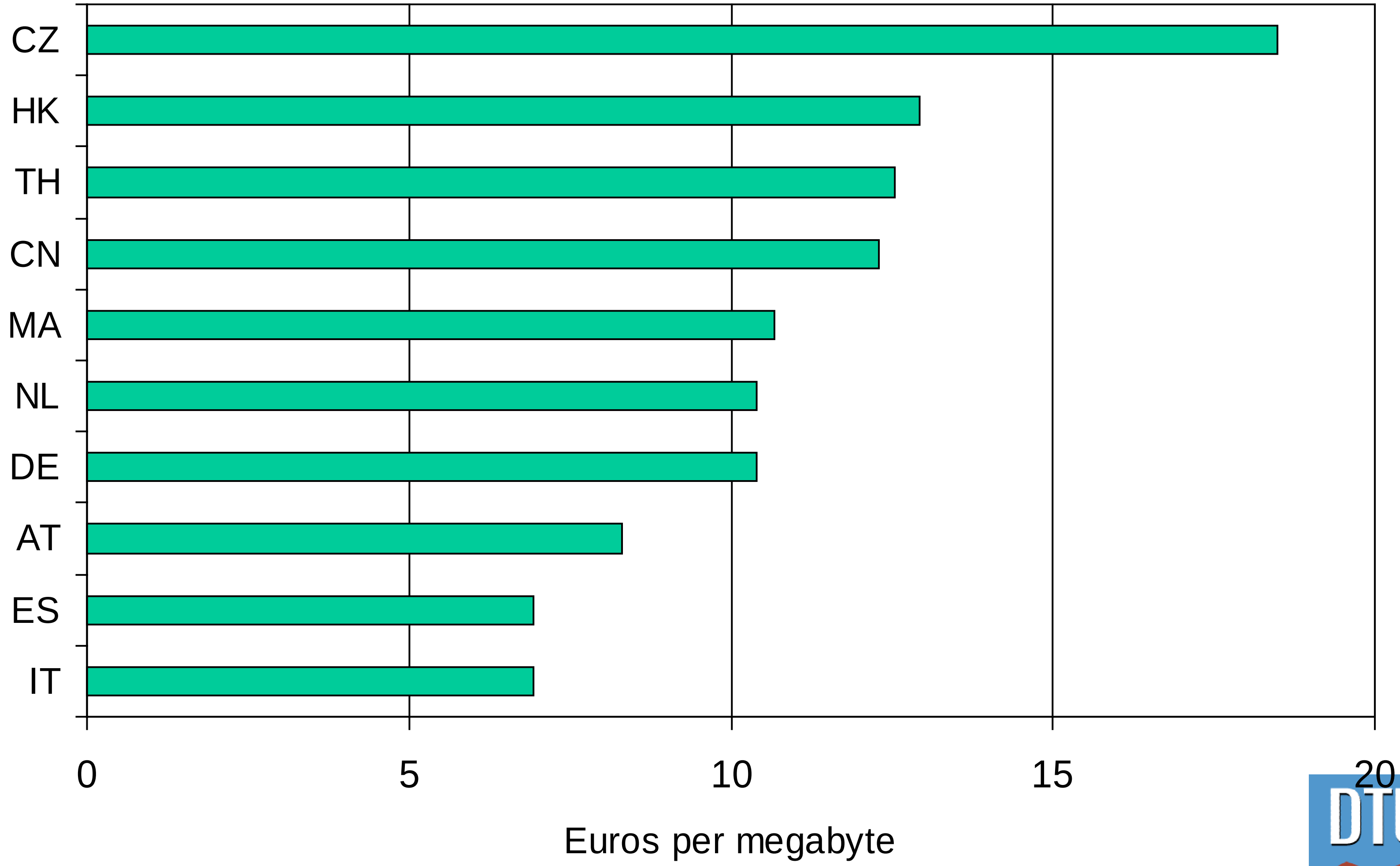


Source: OECD, 2003.

the value of mobility

- Wireless Local Loop (WLL) can provide “limited” mobility:
  - CMDA/WLL, PAS, etc
  - China, India and South Africa
- causes loss of growth potential for MNOs:
  - customer numbers
  - revenue
- raises questions:
  - how many users really need global roaming?
  - how much of a premium will they pay?
- but additional revenues from incoming roamers

INTUG SingTel GPRS roaming rates



Source: Singtel. Currently “free” in AU, DK, FI, IN and ML.

INTUG 3G

- Gambling, Games, Girls
- Greed, Gullibility, Grief
- very slow deployment
- no enthusiasm from financial markets
- little evidence of increased ARPU

INTUG Asia and Europe

- rapid wireless growth
- rapid broadband growth
- fast beginnings of VDSL and FTTH
- rapid product cycles seen as the way to obtain
  - feedback
  - economies of scale

- mobile sector is churn and replacement
- broadband is embroiled in LLU disputes
- grinding defence of existing revenues:
  - leased lines
  - ISDN
  - second lines

INTUG conclusions

- need to monitor Asia
- need to catch up
- need to learn and modify lessons

INTUG thank you

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http://www.intug.net/talks.html