INTUG

IV Telecoms Bogota September 2003

www.INTUG.net

A user perspective of the global telecommunications market

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INTUG contents

- INTUG
- a changing world
- the roles and fate of operators
- broadband
- third generation mobile
- conclusions

INTUG what is INTUG?

- members
  - national associations (e.g., ASUCOM)
  - 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

1. open access to global mobile networks
2. regulatory best practice
3. liberalization
4. leased lines
5. IP telephony
6. digital divide
7. universal access
8. numbering

a changing world

- privatisation
- liberalisation
- regulation
- competition
- new technologies
- new business models

it is not easy to adjust to these changes

INTUG privatisation

- the end of direct state provision
- a few exceptions
- often far from complete process
- improving financial markets will help to restart “stalled” processes

INTUG liberalisation

- introduction of competition
- competition in mobile telephony
- new fixed network operators
- Value Added Networks
- Internet Service Providers
- most markets still dominated by the incumbent operator

INTUG regulation

- restraining the incumbent from abusing its market power
- allowing new entrants a fair chance
- working hard to develop appropriate tools
- public and transparent processes

often becomes a politico-regulatory game for market players

INTUG regulatory problems

- international mobile roaming
- fixed to mobile interconnection
  - domestic
  - international
- local loop unbundling
- leased lines
- renewed dominance of incumbents in wholesale broadband markets

INTUG crisis

- dot.com crash or dot.bomb or dot.con
- accounting abuses
- financial markets showed "irrational exuberance"
- financial markets were very negative, not changing quickly
- ARPU, ROCE do not look good
- failure of incumbents to develop trans-national business models
- still many disruptive factors

INTUG financial issues for users

- which operators are on a short list?
- what about today's rumours?
- what about (foreign) bankruptcy laws?
- what about massive write-offs?
- what about state aid?
- revenues have yet to be hit by
  – voice over Internet
  – regulation of long-running abuses

INTUG good news and bad news

- regulatory action to end market abuses
- in many developed markets mobile is only churn and replacement
- decline of revenues for voice telephony

- growth in developing and emerging markets
- growth in broadband
- growth in Wi-Fi and related technologies

INTUG roles of operators

- incumbent operators are still just that, they failed to develop new business models:
  - joint ventures
  - alliances
  - trying to be new entrants
- no reason to think they can move into content
- everyone is waiting for a new business model

INTUG global services

- how can an MNC get to only 5 suppliers?
- mobile voice
- mobile data
  – WLAN
  – 2.5G and 3G
- freephone
- local rate calls
- ADSL for teleworkers

INTUG 2.5G

- operators are driven by Average Revenue Per User (ARPU)
- networks have been starved of capital so cannot carry data traffic
- selling Blackberry US$ 40 for 1 Megabyte per month
- prices exorbitant for Internet access, roaming prices are unbelievable
- massive threat to SMS revenues from wireless instant messaging over IP

INTUG 3G

- severe over-estimates of the likely revenues from 3G
- extreme hesitancy about deployment
- how can they deliver high ARPU?
- how can 16 to 24 afford the expensive handsets needed for new services?

Games, Gambling and Girls
Greed, Gullibility, Grief

Wireless LANs

- technologies have been around for years
- expensive hot spot service failed
- now being deployed as adjunct to broadband
  - residential
  - public locations by fixed operators
- Korea Telecom “Nespot” had 8,300 hot spots in May 2003, will add 5,000

INTUG conclusions

- a lot more “thrills and spills” to come
- many disruptive uses of technology
- not much real competition
- consolidation
- harder to get geographical coverage
- impossible to get fixed/mobile convergence

INTUG national ICT policies

- essential to have a full suite of policies
- need to
  - promote competition
  - maximise the contribution of the market
- also needs horizontal measures:
  - consumer protection
  - competition law

INTUG question

- chaos or opportunity?
- it will be both

thank you

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