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BUILDING DIGITAL ECONOMIES

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EUROPEAN TELECOMMUNICATIONS NETWORK OPERATORS' ASSOCIATION

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EDITORIAL

Dynamics of Change and the Digital Native

I already have May 24 circled in red in my 2012 calendar. This date is chosen for the next SAMENA Chairman and CEO Leadership Dinner. It states a challenge, too. That is, how will it be feasible to meet or beat the grandeur of what prevailed on June 9th at the Kempenski Ciragan Palace Hotel in Istanbul? Whether it was the glorious evening on the terrace; the luncheon at the Gazebo on the water's edge; or the power dinner where industry leaders took on a subject of great importance to all, what transpired on June 9th will be hard-pressed to be matched.

The June 9th meeting of industry executives and professionals in the ICT environment was held in a fabulous nexus of history and leading change. Turk Telekom was the gracious host, with Mr. Hakam Kanifani, Group CEO hosting the occasion. Istanbul acted once again, as it has so many times in its past, as a powerful host where it stood its ground for being a center of dialogue and a bridge to new frontiers. Istanbul represents a physical meeting of landmasses traditionally referred to as Asia and Europe, where one can bridge continents by simply a crossing of the Bosphorus.
Istanbul is a magnificent city, where one can only briefly indulge in its manifest essence, that being of a historical epic proportion that so few regions on the planet can match. The evening reception held on the Terrace was a spectacle of physical and surreal beauty given the awesome still of a setting sun, the massive strength and sturdiness of the Ciragan Palace walls itself, the powerful rolling cistern of centuries flowing in the continental chasm of a river called the Bosphorus set beside a terraced venue where so many leaders of the ICT industry enjoyed sharing a moment of chivalry and genuine civility and splendor that will be remembered not as an event, but as a moment in time to cherish.

The occasion was truly translucent in its representation of what SAMENA and ETNO intended to bring to the occasion. They wanted to make sure that the issue of building a sustainable Internet Business model was well founded in the consideration that it and the industry was due. This represents opportunity. It also brings questions about cost, responsibility, and accountability to industry impact on investor bottom lines, let alone consumer access to tools never obtained before, touching interests as vast and varied as education, health, payment systems and creating new ecosystems on what seems almost a daily basis.

Change is Omni-present at times and today, it's a change in life style, in the expectation that information must be delivered now, not in ten seconds. It's the time of the Digital Native. This is Generation C. Young and old, people are creating information. The very social fabric we live in is being woven in ways never seen or experienced before. It is very much an exciting time. Generation C is here. Consumers producing and sharing content really is the new generation.

The paradigm is shifting in ways not totally predicted. Initially it was the telegraph, then voice, then data, then video and then the convergence of all of these in one vestibule of information at the same time. The guiding purpose of the dinner meeting was, as always, to discuss an issue of great impact and importance to the industry. This year, the focal point was regarding the operator's need to build a sustainable Internet business model, relative to net neutrality, content, the OTTPs and the relevant issues, risks and opportunities. As could be predicted, the dialogue was immensely productive and the debate extremely passionate while ardent, informative and provocative. Yes, there were differing of opinions and yes, there were many distinctly challenging moments. All of this in support of the framework, to which SAMENA and its Association partners will work at a feverous pace bringing positive ICT policy ideas bearing fruit to all stakeholders.

The future we can see. We all can see clearly the world of content, information, data, broadband, a new social provision of education and knowledge never experienced before. SAMENA's task now is to bring focus to a new framework of ideas and concepts, to support the building of potential new Internet business models, to create a dialogue of minds and constructive thoughts, to help deliver a positive means to all stakeholders in the industry. It is a responsibility that we all share, to help build the future of tomorrow today and to enable a density of thought creation never seen before and to build a world of opportunity that all stakeholders can believe in.

I look forward to bringing an even greater cast of leadership and industry professionals on the 24th of May in 2012 for the next Chairmen and CEO Leadership Dinner. We can only imagine what that date will bring, but we can be assured, the memories of the Ciragan Palace will surely be with us and the industry will hopefully have benefitted from its consequences.

Truly Yours,

Thomas Wilson
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TOP REGIONAL & MEMBER NEWS

Nepal Telecom Prepares GSM Tender

Nepal Telecom (NT) is preparing a tender to add 10 million new GSM lines to its network. The total GSM user base in Nepal was just under 10 million in March, and Nepal Telecom had 4.71 million GSM subscribers. The Nepal Telecom board has also decided to install 400,000 IP CDMA lines and has called a tender. Nepal Telecom earlier awarded a tender to Huawei to install 2 million IP CDMA lines but that will take 12 to 18 months. To quickly expand the number of IP CDMA lines, the company has called for this 'bridging' tender. Nepal Telecom has around 1.26 million CDMA subscribers.

Qtel Launches BlackBerry Business Express

Qtel has announced a new service, BlackBerry Business Express, for the small and medium business market. Available on all BlackBerry handsets and any BlackBerry service plan, the Express service from Qtel enables up to 75 users to operate through the same account with no additional server hardware. With free secure server software, BlackBerry Internet Solutions pushes e-mail and BlackBerry Enterprise Solutions gives secure access to the Microsoft Exchange Server, with no set-up or licensing costs. Because businesses do not require a hardware upgrade to implement the service, companies can be up and running with the new service quickly, the operator said.

PTCL Launches Video Phone

PTCL has introduced another exciting product, Video Con, the first of its kind video phone, for both its existing and potential customers. According to a press release, the PTCL Video Phone is an efficient communications tool and in quality it is far beyond webcam or other similar communication technologies. Video Con heralds a new era of communication that offers the enhanced experience of video calls, improved lifestyle and enhance security. The Video Phone service will contribute to the reduction of cost and time spent on travel, benefiting corporate customers by resulting in savings.

Tunisie Telecom launches IP Centrex service

Tunisie Telecom has launched "VoIP Centrex", its first IP Centrex service for businesses. It offers both voice and data, and as a fully outsourced turnkey solution. Clients no longer need to have a phone exchange on their premises and can focus on their core business inste¬ad. Tunisie Telecom installs the phone LAN and IP terminals at customer premises and ensures maintenance throughout the length of the contract. Clients can choose from a range of services on an "a la carte" basis, including unlimited calls between company sites and to Tunisie Telecom fixed-line numbers.

ZTE Unveils Cloud Computing Operating System

ZTE has demonstrated its complete range of cloud computing systems, including its proprietary CoCloud cloud operating system. With the CoCloud operating system at its core, ZTE's cloud computing systems also include a range of IT resource management platforms covering virtual computing, cloud operations management and cloud security. Together with a range of cloud applications for government and industry vertical sectors, these systems cover all major industries from the traditional telecommunications market to government and enterprise markets. ZTE's CoCloud gives users a view of system processes, enables the transfer of resources to where they are needed, provides templates for development of resources, and is adapted to respond to different service management scenarios.

Inmarsat Wins Achievement Award for MENA Work

Inmarsat has won top honors at an industry forum for its contribution to the development of the satellite communications sector in the Middle East region. It was presented with the Al-Iktissad Wal-Aamal Achievement Award at the 10th Arab Telecommunications and Internet Forum (ATIF), held at the Habtoor Grand Hotel in Beirut. “We are pleased to receive such outstanding recognition,” said Helene Bazzi, Inmarsat senior area manager, Middle East, Africa, Central Asia, and Russia, who received the award on the company’s behalf. Now in its 10th year, ATIF 2011, under the theme “Towards new business models”, discussed new business models in the telecom sector and the main challenges facing major players looking to launch new services and to execute successful expansion in developing markets.

Omantel Recognized with ISO 9001:2008 Certification

Omantel’s Procurement and Contracts Division has received international recognition for the quality of its systems with the awarding of prestigious ISO 9001:2008 certification at an event held at the company’s Muscat headquarters. The award is part of an ongoing process by Omantel to enhance its services across different areas of its business. Omantel’s Procurement and Contracts Division is responsible for ensuring the procurement of all equipment and services required by the company to efficiently and effectively manage its operations across the Sultanate. Speaking at the presentation ceremony Omantel’s Chief Executive, Dr. Amer Al Rawas said: “We are very proud to have secured this international recognition for the quality of our procurement and contracts operations. As a business Omantel is fully committed to testing our services at the highest international level to ensure we are on a continual road of improvement”.

CEO of Qatar National Broadband Network Named

The Supreme Council of Information and Communications Technology (ictQATAR) and the Qatar National Broadband Network (Q.NBN) announced that the Q.NBN Board of Directors has appointed Mohammed Al Mannai as the Chief Executive Officer (CEO) of the company tasked with building a nationwide fiber broadband network. Al Mannai's appointment was effective June 1, 2011. "The Qatar National Broadband Network represents Qatar's digital highway to the future and is an essential service for our citizens as we move our country forward. I am confident that Mohammed Al Mannai will provide the leadership and vision necessary to make the Qatar National Broadband Network a reality, to the benefit of everyone in Qatar," said Dr. Hessa Al-Jaber, ictQATAR's Secretary General.

Pakistan Ends April with 107.89 Million Mobile Subscribers

Figures from the Pakistan Telecommunication Authority (PTA) has shown that Pakistan ended April with 107.89 million mobile subscribers reporting an increase from 106.44 million in March, and total mobile teledensity stood at 64.8 versus 63.9. Mobilink led with 32.96 million subscribers, up from 32.71 million a month earlier, followed by Telenor which had 26.06 million customers, compared with 25.75 million customers in March. Ufone had 20.43 million subscribers, up from 20.42 million, and Warid ended the month with 18.09 million customers versus 17.81 million a month earlier. Zong grew to 10.34 million customers from 9.76 million in the previous month. Furthermore, the number of WLL subscribers stood at 2.74 million in February, down from 2.78 million a month earlier.

Etisalat Crowned “The Telecommunications Leader” for the Arab World

Etisalat was crowned the Arab world’s “Telecommunications Leader” at the Arab Achievement Awards, which took place alongside the Arab Investment Summit in Abu Dhabi. Ahmed Bin Ali, Group Senior Vice President Corporate Communications received the award on behalf of Etisalat from H.E. Juma Mohammad Al Kait, Assistant Undersecretary of the Ministry of Foreign Trade. H.E. Juma Mohammad Al Kait, Assistant Undersecretary of the Ministry of Foreign Trade said: “Etisalat offers the very latest telecommunication technologies and services and thanks to its efforts the UAE enjoys a prominent place among the world's most innovative and technology ready countries." Etisalat continues to provide the best in class communications services in all countries of its operations it was the first to introduce new and advanced communications technologies in the UAE in addition to introducing the first third and fourth generation mobile networks in the Middle East and Africa.

Nokia Siemens Networks' Latin America GNOC Starts Operations

Nokia Siemens Networks announced the start of operations for its Global Network Operations Center (GNOC) in Sao Paulo, Brazil. NII Holdings Inc., which operates under the NEXTEL brand in Latin America, is the first operator to use the GNOC to centralize its network operations. Nokia Siemens Networks currently manages operations for NII's multi-vendor networks across five countries: Argentina, Brazil, Chile, Mexico and Peru. The GNOC will allow Nokia Siemens Networks to consolidate network operation activities across the five countries, providing economies of scale and improving network efficiency. Other operators in the region are expected to be able to benefit from the GNOC and its remote service delivery model. The center has the potential to serve as a "near shore" location for operators in the Americas time zone. The 16,000 square feet facility will initially have 150 expert technicians with the capacity to host up to 300.

PTA, Telecom Sector Deposit Rs109 Billion in Taxes

According to Pakistan Telecommunication Authority's (PTA) Quarterly Report 2011 the contribution of telecom sector to national exchequer through taxes, duties and regulatory charges kept growing. At the end of Fiscal Year (FY) 2010 the total contribution was over Rs109 billion of which almost 50% came from GST. In the first half of the FY 2011 the total contribution to national exchequer was Rs56.3 billion which was almost Rs49 billion in the first half of FY 2010 showing growth of 15% since last year. Similarly, share of GST in total contribution from telecom sector is also very impressive where almost 50% of total contribution comes from GST collection. Only in the 1st half of FY 2010-11, total GST collection is Rs23 billion which was Rs21 billion in the same period of FY 2010.

Batelco Launches Super Smart Postpaid Package in Bahrain

Batelco has announced the launch of a new postpaid mobile package which comes complete with the Smartphone 16GB. Batelco's latest postpaid package is aptly called Super Smart as it features 4GB of free data, 200 minutes of free local calls and 75 free SMS, in addition to the Smartphone 16GB. This new offer will deliver the ultimate in mobile communications for those who demand the combination of a stylish handset with free data and minutes at great value for their money. The Smartphone 16GB comes with a two year local warranty. With the new upgrade in this package, existing customers will now enjoy 4GB of free data instead of 600MB data. With the new Super Smart package existing and new customers will receive 75 free SMS monthly instead of 30SMS. "We are delighted to deliver the Super Smart package which has been designed following feedback from our customers," said Batelco Group General Manager Ahmed Al Janahi.

Mobily and NetComm Launch World's First 42 Mbps Router in Saudi Arabia

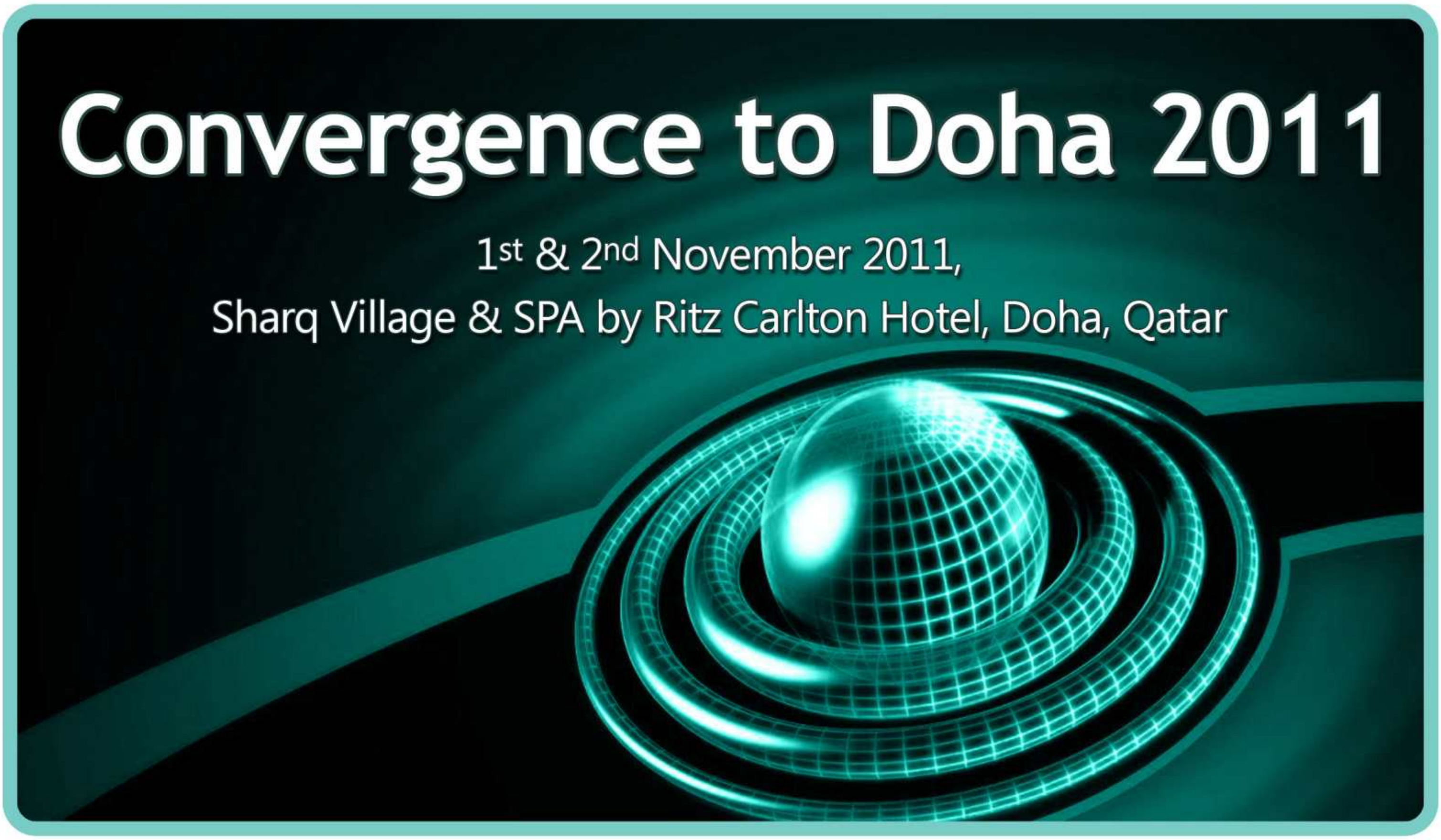
NetComm Limited in partnership with Mobily, the fastest growing mobile operator in the Middle East and North Africa, is gearing up for the launch of the NetComm DC-HSPA+ 42 Mbps WiFi Router. This marks a carrier world first launch of a 42 Mbps router for Mobily. Communities beyond the reach of fixed-line infrastructure will also be able to create a network for multiple wireless Internet devices on Mobily's HSPA+ network. Mobily's launch of the NetComm DC-HSPA+ 42Mbps WiFi Router will transform the lives of Internet users in remote areas across the Middle Eastern and North African region by providing high-speed access to large volumes of data, emails, Internet and business applications without the need for an ADSL or cable connection.

STC Qitaf is the Leading Loyalty Program in the Middle East

STC has accomplished an unprecedented achievement in attracting the largest number of partners to participate in its Qitaf customer appreciation program, enabling its customers to use their Qitaf points for a wide variety of goods and services. Eng. Saad bin Dhafer Al Qahtani, Vice President of STC Home Sector Services and President of the Customer Protection Committee, expressed his satisfaction at the success that has been achieved by the Qitaf program since it was launched seven years ago, which is due to its excellence in rewarding STC customers for their loyalty by giving them real added value and the widest possible choice of ways to benefit from their Qitaf points. He went on to state that STC's Qitaf program is the biggest and most popular loyalty program in the entire Middle East with more than 20 million members and over 34 partners who represent over 150 leading local and international brands. STC QItaf partners have more than 3,300 outlets across all regions of the Kingdom and around the world, with Qitaf devices installed in their branches.

du Announces Completion of LTE Pilot

In a landmark development in-line with du's commitment to offer the fastest nationwide network to the UAE, du successfully conducted and completed its first pilot on Long Term Evolution (LTE) on its mobile network supporting mobile broadband speeds up to 150 Mbps. The pilot was conducted in April 2011. Commercial launch of LTE services is slated for the second half of 2011. This move follows closely on the heels of du's launch of the latest 42 Mbps mobile broadband services, currently the fastest in the country, after having recently upgraded its network to next-generation DC-HSPA+ technology. This initiative is part of du's long-term initiative to constantly develop and bring unmatched user experiences to the telecom sector.



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TELECOM OPERATORS CEO'S & CHAIRMEN DINNER 2011

Q. What was the theme of the CEO dinner

A. Participants of the CEO dinners discussed the sustainability of the Internet model from various approaches, as well as the need to find a new model in which all players of the value chain play a key role in overcoming the foreseeable challenges ahead. Stating that the demand for increased network capacity, higher bandwidth, and innovative services and applications among others has never been higher, Eng. Saud Al Daweesh, Group CEO of Saudi Telecom Company & Chairman of SAMENA Telecommunications Council said, "The current Internet models that network operators have in place are sufficiently meeting the current demand for video and data streaming. However, internet traffic is expected to increase rapidly in the foreseeable future. Global IP traffic has increased eightfold over the past 5 years, and will increase fourfold over the next 5 years. Overall, IP traffic will grow at a CAGR of 32 percent from 2010 to 2015. Telecom operators clearly need to rethink their economic model both from a revenue generation perspective, as well as from an investment perspective. There is no doubt that we as operators need to continue investing in broadband infrastructure; the question is though: How do we adjust our business model to ensure that this is sustainable?"

Q. Sustainable Internet Model: Is it really needed

A. Keeping in view the emergence of the content industry and the growing bandwidth demand, the need for a sustainable Internet model appears to be indispensable for the overall telecoms & ICT industry. With the huge growth potential that continues to exist in the developing and maturing markets of the SAMENA region, it is vital to focus on the need for a sustainable Internet model. The region is experiencing increased usage of the digital content, more specifically mobile content. What is needed is a win-win situation between the operator community and the OTT players. SAMENA Council in this regard is playing an catalyst role and in highlighting the significance of the issue, while instigating the need for a collaborative approach to have mutually beneficial business model for all the stakeholders.

Q. What is SAMENA's position on the need for a sustainable business model between operators and OTTPs

A. SAMENA Council's Content Committee is exploring a number of possible future models that can help address the need for a win-win model between the operators and OTTPs. Each of the models has its own advantages, however it is premature to say which model is most applicable. Implementation of any of these models, or a combination of different models, may secure the future of Internet by addressing the imbalance between revenues and associated traffic costs. Other approaches may also emerge in the future through innovation, competition, and evolving needs. Ideally the OTTP and operators must come together and agree upon a system which ensures sustainable profitability for all parties. A solution is very important to ensuring the Internet's innovativeness in developing new services, solutions, and technologies.

Q. Content usage is rising, and so is the volume of IP traffic over telco networks. Is this a challenge

A. Content usage is rising, that has resulted in an exponential increase in the traffic. With it the volume of IP traffic over telco networks is mounting exponentially. Video over IP traffic is projected to increase to nearly 35 Exabytes (1018) by 2014 online video will represent 91 percent of all consumer traffic by 2014.

According to CISCO, over the next four years, more than 90% of all content crossing the Net will be some form of video. Similarly, Global mobile data bandwidth usage increased 68 percent during the first half of 2010. Furthermore, video-streaming continued to be the fastest growing app, with a 92% increase during that same period. This really has resulted in a challenging situation for the operators' community because the rapid growth and increasing popularity of OTT applications puts them under threat of investing increasingly more in the infrastructure with no obvious ROI. Similarly, recent trends illustrate that internet traffic has experienced significant growth, and is rising. However, the current Internet business model is not sustainable, given the fast-paced growth in video and data traffic. The increasing popularity of bandwidth-hungry OTT

applications has led to a drastic increase in traffic on both fixed and mobile networks. Above all, for operators the financial imbalance between CAPEX and ROI has begun to grow.

Q. Sustainability to the Internet is a regional issue or a global concern

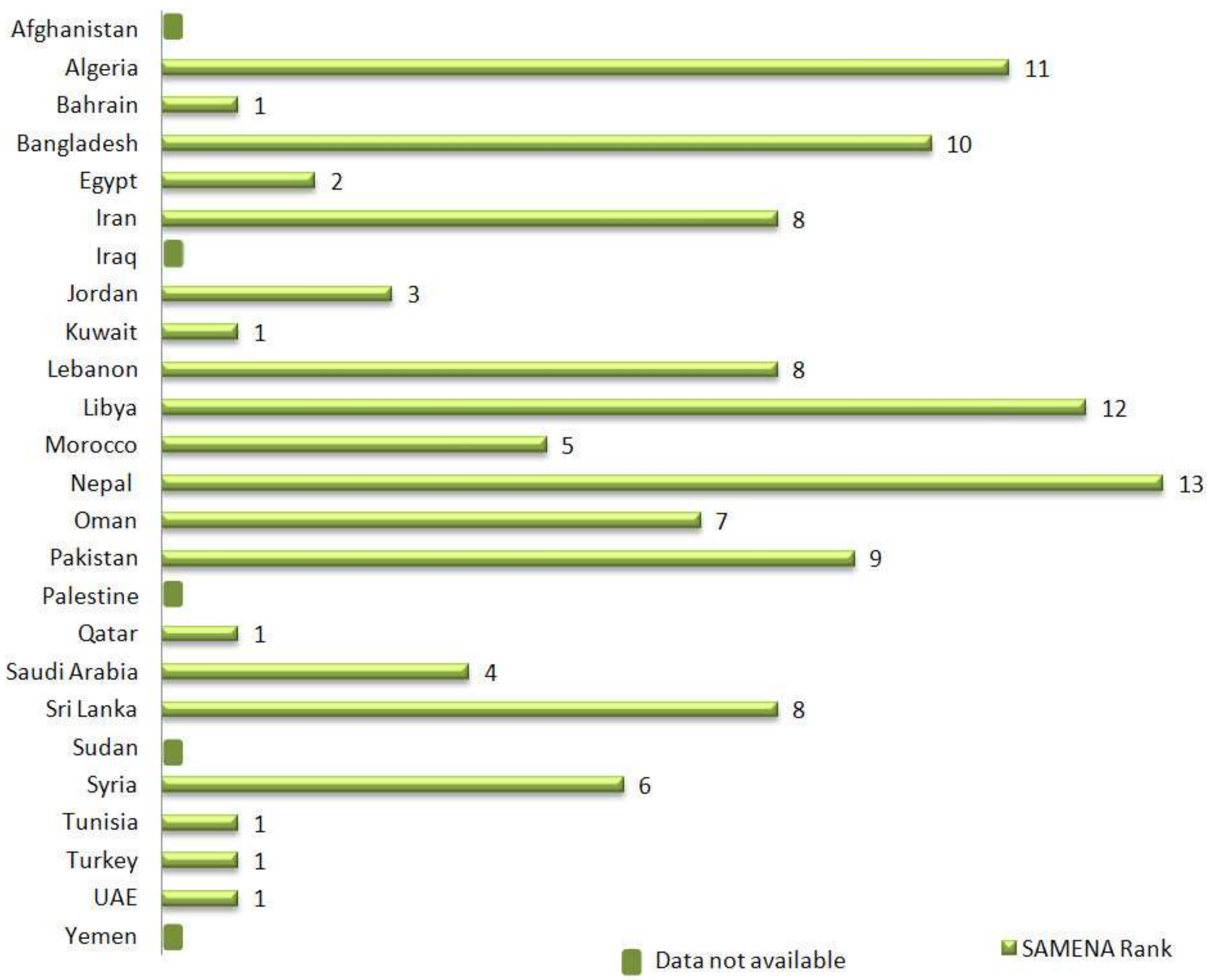
A. With the emergence of the content industry and the growing usage of the content based applications the volume of volume of IP traffic over telco networks is mounting exponentially. Having invested huge amounts of money building modern infrastructure, telecom operators are worried that OTTP will end up capturing all the value that the multimedia content promises, relegating the operator to the role of simply providing the proverbial "dumb pipe". With this the sustainability of the Internet is becoming a global concern over the time, and thus there is an urgent need for a sustainable Internet model. Luigi Gambardella, Chairman of ETNO's Executive Board said at the CEO Dinner that: "The evolution of broadband infrastructure and of online services and applications, as well as the related policy developments, need to be looked at from a global perspective. The sustainability of the Internet is not only an issue in Europe but also in the rest of the world. This is why ETNO values very much increased cooperation with SAMENA Telecommunications Council, which represents some of the fastest growing ICT and telecom markets in the world. There is currently a disconnection between traffic

increase and revenue growth of operators who have to make the necessary investment. This calls for a broader reflection on the economy of the sector and its impact on the future of the Internet. A new sustainable environment must be found through which all players of the Internet are encouraged to contribute to the challenge of investing in additional Internet capacity."

Bocar A. BA
President
SAMENA Telecommunications Council

SAMENA PERFORMANCE INDEX

CELLULAR NETWORK COVERAGE (SAMENA RANKING)



Research Note: Ranking done by SAMENA based on the data from The World Economic Forum. Bahrain, Qatar, Kuwait, Tunisia, Turkey, and UAE markets are on the top of the list while; Nepal has the lowest rank in terms of cellular network converge. Four out of top five countries in the SAMENA region are from Middle East while Tunisia is the only country from the North Africa region. There is no country from South Asia among the top 5 countries in terms of cellular network coverage.

Image Source: SAMENA Telecommunications Council

Data Source: The Global Information Technology Report 2010-2011 by World Economic Forum & INSEAD

CELLULAR NETWORK COVERAGE (GLOBAL RANK OF SAMENA COUNTRIES)

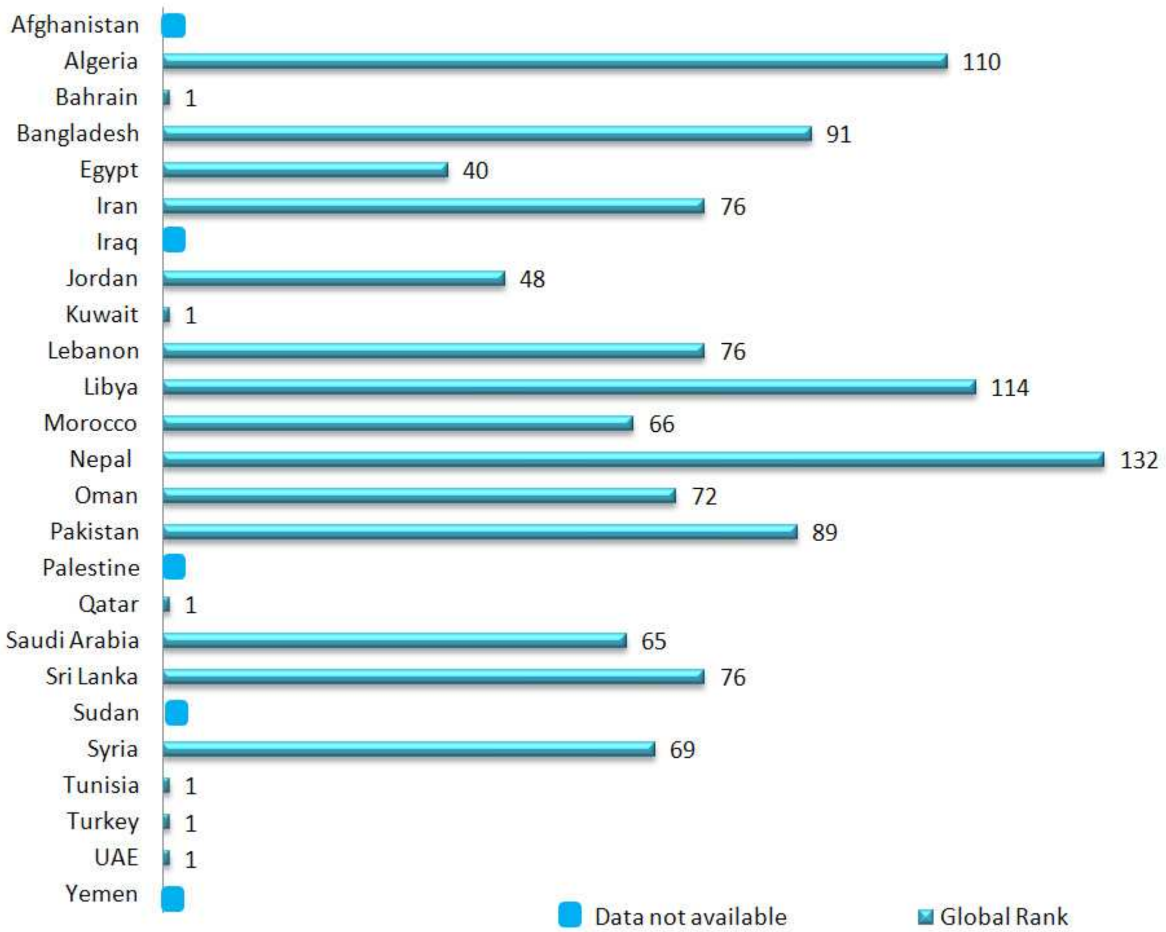
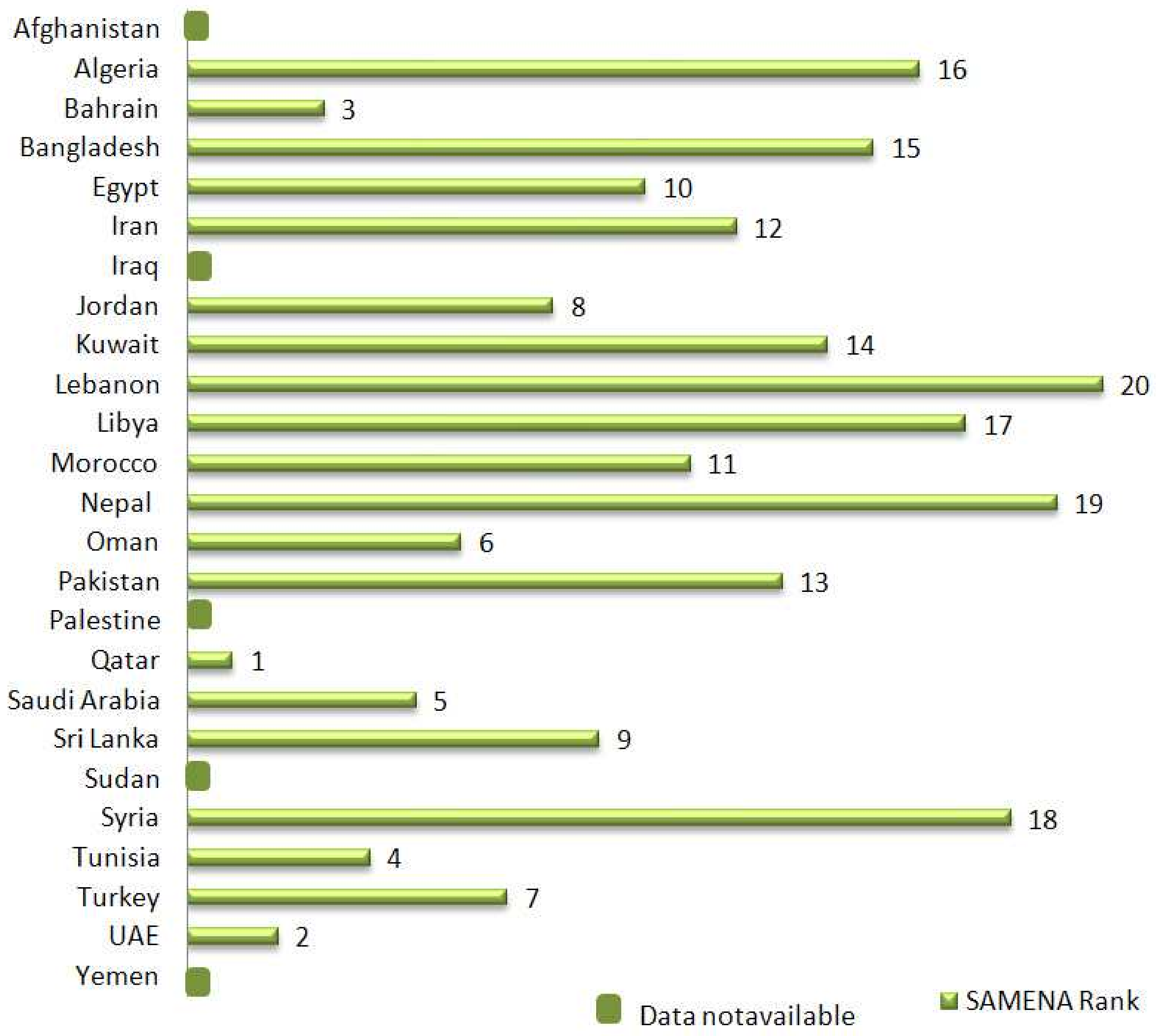


Image Source: SAMENA Telecommunications Council

Data Source: The Global Information Technology Report 2010-2011 by World Economic Forum & INSEAD

EFFECT OF ICT ON GOVT EFFICIENCY (SAMENA RANKING)



Research Note: The above ranking is basically about that how the information and communication technologies has impact on the working of governments and what is the level of efficiency. Qatar is on top of the list in terms of the Effects of ICTs on the Govt, while UAE and Bahrain are at number two and three in the list. From North Africa, Tunisia is the only country in the list of Top Five, while there is no country from South Asia. The Middle East is currently the leading region in terms of ICTs with significant impact of ICTs on the Govt showing more Digitization then the rest of the SAMENA region.

Image Source: SAMENA Telecommunications Council

Data Source: The Global Information Technology Report 2010-2011 by World Economic Forum & INSEAD

EFFECT OF ICT ON GOVT EFFICIENCY (GLOBAL RANK OF SAMENA COUNTRIES)

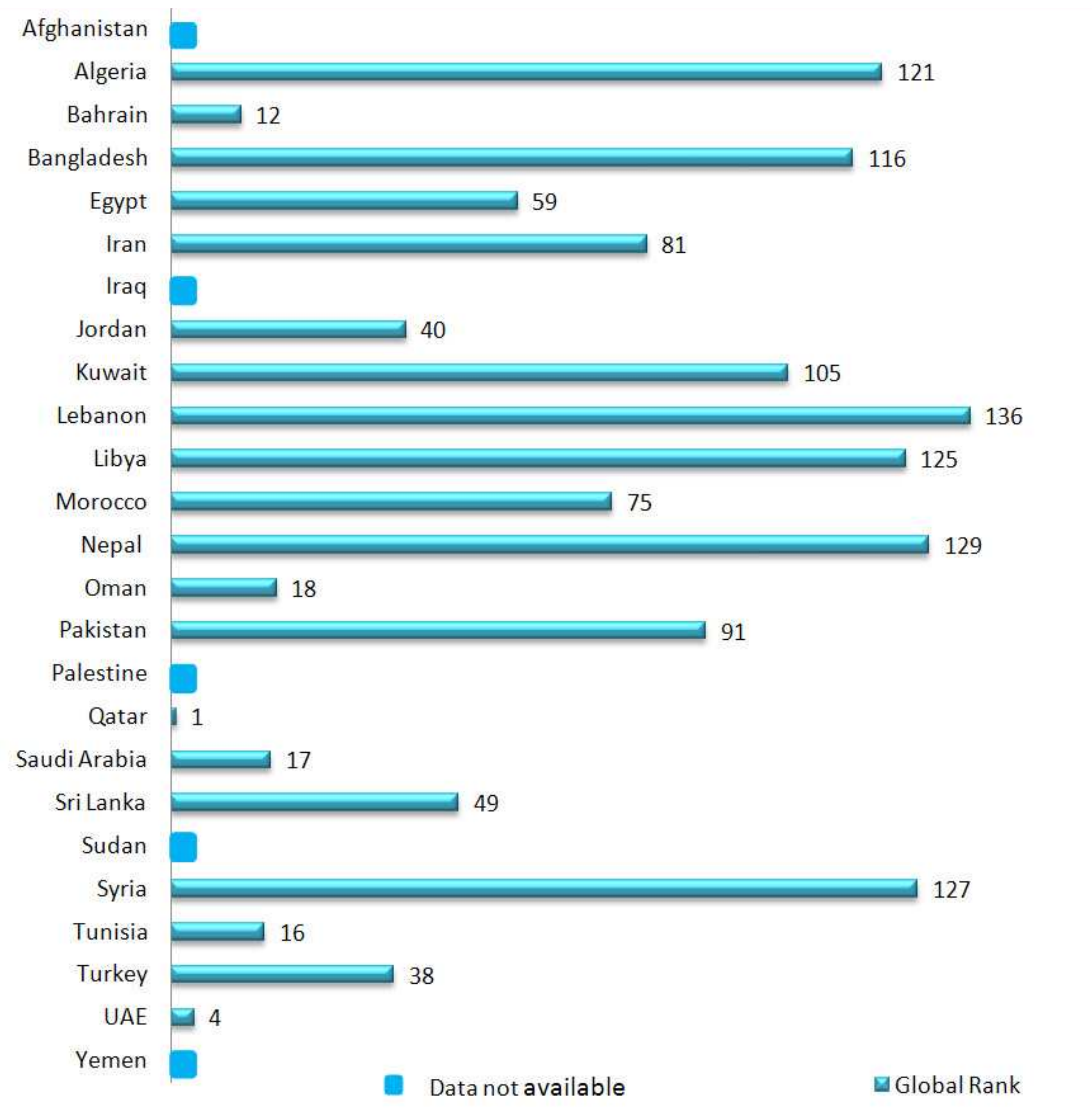
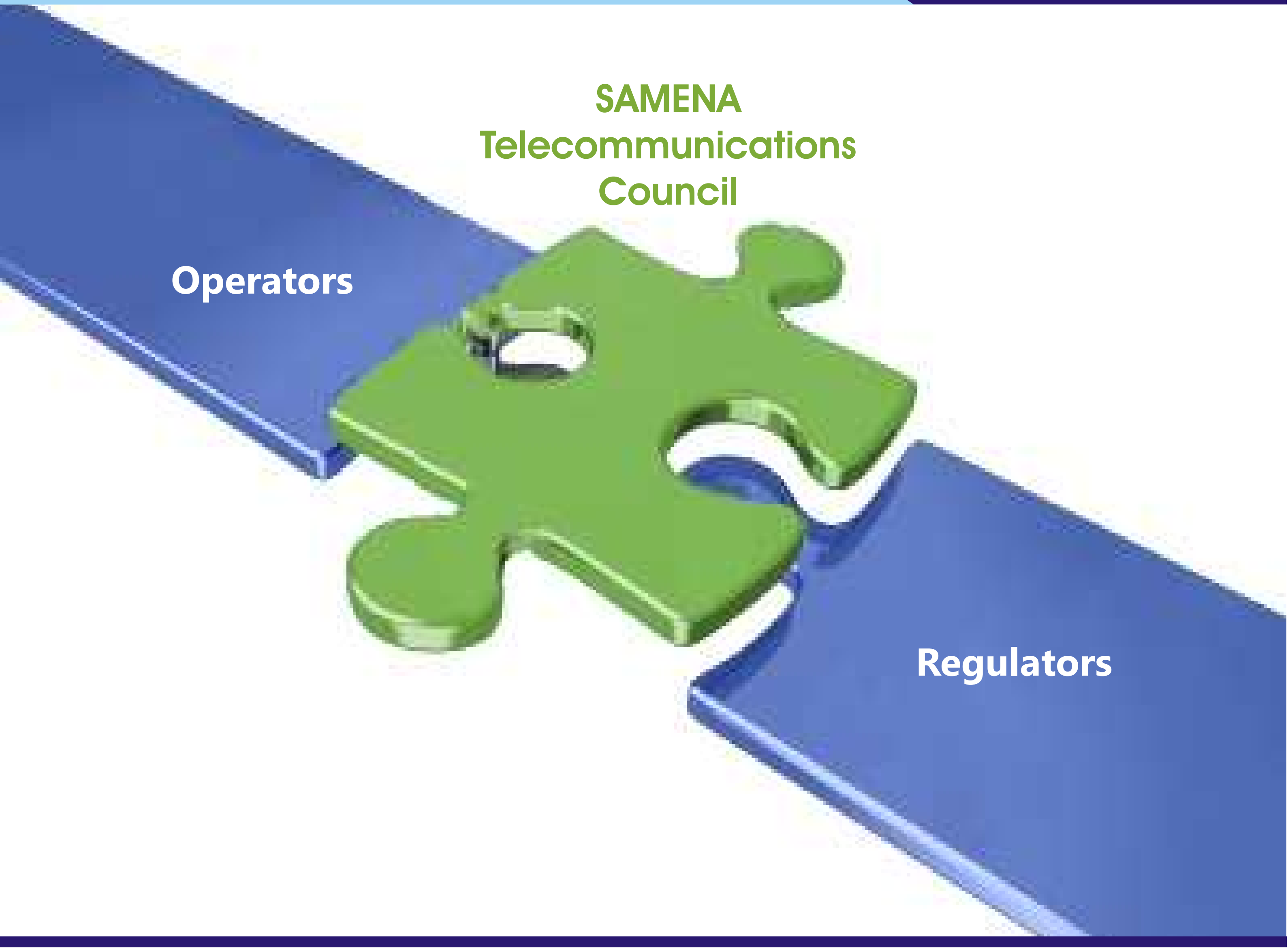


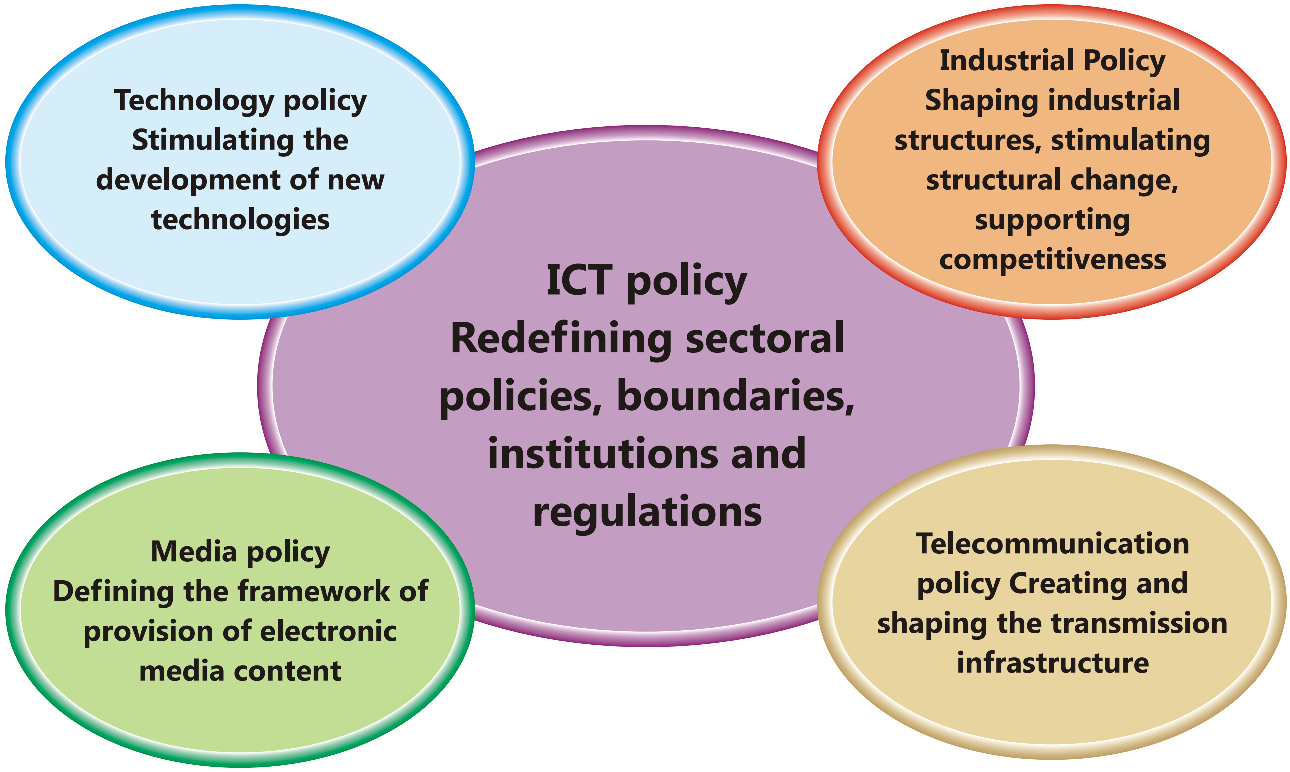
Image Source: SAMENA Telecommunications Council
Data Source: The Global Information Technology Report 2010-2011 by World Economic Forum & INSEAD



PREVAILING THE ECONOMIC CHALLENGES THROUGH ICT POLICIES

The telecom sector policy makers and regulators have been affected by the economic slump that has influenced them for more market competition and obviously for more ICT enhancement. As a result of which more innovative strategies are required for further development. Implementation of policies and regulations in the region can provide people with access to telecom services and that is possible through market liberalization e.g. mobile and wireless connectivity. The financial landscape has been changed although there is a healthy growth in access of telecom services in MEA region over the past decade. The telecom providers' investment plans and access to the resources have been influenced by different reasons including MEA region telecom penetration, the economic recession and ambiguity about the duration of the full economic recovery. The policy makers are being challenged by the reduced sector investments by the providers. Also the needs and priorities of the customers are changing rapidly, and the industry is facing continuous change in technology and operating models. The other markets are facing other challenges like low average per user rates (ARPU), higher customer bases requirement of markets facing threats from new entrants in the market, network coverage and pressure for QoS from the senior authorities. The MEA policymakers and regulators should re-adjust their course of actions focus by sorting out the telecom sector. Ways for enhancing ICT literacy should also be taken into consideration which can facilitate further market growth and investment. The inefficiencies the sector governance and regulation should need to be addressed immensely to create sustainable value. There are various possible approaches to support telecom sector:

- Evaluate the liberalization plan
- Encourage infrastructure sharing
- Encourage more investments in telecom sector
- Pick up the pace of restructuring and managing new schemes of economic effectiveness all over the market.



For long term investments special caution is necessary. Direct financial obligations on telecom operators have been imposed by many MEA countries than do their equals in mature telecom markets. An unpretentious financial obligation makes the investments more attractive. Financial pressure on the telecom operators should also be simplified for better strategic choices in the existing environment.

Simplifying the financial pressures leads to increased government revenues in the long term. This provides support to the operators and an incentive for the investors for network improvements, products and service innovation. Both direct and indirect returns are affected by such investments. The long term economic prospects can be improved by allowing the telecom operators to put more of their returns back into the business. Regulators require operators to roll out their networks independently. Due to limitation of liquidity and funds the investments are limited. To use more efficient use of limited resource spectrum trading and spectrum neutrality should be used. To encourage sharing, governments might relax different regulations. The economic recovery of telecom sector is linked with different factors for e.g. the ability of the regulators to do various functions, integration level and media and technology governance. The operators can use different approaches. The telecom policy making and sector development should be eminent. For mature regulatory process transparency is the basis for flexibility of the telecom sector. Due to the latest economic recession the rethinking of the policy and regulatory perspectives is necessary.

Spectrum neutrality should be considered by regulatory authorities as well as introduce spectrum trading to make a more effective use of scant reserves. Infrastructure sharing is a compulsion in few markets so ensuring the access to necessary infrastructure and end users for other players in the market. Clarity and transparency of the processes is essential for a flexible market environment that could encourage sustainable growth. The co-operation between media, telecom and technologies can help in advancement of the sector as an economic enabler.

Bocar A. BA
President
SAMENA Telecommunications Council

REGULATORY NEWS

Three Year Phone and Broadband Contracts Undergo Ofcom Ban

UK telecoms watchdog Ofcom has announced that all three year phone and broadband contracts are to be banned, with service providers restricted to offering contracts that carry a two year agreement. Another policy they must follow includes enforcing 12 month contracts under new guidelines that will allow the UK to work in accordance of the EU telecoms legislation. Another aspect also asks for mobile network providers to transfer their customers' numbers to that of a new provider within a timeframe of one working day. Should they fail to carry this out within the given time period, providers will have to pay out a "reasonable compensation". Ofcom has permitted providers to come up with their own compensation initiatives, but will assess them after one year to ensure the terms are appropriate.

EAC Regulators Push for SIM Registration to Curb Crime

Telecommunications regulators in the East African Community (EAC) partner states are demanding a quick SIM card registration process to curb crimes committed using mobile phones. In some countries, mobile communication has been linked to criminal purposes, according to the acting head of Rwanda Utilities Regulatory Agency (RURA) Mr. Régis Gatarayiha. He says because of lack of SIM card registration, criminals use mobile phones to cause security threats and they are not identified. He urges that SIM card registration is crucial in curbing such criminal acts."It reduces criminal activities that are done using mobile communication equipments," Mr. Gatarayiha noted. In East Africa, only Kenya, Tanzania and Burundi have started SIM card registration while Uganda and Rwanda blame lack of a legal tool to speed up the process.

TRA Publishes Bahrain Fixed Links Policy

The Bahrain Telecommunications Regulatory Authority (TRA) held discussions on the fixed links policy at a meeting of the Radiocommunications Consultative Committee (RCC). The RCC meeting was convened to conclude a licensing and frequency assignment policy for microwave point-to-point links, which was finalized and will be implemented from July 1. The third RCC meeting will take place on October 5. It will address spectrum allocation and licensing of post-3G mobile services in Bahrain. Mobile in-building coverage issues will be probed at a later meeting.

Ministry Asks BTRC to Release New Telco Audit

The Bangladeshi telecommunications ministry has asked the BTRC (Bangladesh Telecommunication Regulatory Commission) to cancel the bidding process to appoint audit firms for inspecting mobile operators, as the regulator breached rules in recruiting auditors for the task. According to reports, the ministry has stated that BTRC did not take permission from the ministry before appointing the audit firms, and violated telecommunication and public procurement rules, alleged the telecom ministry and experts. The ministry has directed BTRC to comply with the decision of the review panel of the Central Procurement Technical Unit (CPTU), which cancelled the bidding process. The bidding process was cancelled by the review panel of the Central Procurement Technical Unit (CPTU) but the regulator denied the allegations and is continuing the audits. The ministry is urging the BTRC to comply with the decision and begin a new tender round for audit firms.

NTA Recommends Revoking Unused Spectrum

Nepal Telecommunications Authority (NTA) has recommended the government to revoke hoarded spectrum, if they are unused for over two years. "In order to discourage the frequency hoarding tendencies, the government should set standards for spectrum allocation," the authority's chairman Bhesh Raj Kanel said. "Big operators have occupied spectrum inefficiently and are reluctant to surrender extra spectrum," Kanel said, adding that the current spectrum assignment method is ineffective and inefficient. "The authority has suggested the ministry to refarm spectrum by utilizing spectrum efficiently, making spectrum available to needy ones and reorganizing third generation (3G) spectrum," he said. The authority has also purposed to vacate spectrum from Nepal Telecom, United Telecom and Ncell and provide it to those operators who are in need, Kanel said, adding that experts have suggested the authority to use strong fiscal instruments to discourage spectrum hoarding tendencies.

Regulator Rejects Vodafone Qatar's Claim against Qtel

Qatar's regulator has rejected a claim from Vodafone Qatar that former monopoly Qatar Telecom (Qtel) priced international calls at below costs in what could have amounted to anti-competitive behavior. In its complaint, Vodafone Qatar said about 70 percent of its revenue came from international calls and that Qtel's pricing caused it to lose customers and revenues, according to a statement from the Supreme Council of Information and Communication Technology, also known as ictQATAR. "Qtel has not engaged in anti-competitive behavior with respect to its pricing for international calls," ictQATAR said in a statement on its website. "ictQATAR therefore rejected the claim of Vodafone and considers the matter closed."

FCC Asks for Explanation on Spectrum Shortages, Coverage Overlaps

United States telecoms regulator the Federal Communications Commission (FCC) has requested AT&T to supply it with more information concerning its planned merger with T-Mobile USA, with a particular focus on spectrum shortages, coverage overlaps and any projected plans to close down surplus facilities. In March 2011 AT&T announced that it had entered into a definitive agreement with German telecoms group Deutsche Telekom to acquire its T-Mobile USA unit in a cash-and-stock transaction valued at approximately US$39 billion. In its 21 April filing with the FCC, AT&T claimed that it 'faces network spectrum and capacity constraints more severe than those of any other wireless provider'. It is believed that the FCC's request for information came in the form of a 78-page document that was sent to AT&T demanding detailed data on its pricing plans, spectrum holdings and any alternatives the company considered to solve its alleged capacity constraints.

Two Companies Seek MVNO Licenses from TRA

A further two telecom companies are looking to offer mobile virtual network operator (MVNO) services in Oman. According to Naashiah Al Kharusi, a member of the Telecommunications Regulatory Authority (TRA), Awasif Company is seeking to acquire a license for the provision of mobile reseller services, while Madakhil is looking to provide wireless telecommunication services for fishermen at sea. 'Both companies have completed the necessary procedures of the TRA. Now, the companies are waiting for a final approval from the government,' Al Kharusi noted.

ACMA Unveils Proposed Timetable for Reallocation of Digital Dividend Spectrum

The Australian Communications and Media Authority (ACMA) has laid out its proposals for the sale of spectrum in the 700MHz and 2500MHz bands, calling for public feedback on the plans. According to the regulator this represents the first formal step towards a joint auctions for the country's digital dividend frequencies, and it said it decision to offer the spectrum in a joint sale process scheduled for late 2010 reflected 'the strongly complementary nature of the two bands for advanced mobile telecommunication.' Commenting on the development ACMA chairman Chris Chapman said: 'Several milestones have been reached in the allocation process ... These are important steps towards meeting the community's increasing demand for mobile broadband and opening the door to new services being delivered to the public.' The deadline for submissions on the ACMA's proposals has been set as 15 July 2011.

Egypt Mulls Delay in a Fourth Mobile License after Economic Concerns

Egypt is considering a delay in rolling out its fourth mobile license because of economic concerns after the rebellion that toppled the former president Hosni Mubarak in February. While analysts point to strong growth potential in the local telecommunications market, some question the economic viability of launching another mobile license in the country. "There are a lot of changes in Egypt now and we are not sure whether launching a new license at this moment is the right decision from the economic point of view," Dr Magued Osman, the communications minister, said. Telecom Egypt, the incumbent fixed-line telephone monopoly, has been trying to increase its exposure to the country's growing mobile phone market. It holds a 45 per cent stake in Vodafone's Egyptian operations, and may consider rebidding for the remaining stake should the fourth mobile license not be issued. Previous talks over a buyout by Telecom Egypt broke down last year. The existing operators in the domestic mobile market are Mobinil, Vodafone and Etisalat. Analysts question whether a fourth mobile license will prove profitable.

UAE TRA Announces Public Consultation on the Adoption of Green ICT Practices

Based on its belief in the importance of protecting and preserving the environment, and reassuring its firm commitment to the effective contributions in reducing emissions of greenhouse gases in the UAE, the Telecommunications Regulatory Authority (TRA) announced the launch of Public Consultation on the adoption of green ICT practices. Commenting on the newly launched consultation, H.E. Mohamed Nasser Al Ghanim, TRA Director General said: "In the past few years, the ICT industry has started to adopt environmentally-friendly strategies and many telecom operators have started to implement a green approach by deploying alternative energy solutions to reduce carbon emissions and decrease the negative impact on the environment." As a start, the TRA would like to consult with stakeholders on the best approach, practices and rules that the TRA should adopt when it comes to green ICT within the UAE.

A SNAPSHOT OF REGULATORY ACTIVITIES IN SAMENA REGION

The most amiable relations among the regulators and the operators are of utmost importance for the healthy growth of any sector. Trust is the bonding agent that holds relationships of regulator and operators together but also the lubricant that keeps things moving. Current state of trust between the regulators and the industry they regulate around the globe is not that exemplary. The effectual regulations always results in efficient markets and these results not only depict the performance of the regulators but also of the quality of interaction between regulator and the market players. In deeply regulated economies where state owned utility monopolies are prevailing and where policy reforms started in 1990's have resulted in the formation of new regulatory authorities. The relationships between authorities and the operators have often been uneasy. Good relationships between any two are based on trust. Crumple in trust over and over again result from regulatory uncertainty has negative impact on the industry development. Uncertainty and a consequential loss of trust carry a diversity of latent consequences for market players, from straight financial losses to an increase in litigation. The most frequent outcomes of regulatory uncertainty is the direct increase in cost, loss revenue, cancelled or postponed investments, business plans put on hold or increased litigation. The uncertainty can swiftly decode into slower market growth. Today, in the world of ICTs, the fittest does not merely depend upon, which operators or service is technologically advanced but there are many grounds, based on which operators continue to survive and re-orient keeping in view their strategies and business models. Relationship with the regulators and dependency upon the regulations is one such example. This struggle for survival strongly depends on regulatory requirements, as well as policy and regulation in the market. Regional markets are evolving and set to transform the telecom landscape in the region over the next decade. Analyzing effective policies to drive digitization, convergence and innovation are on the rise thus demanding responsive correlations between the regulators and operators. Operators and regulators have been actively involved in taking strong measures to ensure that prompt broadband proliferation policies are put into effect, supported by regulatory environments that are congenial to the operators and most conducive to achieving the desired effect. World has seen more liberal markets in the regions over the past two decades ensuing in materialization of competition to previously state owned enterprises. This has not only made the regulatory authorities to take more multifaceted decisions, but has greatly expanded the scope for potential conflict between the regulator and operators. The regulators collect financial and other performance information about operators generally in accordance with the statutory obligations to make effective regulatory decisions about those organizations in terms of their statutory mandate and alleviate and better manage the risks imposed on consumers or third parties by the actions of the operators. Keeping in view operators ARPU issue, regulatory measures are needed to encourage competition and investment, considering ROI related uncertainties for operators, based on the current regulatory models. The role of the regulators is to identify risks to third parties, and to mitigate, monitor, and when necessary manage those risks. The Regulators carry out these tasks actively via enforcement by querying, directing, or prosecuting where non-compliance is detected; and on other hand passively ensuring that incentive structures drive positive behavior. There is a strong need for highlighting evolving regulatory roles toward better management of the changing business climate for operators. The emergence of new technologies, deregulation in the telecom sector, entry of new service providers, and growing competition among telcos appears to be a vibrant issue that will lead to increased penetration gains in the next couple of years. What the regulator requires from operators is submission of asked data in timely, correct, pertinent, proficient and realistic fashion. For the sake of the sector the obligatory requirements of the regulator and operators are understanding of each other's objectives and constraints; transparency of processes and clarity of the regulatory framework to increase level of trust; wider consultation with industry (a key tool in building trust); trust always suffers when no strong mechanisms to share relevant and accurate information is at place. An encouraging regulatory environment together with competitive pressure will accelerate sector growth. Strong measures are needed from both the stake holders at different levels to encourage competition and investment because operators' community in general is not certain of a return on their investment based on the regulatory models and the market status.

Country-wise Regulatory Activities

Afghanistan

To support the broadband proliferation during the month Ministry of Communications and IT announced reduction in the Internet bandwidth price. Governmental and non-governmental customers will get benefit and can access this facility in the Center and those provinces connected to the Optic Fiber Ring. The Ministry anticipated that the new price structure will have a positive impact on the entire economy and daily affairs.

Algeria

According to the latest figures released by the Minister of Post and ICT there are eight million internet users in Algeria. The subscribers include not only the households that subscribe directly to ADSL but also sectoral networks such as higher education, health and national education. Despite of internal frictions between the Algerian government and Orascom Algeria remained the most profitable market in the region. As per a report published the Djezzy is largest celco in the Algerian market with 58.1% market share (+1% in one year) and a number of users increased by 4.9% from 14.79 million to 15 5 million. The revenue per user (ARPU) is also up 1.8% year on year. With a turnover of 438.5 million dollars in the first quarter, or 6.3% higher than the same period of 2010 and an Ebitba of US$ 260 million up 13.6%, all indicators are green. The Algerian Telecoms ministry also showed its determination to buy the local unit of Egypt's Orascom Telecom (OT) before end of 2011. Djezzy, OT's biggest single source of revenue, has been entangled in a long-running dispute with the Algerian government over hundreds of millions of dollars in back taxes.

Bahrain

To further liberalize the telecom sector in the Kingdom, the telecom regulator has issued its final order to Batelco to launch local loop unbundling (LLU) as a wholesale service over its fixed line broadband network to other licensed operators. The order included the finalized Reference Unbundling Offer (RUO) terms, conditions and charges for Batelco's LLU and ancillary services. The order states that the commercial launch of LLU shall be no later than May 22, 2011. The regulator also released the first of its quarterly reports for 2011 on the ambient level of radio signals transmitted from telecommunications masts in the Kingdom of Bahrain. The report reveals that the levels of radio signals measured at all sites are very significantly below the limits by set international guidelines that have been adopted by the Commission for the Protection of Marine Resources, Environment and Wildlife in Ministerial

Order No. 4 of 2009. In the report, TRA presents the results of measurements performed at 12 public sites during January to March of 2011. The highest total exposure level for a typical public site measured during the quarter was very small at 0.01% of the maximum level permitted by Ministerial Order No. 4. TRA has been measuring and reporting on ambient radio signal levels in the Kingdom for 2 years and is satisfied to see the compliance of licensed operators with Ministerial Orders. Due to favorable regulatory environment the Viva Bahrain launched an upgrade which boosts theoretical mobile broadband download speeds to 42Mbps via the implementation of Dual Carrier (DC) HSPA+ technology. Bahraini customers can access the new speeds on a range of wireless USB dongle modems supporting 42Mbps fully mobile services, as well as the option of home or office routers. The new devices are available to both pre- and post-paid subscribers. Viva Bahrain has reportedly set a budget to invest US$280 million in its mobile network over the next two years. The company launched commercial services over a 3.5G HSPA+ network providing theoretical maximum data speeds of 21Mbps (downlink) nationwide on March 3, 2010. Viva signed up 50,000 subscribers within its first few weeks and had more than doubled this total by the end of the year.

Bangladesh

During the reported period the telecom regulator invited offers/proposals for granting maximum two licenses to Build Operate and Maintain Submarine Cable (SC) System and Services in the country. The regulator also issued Regulatory and Licensing Guidelines for invitation of offer/proposal for issuing the license. Due to competitive regulatory environment Bangladesh's largest cellco by subscribers GrameenPhone (GP) has reported a 21.3% year-on-year leap in revenues to BDT20.6 billion (US$280 million) for the first quarter of 2011, driven by a 33.8% increase in its subscriber base as well as rising sales of mobile devices, encouraged by handset subsidies. Quarter-on-quarter revenue growth was 5.5%. A program of attracting rural customers was continued as GP expanded its distribution coverage to over 186,000 retail points while offering region-based tariff discounts, low-cost handsets and more comprehensive Bangla language content. Net profit in 1Q11 was BDT2.87 billion, giving a 13.9% margin, compared to BDT3.16 billion with 18.5% margin a year earlier, mainly attributed to a rise in subsidy expenditure from BDT810 million in 1Q10 to BDT2.1 billion in the quarter under review. This effect also saw EBITDA margin fall from 55.4% to 47.8% over the same period. During the quarter, GP added 2.0 million subscriptions to end March 2011 with nearly 32 million customer accounts. The company, part of the Telenor group based in Norway, also said that its number of 2.5G internet users grew by 61% year-on-year in 1Q11. The government directed the telecom regulator to reissue licenses to two of the five fixed-wireless operators which had their operations closed down in March 2010 for alleged involvement in illegal VoIP business. The Communications Ministry issued a letter to the regulator directing that PSTN operating licenses be reissued to RanksTel and National TeleCom (NationalPhone). The remaining three telcos – PeoplesTel, Dhaka Phone and WorldTel – would also get permission to resume their operations 'in phases.' Regulator told that the Ministry has set some conditions for reissuance of licenses. The companies must withdraw compensation cases filed against the regulator and 'pay dues'. In yet another development the regulator stumbled over its own faults in its bid to open audits into mobile phone operators as the regulator violated rules while recruiting auditors for the task. A review panel of the Central Procurement Technical Unit (CPTU) cancelled the bidding process for appointing the auditors as the regulator failed to comply with the public procurement rules. However, the regular was asked to go for a fresh bidding. Last month, the regulator in the first phase appointed two chartered accountant (CA) firms to audit two mobile operators -- Grameenphone and Banglalink -- after short-listing six audit firms. Later, one of the short-listed firms, which did not get the job, challenged the bidding process, saying there was anomaly. Early this week, the review panel cancelled the bidding.

Egypt

A fourth mobile license in Egypt appears less likely following reports that the government may hold off on licensing a new player in the wake of the country's political upheaval. According to the Egyptian Communications Minister there are a lot of changes in Egypt now and government is not sure whether launching a new license at this moment is the right decision from the economic point of view. Such a decision, it is suggested, could prompt the country's fixed line incumbent, Telecom Egypt (TE), to reconsider bidding for an increased holding in local cellco Vodafone Egypt, in which it already has a 45% stake. In June 2010 UK-based mobile giant Vodafone Group reportedly ended negotiations over a possible divestment of its interest in the mobile operator, just a few weeks after it first emerged that it was in talks with TE over the latter's potential purchase of the 55% stake. TE had reportedly approached the British company in April 2010 to sound out the possibility of a deal, which had been valued at between GBP3 billion and GBP4 billion (US$4.5 billion-US$6.5 billion). In addition to the consideration being given to the potential introduction of a new wireless player, the government is also understood to be examining laws related to the disconnection of internet and mobile phone services, after the previous authorities forced services offline and instructed operators to send messages on its behalf during the recent uprising. Calling the disconnection 'a decision that [has] negatively reflected on all citizens in Egypt', Minister revealed that the state was revising legislation to make clear who would be responsible for such a decision. An Egyptian military court sentenced 16 people to jail for establishing an illegal telecom network enabling phone calls via Israel. An Israeli and two Palestinians were among those sentenced to 15 years in jail for the network. Terms ranging from four months to one year were handed to 11 people while 11 others were acquitted. The group is said to have set up a telecommunication network that allowed callers to make unauthorized international calls through Israel, costing the state-owned Egypt Telecom some 280 million Egyptian pounds (US$47 million) in losses. Analysts feel the move is positive and is likely to hold those accountable for illegal activity.

Iran

Mobile Communications Company of Iran (MCI) Managing Director predicted that in the next four years the number of cellular subscribers in the country will reach 103 million. The MD added that Iran cellular market is not yet saturated. MCI is currently, providing services to all cities and 57 percent of the villages and covers 97% of main roads and 68% of the secondary roads. He noted that subscribers can also avail of its services in 76 percent of the railroads and 83 percent of the road networks and it is the first operator that established roaming links with 260 mobile phone operators in 110 countries. It also provides rural roaming services in 35,000 villages in 20 provinces. At present its capacity stands at 47 million and capacity for sending SMS has reached 40,000 per second from 11,000, he mentioned. The Communication Regulatory Commission has developed the rules and regulations governing Mobile Number Portability.

Iraq

To widen the Internet access the Internet connection fees and computer prices shall be reduced by the government. Iraqi Communication Minister thinks that current prices are very high and need immediate reduction. The aim is to reduce the connection fees by 10% and bring the price of the cheapest laptop down to US$100. The Minister added that the government is looking to initiate a project to introduce a high-speed fiber optic broadband network to greatly increase connection speeds. Iraq's third largest cellular operator Korek will outsource its customer management to Istanbul in Turkey. The company signed a contract with Turkish telecommunication provider "Innova", which will manage customers' accounts of Korek's pre-paid service. Innova's Director General was quoted saying that 'Turkey will become the center of Korek's data service.' In the future, if Korek customers are going to recharge their account through banks, ATMs or online, this information will be transferred to Innova's data center in Istanbul. The market for mobile telecommunication has flourished in Iraq after the fall of the Baathist regime under which cell phones were prohibited. Service providers have registered about ten million new customers in the last two years.

Jordan

As per figure released by the regulator mobile phone subscriptions in the country rose ten per cent to 6.6 million in 2010. Subscriber numbers have increased progressively over the past five years. In 2009, there were 6.014 million subscribers, up from 5.3 million in 2008, 4.7 million in 2007, 4.3 million in 2006 and 3.1 million in 2005, TRC declared. Market penetration also rose to 108 per cent in 2010 from 57 per cent in 2005. Zain had 36.3 per cent of the market in 2010 with 2.4 million subscribers. Jordan Telecom Corp. had 31.8 per cent with 2.1 million and Umniah had 30.3 per cent with two million subscribers, it said. The rise in mobile subscribers is due to strong competition in prices between mobile operators. Fixed-line subscribers dropped to 485,000 in end-2010 from 628,000 in 2005, market penetration from 11.6 to eight per cent.

Kuwait

To deploy the 4G technology, Kuwaiti telecommunications service provider VIVA upgraded and expanded its fiber-optic network, the globe's latest and fastest telecom means. VIVA Chief Executive Officer (CEO) said in a statement the upgrading process included the company four sites of its main towers. The company is currently preparing for the second phase of the project, with the aim of upgrading the network capacity and furnishing the clients with the best possible services, namely high-speed communications and state-of-art technology.

Lebanon

The regulator opened the financial proposals for the first part of the "Telecommunications Regulatory Capacity Building" project funded by a grant from the World Bank and titled "Streamlining Internal Processes and Strengthening Transparency of the TRA" project. Besides the regulator, the meeting was attended by representatives from the firms that have passed the regulator's technical evaluation: Joint venture of Intercai Mondiale Limited WLL and Trinity Horne and Team International. After combining the technical and financial scores, the regulator selected Intercai Mondiale Limited WLL as the winning bidder with the highest score. Following further negotiations, the regulator and Intercai Mondiale Limited WLL entered into a contract valued at US$247,677 and for an implementation period of one year. Contracts for other parts of the above mentioned project will be announced later. In another move the Radio Site Guidelines document titled "Radio Sites Installation and Modification Draft Regulation" which was launched for public consultation on April 27 has been updated to stakeholders' feedback. The stakeholders who wish to provide further feedback on updated consultation document the regulator in order to provide concerned stakeholders with the appropriate time to review the new version and provide relevant feedback, has extended the deadline to consult by one month starting from May 23, 2011.

Libya

Niger government has confirmed a deal with Libya's LAP Green Network for a ten-year majority share in state telecommunications firm Sonitel and its mobile arm, Sahel Com. As per the deal, Green Network – part of the Libyan African Investment Portfolio (LAP) – will pay US$65.86 million for a 51% share in a ten year license for the communications firms, which will be fused into one. The investment comes in spite of Green Network being hit by United Nations sanctions targeting Libyan leader Muammar Gaddafi, with Zambia in March saying it was freezing Green's assets there. Sonitel was previously controlled by a Chinese-Libyan consortium, Dataport, but the deal was scrapped by Niger's government in 2009, partly due to the lack of investment. A union spokesman complained that the new deal would be no better and called for an international tender for the contract. The new deal was first agreed by the country's military government in January. A spokesman for the main telecommunications union immediately rejected the deal, stating that Green's investment would be no better than the previous one, which brought together China's ZTE and the Libyan Arab African Investment Company. LAP is Libya's flagship Africa investment vehicle, which was launched in 2006, and the Green Network operates in a number of African countries. In another move the NATO's aerial bombing and missile strikes have destroyed about LYD 1.5 billion (US$ 1.22 bln) of telecom infrastructure, according to Chairman of Libyan Telecommunication and Technology (LTT) and mobile affiliate GSM Libyana. Essential repairs cannot be carried out because foreign technicians are unable to do their job. The Libyan government intends to file a complaint with the ITU on the grounds that these strikes do not fall within the UN mandate to strike military targets.

Morocco

During the month the Moroccan fixed line, broadband and mobile operator Maroc Telecom posted financial results for its domestic and foreign subsidiaries for the first quarter of 2011. Consolidated earnings before interest, tax, depreciation and amortization (EBITDA) decreased by 5.7% year-on-year to MAD4.04 billion (US$2.61 billion) in the three months to the end of March, which the company attributed largely to slow revenue growth in Morocco. Overall year-on-year revenue growth across the group was reported at 1.2% in Q1 2011, taking the figure toMAD7.5 billion. The Vivendi-backed group's total customer base stood at 26.2 million at March 31, 2011, up by 17% from a year earlier, helped by 56% mobile subscriber growth across its units in Mali, Mauritania, Gabon and Burkina Faso, and 6.9% growth in its Moroccan cellular user accounts.

Nepal

The telecom regulator granted additional spectrum to Smart Telecom. It decided to assign extra spectrum from the 900 MHz and 1,800 MHz bandwidth after Smart Telecom increased its subscriber base as per the regulator's condition. Since two months, Smart Telecom was requesting the regulator for more bandwidth claiming that they already crossed the 80,000 mark, but the authority was not convinced with the claim. As of the first eight months of the current fiscal year, the subscriber base of Smart Telecom has increased over 90,000. If the regulator assigns additional 2.4 MHz from the 900 MHz bandwidth, the company will be able to offer service to 1,000 subscribers from one BTS. Currently, 2.4 MHz spectrum in use serves 225 customers per BTS. Smart Telecom has been offering services in various 25 districts with 54 BTS. The regulator started internal study on the feasibility of deploying 4G technology in the country. The study is at the preliminary stage of the study and a team is currently studying from the experience of other countries that have introduced this technology. Once the team submits its findings it will be forward to Radio Frequency Policy Determination Committee (RFPDC) of regulator. The committee will take necessary action on the basis of findings of the report and meeting with stakeholders concerned. Private telecom operator Ncell has already unveiled its plan of upgrading its network to 4G once it receives license and spectrum from the government. It has also asked for frequency in the range of 700 to 2,600 MHz to introduce the service. Meanwhile, regulator has informed RFDPC about its recommendations on WiMAX and spectrum management. The authority is preparing to introduce WiMAX after the committee takes decision on frequency allocation for the service. With the help of this technology, telecom operators and Internet Service Providers (ISPs) can offer high speed data service even in areas where optical fiber is not available. The regulator recommended the government to allow reclaiming any unused radio spectrum allocated to a license holder if it has been unused for over two years. Currently, there is no incentive for spectrum holders to make use of spectrum once it is allocated to them, leading to allegations of hoarding. In order to discourage the frequency hoarding tendencies, the government should set standards for spectrum allocation, the regulator told. Big operators have occupied spectrum inefficiently and are reluctant to surrender extra spectrum. The regulator has also purposed to introduce premium prices in the case of frequency hoarding. The regulator also granted two licenses for international long distance gateway services without meeting th¬e conditions. The ILD licenses were allocated to Nepal Satellite Telecom (NST) and Smart Telecom. These operators are currently designated as rural telecommunications operators and have been granted th¬e licenses without due process, an NTA source says. A report by a committee of independent consultants found that Smart and NST did not meet th¬e roll-out conditions required for an ILD license. NST is required to provide services to 273 Village Development Committees (VDCs) in th¬e mid-western region and is required to cover over 50 percent of th¬e region. Smart Telecom is required to provide services to 398 VDCs in several regions but th¬e company has yet to cover 28 VDCs, th¬e source said. Meanwhile, NTA chairperson denied accusations that a decision has been made to provide those companies with ILD gateway licenses violating th¬e existing provisions. The source also said that both companies are planning to acquire GSM licenses with help of foreign investments after upgrading th¬eir ILD service.

Oman

The telecom regulator mandated state-run Omantel to take up a pilot project in the remote Batinah region for rolling out telecom services as part of the Universal Service Obligation (USO). The regulator asked Omantel to fulfill the obligation after it found there were no investors ready to take up the job. The government, through USO, offers licenses for basic telecom services and Internet access in the remote areas of the sultanate. TRA member told that difficult terrain of the Batinah region with wadis and mountains makes connectivity a challenge which the government hopes to overcome. The idea was mooted sometime in 2007 and the government invited both local and foreign investors to take up the project on a pilot basis with the promise that the government would subsidize the investments heavily. Omantel chief executive confirmed the development and said that Omantel was looking forward to taking up the project and awaiting the formal mandate. regulator would fix a timeframe for the job and investments will depend on whether fixed-line technology or mobile technology is adopted for the purpose. He said that while mobile technology would be expensive, it will require lesser time than fixed line, for which a lot of civil work has to be carried out. Currently, voice services are provided to 97 per cent of the populated locations of Oman, while data services reach about half the sultanate's physical area. The broadband market in Oman is ripe for growth as an emerging tech-savvy generation of entrepreneurs drives up demand for cutting edge technology, according to Ross Cormack, Chief Executive Officer of the telecommunications provider Nawras. Cormack told Oxford Business Group (OBG), the global publishing, research and consultancy firm, that a growing number of Omanis were keen to have full, fast Internet access both at work and at home. "Broadband devices are the future for the development of ICT. Wherever you go, you should be able to access high speed Internet easily and efficiently," he said. "There is a vibrant base of business leaders in Oman and having the technology already available for them can only help to boost entrepreneurship further." Cormack was speaking to OBG as part of the research for The Report: Oman 2012, OBG's forthcoming analysis of the Sultanate's economic activity and investment opportunities. The Group's report will include a detailed, sector-by-sector guide for foreign investors, together with a wide range of interviews with the most prominent political, economic and business leaders. The Prime Minister of Singapore Lee Hsien Loong, the Director-General of Unesco Irina Bokova, the Executive Director of the World Bank Mirza Hasan and the President and CEO of the National US-Arab Chamber of Commerce David Hamod will also give their views on Oman's economic development in the new report. Cormack believes demand for interactive broadband services and progress made in improving connectivity are already propelling a shift towards multi-media usage as the drive to connect all Omanis gathers strength. "Trends are showing a huge shift from linear television towards entertainment and social media on Internet, fixed and mobile and we believe interactive broadband services will encourage this move to grow," he said. "Major advancements have been made to the fiber for home technology in Oman." Work on fiber to the home services is being carried out in collaboration with Haya. While they are in the process of laying lines to homes as part of their extensive program to upgrade the water transmission system, fiber optic cables are going into the ground at the same time, to be leveraged for future communication needs. Cormack believes demand for broadband is being fuelled in part by the growing number of smart phone users who are looking to gain full access to the services. "Leisure has changed people's lifestyle and smart phones reflect that," he said. "In this context, more broadband access has to be provided, since people naturally want to use these new technologies to their full extent." In another regulatory move two more telecoms companies are looking to offer mobile virtual network operator (MVNO) services in Oman. According to the regulator Awasif Company is seeking to acquire a license for the provision of mobile reseller services, while Madakhil is looking to provide wireless telecommunication services for fishermen at sea. Both companies have completed the necessary procedures of the TRA. Now, the companies are waiting for a final approval from the government. The Sultanate is home to three national telecoms (Class I) licensees: incumbent Oman Telecommunications (Omantel); Omani Qatari Telecommunications Company (Nawras), in which Qatari incumbent Qtel holds a stake; and Sama Telecommunications (Samatel), which won Oman's third telecom license in February 2011. In addition, a total of five companies already hold concession to provide MVNO services, namely Connect Arabia (on behalf of pan-regional reseller FRiENDi Mobile), Majan Telecom (Renna), Mazoon Mobile, Injaz International and Samatel.

Pakistan

According to the data released by the telecom regulator cellular users in the country have crossed 105 million mark in February 2011 to reach a total of 105,151,871 mobile subscription. The regulator said that cellular teledensity in February 2011 reached 63.2 percent showing 0.8 percent growth rate in February 2011 alone. Stats said that all five cellular companies showed consistency in adding 1,145,103 mobile phone users in February 2011, as compared to 1,229,381 cell users in January 2011. During January and February 2011 Mobilink remained at top in terms of new sales with 705,203 new subscriptions, followed by Zong, which managed to add 703,322 mobile phone users to its network to surpass 9 million subscribers mark. Telenor added 696,060 users in reported two months. Warid could add 176,150 new users while Ufone added only 93,750 users due to clean-up of records. The regulator also issued regulations for all cellular operators aimed at ensuring maximum subscribers satisfaction on the quality of GPRS and EDGE services. The regulations shall be called "GPRS/EDGE Quality of Service Standards Regulations, 2010. Regulator explained the criterion of the quality of service shall be changed time to time keeping in view the emergence of new technology, demand of customers and capacity of cellular operators. All licensees providing GPRS and EDGE services shall adopt the performance standards termed mandatory requirement by the authority, which can modify, delete and add standards for rating on the basis of the extend of coverage deployment and review of new technologies, the regulations stated. All operators shall carry out quality of service testing of GPRS/ EDGE in accordance with availability network and services; link, upload and download speeds, mobility and retain-ability. The test and surveys shall be designed to meet the applicability, end-to-end testing, ease of measurement and similar treatment of rural and urban region in terms of service offers. The cellular operators shall maintain record of all data collected against each quality of service survey, testing and different factors, which will be submitted to the authority at certain intervals. All record must be safe for next three years by operators as necessary compliance. The cellular operators must update their data in analytical form so it is always open for inspection and audit of the authority or representative of authority, the regulations added. The regulations said that the authority may conduct inspections, survey, test or make surprise checks through its representative. It may also conduct performance audit of operators' quality of service from time to time to ensure that users of telecommunication services get quality of services guaranteed by service providers. The regulator may engage, if required, a third party or a group of consultants to conduct a quality of service audit. The inspecting officer shall prepare an inspection report of quality of service results, which clearly spell out shortfall observed during the testing process and submitted to the operators. The cellular operators shall take all remedial measures to remove the shortfalls identified in the report and submit a compliance report within 30 days by confirming that all shortfalls have been removed. The regulator will publish test or survey results and rating of the operators for information of general public. During the month the regulator also announced that, having already completed the first two phases of its efforts to ensure all mobile subscribers in the country had registered their SIM cards; it has now seen most customers provide their details following the third and final phase of the scheme. The regulator claimed that after the initial two rounds of verification it had successfully confirmed the details of all but 16.2 million of the country's more than 100 million wireless subscribers, and it said that following the third phase some 13.28 million of those had now provided their information. As a result, the regulator confirmed that it now intends to block all of those SIMs that remain unregistered, and it will do this in four weekly stages, with an initial 875,000 SIMs blocked as of yesterday. For those customers that still have yet to provide their relevant details and find themselves blocked from making calls the government has revealed a special number that will allow the SIM holder to re-register and verify his or her details via the National Database and Registration Authority (NADRA), following which the SIM card will be re-activated. In total the PTA says it expects to block around 3.5 million SIMs over the course of the next four weeks.

Qatar

Qatar Telecom (Qtel) has posted a 36.5% year-on-year drop in first-quarter net profit to QAR762 million (US$209 million), although if ignoring one-off gains on royalty adjustments last year, adjusted profit grew by 15.7% in Q1 2011. Consolidated revenues and EBITDA both rose by 17% y-o-y to QAR7.5 billion and QAR3.6 billion respectively, as results were boosted by the recent wresting of control of Tunisian cellco Tunisiana from Orascom Telecom. CAPEX investment across the Middle Eastern, African and Asian group was reduced by 20% in 1Q11 to QAR1.1 billion. The company's total customer base – largely mobile users – grew by 13.9% to reach 75.6 million at the end of March 2011, up from 66.4 million twelve months earlier. Domestic EBITDA rose by 9% y-o-y to QAR778 million in January-March 2011, on revenues that climbed 5% to QAR1.4 billion, assisted by efficiency measures and a change in accounting practices which aligned the Qatari fixed, mobile and broadband operations with other group businesses, which include Kuwaiti-based sub-group Wataniya. The telecom regulator ssued an order that sets forth the rules of On-Network/Off-Network (on-net/off-net) Price Differentiation for Dominant Service Providers (DSP) in Qatar. The order states that no on-net/off-net price differentiation can be applied by a DSP in Qatar, meaning that a DSP must charge the same price to customers regardless of the number or carrier they call or use a service (SMS, MMS, video call, etc.) from. Qatar's Telecommunications Law, Executive By-Law and Licenses of the Service Providers clearly set out the obligations and rights of a DSP and non-DSP in Qatar. In relation to all voice and data retail telecommunication services, Qatar Telecom (Qtel) is classified as the DSP. On-net/off-net pricing differentiation is a commercial practice of telecom operators in which they offer cheaper rates for calls or telecommunications services on their network (on-net), as opposed to calls or service from a different network (off-net). While this practice is not inherently anti-competitive, regulator determined that in Qatar's developing telecommunications market such a practice had the potential to harm the growth of a smaller network and reduce competition. Regulator conducted a consultation with both Qtel and Vodafone-Qatar prior to issuing of the order. In another regulatory intervention the telecom regulator rejected a complaint filed by the country's second national operator Vodafone Qatar. The complainant alleged that former monopoly Qatar Telecom (Qtel) acted anti-competitively when pricing international calls by offering below-cost tariffs. Regulator said that it conducted an investigation that included filings by both Qtel and Vodafone Qatar and concluded that Qtel did not engaged in anti-competitive behavior with respect to its pricing for international calls.

Saudi Arabia

Saudi Minister of Economy and Planning told that the Kingdom's total investment in information and communication technologies (ICT) sector is expected to reach SR50 billion by 2015. Investment will hit around SR37 billion (US$9.9 billion) in 2013 which will offer further impetus for growth and development, he added. He said investment (both in public and private sector) in boosting and developing the sector had reached SR22.3 billion in 2009. Al-Gosaibi's remarks came during the first day of the GITEX Saudi Arabia 2011 at Riyadh. "The Kingdom's ICT sector (in products and services) has registered a growth rate of 18.5 percent between the period of 2001 and 2009. Al-Gosaibi said Gitex Saudi Arabia 2011 has international participations from leading IT companies will serve as a platform for Kingdom's ICT sector to promote local industry and help transfer of expertise. "Saudi Arabia is the region's largest ICT market, which is reflected from the participation of some of the leading international industry players," he said. A large number of officials from various government agencies and representatives of ICT companies, organizations and top business executives were present in the opening ceremony. Around 400 exhibitors from 16 countries are to showcasing the latest ICT technology, the developments taking in the industry and portraying emerging trends within the buoyant Saudi ICT sector. The four-day event is under the patronage of Ministry of Communications and Information Technology (MCIT). GITEX Saudi Arabia 2011, the 10th International Information Technology Exhibition is the Kingdom's premier ICT event, which attracts some thousands of visitors every day. The countries that have set up national pavilions are Egypt, Taiwan, Pakistan, China, the UAE and Jordan. The General Secretariat of the National Plan for Communications and Information Technology (NPCIT) will conduct lectures aimed at creating a digital culture in the country on the sidelines of the event. It will also launch an e-training project on the occasion. The lectures from public sector officials will make presentation on e-trading program while highlighting Saudi e-gate and other e-trading concepts and trends. In another account the Arab Advisors Group released the results of its Cellular Competition Intensity Index 2011 this month on the margin of the 8th annual Media and Telecoms Convergence Conference to be held in Amman on June 6-7, 2011. The index ranks Saudi Arabia as the most competitive Arab cellular market. The Cellular Competition Intensity Index results for April 2011 revealed that Saudi Arabia tops the score as the most competitive Arab market- with a 76.01% mark followed by Jordan (75.37%), Palestine (69.61%).

Sri Lanka

During the month Mobitel, the cellular arm of Sri Lanka Telecom signed an agreement with the country's Board of Investment (BOI) to trial and deploys a 4G mobile broadband network based on Long Term Evolution (LTE) technology. Forming part of its current US$60 million phase of network expansion and upgrade which will see its network augmented with 1,000 LTE-capable base stations. Mobitel is aiming to demonstrate mobile broadband speeds nearing 100Mbps (downlink) and 50Mbps (uplink) using LTE, ahead of a commercial launch – the first in the country, it hopes – when suitable radio spectrum becomes available. The regulator disclosed that the spectrum allocation for the commercial operation of LTE will soon be finalized and the operators will be able to launch nationwide enhanced ICT infrastructure to benefit all businesses and consumers in Sri Lanka through this latest evolution in mobile broadband technology. Dialog Axiata has launched a pilot 4G Long Term Evolution (LTE) mobile broadband network technologies and has demonstrated data speeds of 40Mbps-50Mbps (download) outdoors under 'actual' mobile network conditions, as well as downloads of up to 100Mbps in a static indoor demonstration. The operator says it will conduct 'extensive' 4G trials while continuing to expand its commercial 3.5G HSPA+ services across all provinces of Sri Lanka. Sri Lankan celcos are showing signs of recovering from cut throat competition and soaring inflation a few years ago, but experts say the recovery is short lived as the sector has already hit its next stumbling block. Shorter life spans in emerging technologies and ill advised expansion plans are the latest threat to the sector's future sustainability. Rohan Samarajiva, Chief Executive of South Asian think-tank LIRNEasia, says most Sri Lankan celcos burnt their fingers migrating to 3G (Generation). Most 3G networks are notorious for weak signal strengths; hence data speeds are much slower than promised. "I think from a consumer perspective it really doesn't matter, prices are set by markets and not in relation to costs and I don't care if my provider writes-off or doesn't," Samarajiva said. "From an investors' perspective they should be looking at the track record of management in understanding technology trends and making the right kind of decisions." The Sri Lankan celco market is shared between Dialog Axiata, Etisalat, Mobitel, Airtel Lanka and Hutch. An intense price war started with Mobitel, a firm connected to state-run Sri Lanka Telecom giving a cut price tariff plan to state workers, ahead of Bharti Airtel's entry to the island. Soon afterwards the celco sector played a tit-for-tat policy that soon turned into a bloodbath that ended with all operators posting record losses. In 2009 market leader Dialog Axiata made a loss of 12.2 billion rupees, the highest loss ever recorded at the Colombo Stock Exchange. Nearly 66% of the loss came from writing-off the old network. Telco infrastructure is a highly cost centric investment that require millions of dollars at any given tech upgrade. In another regulatory move the regulator showed its intentions to conduct tests on the mobile networks HSPA services to determine the average mobile broadband speeds offered. The regulator said that it is carrying out the research after noting that the networks advertise their services using the peak theoretical rates as opposed to the realistic live rates experienced by consumers. The regulator said that it decided to conduct technical assessments on all HSPA services to find out whether the network infrastructure of the providers are really capable of providing to the end user the speeds advertised by them. The regulator is hoping for a tariff reduction in broadband and mobile facilities in the local telecommunication industry and anticipates a drastic tariff reduction in prices of mobile and broadband facilities in the country. The country has identified the deployment of the Optical Fiber National Backbone network development project as vital for achieving cost effective and reliable broadband network to interlink the country. Accordingly, under the directions of TRC optical fiber backbone network of Sri Lanka Telecom will be used as the national optical fiber national backbone network. TRC is also hoping to introduce Internet Protocol Version 6 (IPv6) shortly. The telecommunication and broadband operations in country have been improved in the recent past with the proper intervention of the regulator.

Syria

Despite a delay in the auction process because of anti-government protests, Saudi Telecom Company (STC) expects to win a bid for a mobile operating license in Syria. Analysts say the Syrian mobile market has strong growth potential, but an auction of its third mobile license has been held up by political unrest. STC said the company was still pursuing the license and was confident of success. STC had not received a reply from Syrian authorities regarding a decision on the license. Syria was a good strategic fit with other markets in which STC operated, such as Turkey and the Gulf. STC and its rival Qatar Telecom are the only major companies left in the running for the licensee, after others including Etisalat, France Telecom and Turkcell pulled out. Some operators cited concerns over a 25 per cent revenue share demanded by Syria, although STC feels there is potential there, given the relatively low use of mobile phones in the country at present. Meanwhile, STC plans to invest more than US$1 billion (Dh3.67bn) this year in infrastructure across its global operations.

Tunisia

France Telecom-Orange is launching its Orange Tunisia mobile, fixed and internet operation this month. The joint venture with Orange's local partner, Mabrouk subsidiary Investek, will focus on mobile broadband offers and competitive international tariffs from the outset in a country where mobile penetration stands at over 90 percent. It owns 49 percent of the new operator. Orange Tunisia will invest TND 1 billion (around EUR 500 million) to launch operations and install the country's first 3G network. This network, which will be operational from day one, already covers most of Tunisia's major cities. Overall coverage will be doubled by the end of the year. France Telecom-Orange said it will provide the technical know-how and investment necessary to ensure the development of 2G and 3G+ network offering nationwide coverage. International roaming agreements are in place for use by foreign visitors to the popular tourist destination. The move brings Orange's footprint in Africa and the Middle East to 18 countries. France Telecom won its Tunisian license in partnership with Mabrouk subsidiary Divona Telecom, Tunisia's only VSAT and WiMAX provider, which subsequently changed its name to Orange Tunisia. It previously merged with sister company Planet, one of the country's biggest ISPs.

Turkey

Turkish conglomerate, Çukurova Holding has had its shares in the local telco, Turkcell sequestrated after it failed to pay a tax bill of TL 1.25 billion (US$800 million). Turkcell confirmed that it had received a "precautionary seizure" order from the tax office of shares and rights owned by former chairman Mehmet Emin Karamehmet's Cukurova Holding in Turkcell due to Cukurova's unpaid tax debts. The move comes at a delicate time for the company as it blocks Çukurova from exercising voting rights over the company during the ongoing shareholder dispute between itself, TeliaSonera and Altimo. TeliaSonera has an effective 37.1% stake as the main shareholder in Turkcell, but it cannot control the company because a special purpose company, Turkcell Holding, holds 51% of Turkcell. A total of 53% of Turkcell Holding is owned by a Cukurova-Altimo partnership and 47% by TeliaSonera. Çukurova and Altimo each effectively hold about 13% in Turkcell. Presently, Turkcell's board has seven members and the three shareholders each have two representatives on the board of directors plus the nominally independent Chairman. TeliaSonera has sued the Chairman after it alleged that Cukurova and the Chairman repeatedly blocked calls for two independent directors to be appointed to the company. The inability of Cukurova to exercise its voting rights could give TeliaSonera the gap it needs to force through the changes it has been seeking in the corporate governance.

According to reports the country's authorities are creating legislation that would require its Internet users to choose one of four content-filtering packages. Critics say this is unconstitutional and violates the right to freedom of expression. Under a decision on "Rules and Procedures of the Safety of Internet Use," approved by the regulator in February, Internet users in Turkey will have to choose one of four Internet packages: family, children, domestic or standard. Rather worryingly, the list of websites filtered by each package will be decided by the regulator but will not be made public. regulator told a Turkish news agency that the debate on the filtering application is "inaccurate" and that "bringing this topic to the agenda these days is political." The debate on the Internet filtering comes up after the Telecommunications Directorate sent ISPs a list of 138 words, urging the companies to ban websites that contained any of them in their domain names. After experts argued it was illegal, the Directorate withdrew its request. However, access to thousands of websites is already banned in Turkey. The parliamentary group deputy chairwoman of the ruling AKP party told that as a party, we already fight against bans but there are some websites that interfere in people's private lives. So there should be a control mechanism to protect private life.

United Arab Emirates

Based on its belief in the importance of protecting and preserving the environment, and reassuring its firm commitment to the effective contributions in reducing emissions of greenhouse gases in the UAE, which is considered as a valuable contribution within the framework of the efforts to achieve the objectives of mitigation of emissions at both the local and international levels, Commenting on the newly launched consultation TRA Director General told that in the past few years, the ICT industry has started to adopt environmentally-friendly strategies and many telecom operators have started to implement a green approach by deploying alternative energy solutions to reduce carbon emissions and decrease the negative impact on the environment. It is estimated that the ICT industry contributes around 2.0 - 2.5% of global greenhouse gases (GHG) emissions. Unless action is taken within the Industry, these percentages are likely to grow as ICT becomes more widely deployed. The TRA is seeking to play a vital role in leading the ICT sector in UAE to implement green policies and practices thereby reducing the percentage of GHG emissions from the ICT industry. Further, the TRA wishes to study how ICT can help in reducing GHG emissions from other sectors. As a start, the TRA would like to consult with stakeholders on the best approach, practices and rules that the TRA should adopt when it comes to green ICT within the UAE. In keeping with its values of transparency and sector engagement, the TRA wishes to engage all potential stakeholders in this consultation on Green ICT Practices to enable the TRA to establish a clear policies, guidelines and initiatives to reduce carbon emissions in the UAE. All concerned parties are requested to submit their initial responses not later than July 12, 2011. Following this the initial responses will be published on July 21, 2011. The closing date for comments on the initial responses will be the August 4, 2011, and the publication of the consultation response document will take place on August 11, 2011.

The telecom regulator hosted the 29th meeting of the Arab League Permanent Committee for Telecommunications and Information from May 1-2, 2011. Twelve Arab states participated. The meeting was also attended by representatives of the Arab League Secretary General, representatives of the International Telecommunication Union Arab Regional Office, and representatives of the Arab Information and Communication Technologies Organization in Tunisia. Regulator told that by hosting this meeting, it reaffirms its commitment to Arab efforts in the field of telecommunications and to providing cutting-edge telecommunication services to the people of the Arab World. Primary among topics on the agenda were the committee's recommendations to be presented next month at the Arab Telecommunications and Information Council of Ministers meeting in Lebanon. The recommendations included an early and active Arab preparation for the World Telecommunication Standardization Assembly to be held next November, Arab participation in the functions of the International Communications Conference to be held November 2012, and Arab preparations the World Radio Communication Conference to be held early next year. The committee also discussed other important topics like Comprehensive Internet Access Points Project and the Arabic Domain Names Pilot Project. Another significant result of the meeting was the adoption of the UAE proposal to establish a temporary Arab team to prepare for the upcoming World Conference on International Telecommunications (WCIT) 2012. In addition, the committee recommended forming a team from the International Telecommunication Union-Arab Regional Office in Cairo to prepare for the Arab Regional Conference on Connectivity to be held in Qatar. The Arab League Secretary General will forward the committee's report and its recommendations to the Arab Telecommunications and Information Council of Ministers. The regulator also announced that only licensed operators can offer VoIP services in the country. Currently, Etisalat, du and Star Communications are the only entities which are licensed to provide, retail VoIP services to subscribers in the UAE. Investments in IT and Telecom sector are expected to grow by 15% in the year 2011, to reach AED 18.4 billion against 16.1 billion in 2010. The UAE has taken huge steps to update and promote the telecommunications and IT infrastructure, fuelled by an inspiration to develop knowledge-based economy and constant endeavor to thrive creativity as a key added value component. A report prepared by the Abu Dhabi Department of Economic Development (DED) Economic Studies Section to mark the International Telecommunications Day, stated that the state's efforts in this area resulted in achieving a quantum leap in various Information and Communication Technology (ICT) indicators. UAE's drive in this respect resulted in a leap in telecommunications and IT user indices, registering 199.3% mobile penetration rate by February 2011, 63.2% internet user rate, and 30.6% of landline users for the same month. Many international studies and research published recently confirm that the UAE is well-positioned amongst the top regional and international IT and telecommunications developed countries, leading the Arab countries according to the Global IT and Telecom Report issued by International Economic Forum for the last three years. According to the figures released by the Abu Dhabi Department of Economic Development, the UAE had more than 11 million mobile phone subscribers at the end of February, pushing its penetration rate close to 200 per cent, one of the highest rates in the world. Internet subscribers also exceeded 1.4 million while landline users stood at around 1.7 million at the end of February, the figures showed. The regulator announced the launch of Public Consultation on the adoption of green ICT practices.

PRICE OF MOBILE SPECTRUM FALLS IN REAL TERMS

A study of over 200 auctions of individual mobile licences since 2000, carried out by PolicyTracker indicates that the spectrum being released over the next few years is much better value than the 3G bands which have been auctioned over the past decade.

bands become more apparent. The study is based on data from June quarterly update of the Global Spectrum Database which covers spectrum usage and allocation in 90 major economies and has information on 1500 licences and 800 operators.

Band	Average price ($/MHz/pop)
2 GHz auctions since 2000 *	1.33
2 GHz post bubble i.e. auctions since 2001 *	0.9
800 Mhz and 700 MHz (2008 onwards)	0.91
2.6 GHz (2005 onwards)	0.07
2.6 GHz (2008 onwards)	0.1

* 2GHz $/MHz/pop calculations are based on historic exchange rates to prevent distortion caused by the rise in the value of the Euro since 2000 **Source:** Global Spectrum Database **June 2011**

These new bands – principally 700/800 MHz and 2.6 GHz – are likely to be used for 4G services, offering much higher data rates and spectrum efficiency through technologies like LTE. The propagation characteristics of 700/800 MHz mean that far fewer base stations need to be built, again offering huge savings over 2GHz, the predominant band for 3G.

The new bands offer much more, but they do not command higher values at auction. In fact where 700/800 MHz and 2.6 GHz have been sold so far they have proved on average cheaper than 2GHz, or about the same price. When these figures are adjusted for inflation the benefits of the new

4G spectrum is a better deal

The average price for 2 GHz licences auctioned since 2000 is $1.33/MHz/pop but the 700 and 800 MHz spectrum released by the switchover to digital TV has gone for less than 70% of this price. So far 700 and 800 MHz have only been sold in the US (2008), Sweden (2011) and Germany (2010) and the average price was $0.905/MHz/pop.

Of course 2 GHz was famous for generating the bubble valuations of the dotcom boom (See 2GHz graph). But even if you ignore the prices from 2000 ($2.88/MHz/pop!) the average value of a 2 GHz licence over the past ten years has still been $0.90 Mhz/pop: about the same price as the digital dividend bands, despite inflation and the superior properties of the 700 and 800 MHz bands.*

The contrast with 2.6 GHz is even more marked. Since 2005 the average auction price for this band is $0.073/MHz/pop, only 5% of the 2 GHz overall average. If you look at 2.6 GHz licences sold in the same period as the 800 Mhz and 700 MHz licence the figure is very similar. The average price for 2.6 GHz licences from 2008 onwards is $0.098/MHz/pop, or 7% of the 2 GHz average.

The true value of new mobile spectrum is underlined when you consider the impact of inflation. The cumulative figure since 2001 has been calculated at 26% for the US and 24% for the UK, to take two examples in the developing world. Inflation in the developing world is usually estimated at higher rates.

Bearing in mind that the 2 GHz post-bubble figures come from results spread fairly evenly across the past decade it would seem reasonable to assume an inflationary increase of at least half the UK and US figures, say 12.5%. This gives an inflation-adjusted average of $1.01/MHz/pop, compared to the 2 GHz figure of $0.90/MHz/pop.

Explanation

So why is this new spectrum proportionately much better value? There seem to be three explanations: Firstly, there is more spectrum available. Single bands like 2 GHz are no longer seen as the only option for new services, and as more alternatives become available so operators are less willing to pay high prices for specific bands. And of course most mobile operators also own 900 and/or 1800 MHz spectrum which can be refarmed for 4G services.

Secondly operators have greater certainty about business models, customer habits and spending patterns. Unlike ten years ago, auction bidding is no longer a shot in the dark on which the future of the business may depend (See French (2009).

Thirdly, the mobile industry is consolidating making it less likely that new entrants will try to break into markets so pushing up spectrum prices.

Good news or bad news?

So in policy terms is the increasing value of spectrum a positive development? Treasuries may be disappointed that auction prices are going down but in terms of wider economic growth this is likely to be good news.

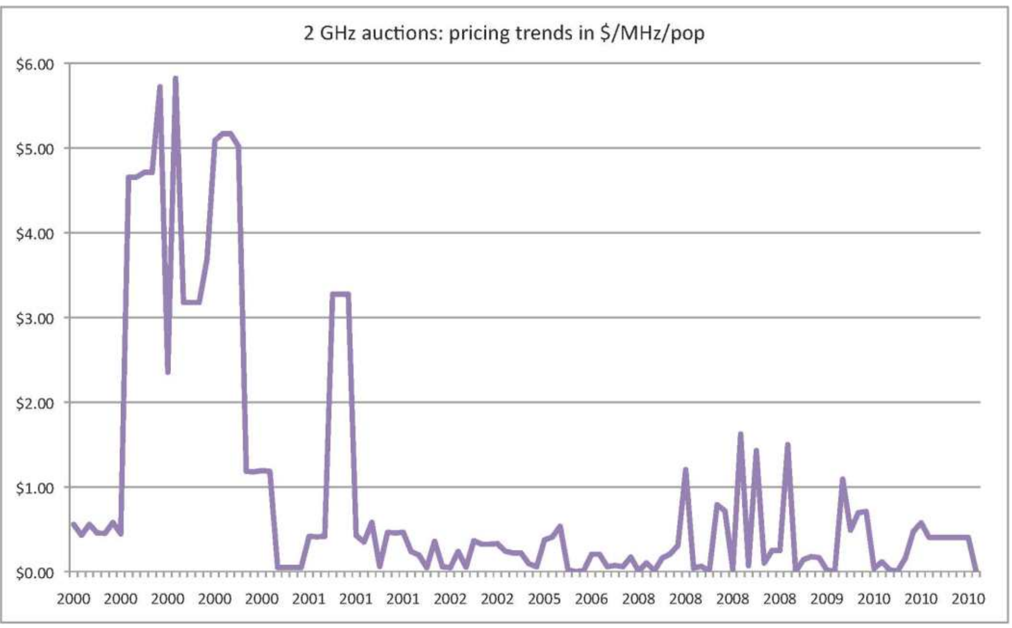
The biggest benefits of spectrum usage come from the economic growth and increased efficiencies generated by cheaper and more ubiquitous voice services, broadband and new applications. The taxation that this sort of growth generates is likely to bring in more money for governments than auction receipts.

We may be seeing the beginning of the end of the artificial scarcity which many feel has kept mobile spectrum more pricey than it needs to be. As French (2009) has argued the belief that 2 GHz was the only band available to implement the next generation of mobile services was a key factor in creating the inflated prices in 2000. Now it seems possible to implement new services in many bands such as 700 MHz, 800 MHz, 900 MHz, 1800 MHz, 2 GHz and 26 GHz, so prices are coming down.

Competition pushes up prices

This research also highlights a cautionary note in using Mhz/pop to estimate likely auction values. As the 2.6 GHz graph shows, three auctions achieved much higher prices than the others. The explanation would appear to be the level of competition. In the Hong Kong auction, there were five bidders for only three licences, driving up prices.

In Denmark and Sweden it was the overall level of mobile competition which seemed to push up values. Both are four-player markets, unlike Finland (2009) and Norway (2007), which have three operators or fewer and where prices were much lower.•



Martin Sims
Managing Director
PolicyTracker,

TOP TECHNOLOGY UPDATES

Times Telecom Completes Development of the "Magic Phone"

Times Telecom Inc. has announced the completion of development of the “Magic Phone,” a phone service developed by Times Telecom's Product Development Team over a 3-year period. This app will turn almost all Apple devices such as iPod Touch, iPad, iPhone into a full feature phone via WiFi access. This product will mostly benefit travelers and business people who travel frequently, but will also cater to anyone who needs to contact their friends or families overseas at a cost-efficient method – free. “We are very happy and excited to create a product that will allow consumers to save roaming charges, airtime charges with full phone functionality and your own personal number for free,” says Terry Bahar, President of Times Telecom.

Cell C Launches Portable 3G WiFi Router Deals

Cell C has begun advertising a branded version of the NetComm portable 3G WiFi router on its website. Earlier this year Cell C revealed that it planned to launch the MyZone portable 3G WiFi router manufactured by Australian network and communications company NetComm. The device is slightly larger than a credit card, weighs in at 77 grams and in testing delivers on its specification of 4 to 6 hours of continuous use. The MyZone can connect to UMTS900 networks and supports HSPA download speeds of up to 7.2 Mbps and upload speeds of 5.76 Mbps. Cell C has launched contract packages for the devices with the same pricing and data limits as their previous data promotions, though a pay-in is applicable.

Cytracom Plans for More Growth with CoreXchange

CoreXchange, offering the IT industry's most comprehensive suite of data center and network-layer managed services, has been chosen to provide additional connectivity and data center services to Cytracom, a CoreXchange enterprise customer and fast-growing provider of voice over IP (VoIP) services. Cytracom provides high-availability VoIP solutions through an exclusive partner network and owns and operates its own equipment on a fault-tolerant network engineered for high demand VoIP traffic. The company anticipates strong growth this year as a result of increasing market reach and awareness and the expansion of its channel partner network. Cytracom continues to rely on CoreXchange as it grows its network and data center infrastructure necessary to support and provide superior VoIP solutions. "We chose CoreXchange because of its managed mesh of top tier carriers and expertise in network management," said Zane Conkle, Cytracom's chief operating officer. "CoreXchange is our go-to source for high-performance connectivity, allowing us to realize the highest level of network performance at an affordable price."

PMC-Sierra Announces Industry's Advanced Quad-Port EPON OLT SoCs for FTTH

PMC-Sierra, Inc. announced the industry's most advanced multi-port EPON OLT System-on-Chip solutions that address the need to increase network functionality, improve reliability and reduce power consumption. The PAS5400 devices integrate four 1 Gbps EPON MACs and are scalable to enable high-density OLT equipment. The new family of four-port devices integrates the most advanced PON capabilities on the market, including: integrated traffic management and packet processing, advanced power save modes that allow remote power down of customer premises equipment, in-band optical fiber testing and support for mobile backhaul. "Carriers are looking for ways to deliver new services and higher bandwidth to a growing base of subscribers, while improving network reliability and reducing operational cost," said Raphael Sankar, vice president and co-general manager of PMC's FTTH division. "PMC is the only provider that can deliver this level of innovation across a complete portfolio of solutions for EPON, GPON and 10G PON with maximum software reuse, and this solidifies our leadership in the optical fiber access market segment."

Sony Ericsson Launches Mix Walkman, txt pro Handsets

Sony Ericsson unveiled two new phones, the Mix Walkman and txt pro, which will launch in select markets in Q3. The Sony Ericsson Mix Walkman is a music touch phone that comes with new features such as Zappin, which lets the user browse through songs by automatically being served the chorus of the songs, and a karaoke mode, which lowers the vocal track of a song while it's played. The look of the phone can be personalized with exchangeable color bands that run along the edge of the phone. The Sony Ericsson txt pro combines a 3-inch touch screen with a 3.2 megapixel camera and slide-out QWERTY keyboard. Its integrated friends application enables users to add their five best friends to see quick updates from their Facebook and Twitter feeds. Both phones support WiFi and have a four-corner, touch-based user interface similar to the Xperia mini range.

Astell Launches 3G Remote Wireless Support System

Astell Scientific, a manufacturer of autoclaves and sterilizers, has launched a 3G remote wireless support system that is useful in situations where traditional infrastructure is not available. The system uses a 3G SIM card and the latest wireless technology to link to Astell Scientific's UK-based technical support team. At the operator's request, the company's technicians can take control of the color touchscreen unit as if they were actually on site, allowing them to diagnose faults and program new cycles without the delay or cost of an engineer's visit. If a physical fault is detected and an engineer's visit is necessary, then he or she will be aware of the problem and the parts required in advance, minimizing time on site. The 3G remote wireless support system is available as an option on all Astell Scientific autoclaves and effluent decontamination systems and is useful in situations where an engineer's visit would be impractical or time consuming

ZyXEL Introduces Additional IPv6 Compliant Networking Solutions

ZyXEL Communications announced the availability of a few more IPv6 compliant networking products, as extensions to expand ZyXEL's IPv6 product portfolio, which began in 2004. These several new VDSL2 offerings revalidate ZyXEL's pioneering position as the leading proponent of the growing predominance of IPv6 deployment. This newly developed ZyXEL End-to-End IPv6 Compliant Bonding Solution includes VDSL2 DSLAM with two models (VES1724 and VES-1608FE-57), a line-card (VLC1424G-56) for extendibility and pair-bonded VDSL gateways (P-873HNUP) featuring dual-functions with a Gigabit Ethernet WAN interface for FTTH applications and 802.11n WiFi connection for up to 300 Mbps. the gateway supports HomePNA 3.1 with a data transfer rate of up to 320Mbps, and unified USB Port Support Print Servers, USB-based NAS (network attached storage) or Z-Wave Wireless Device Controllers for a variety of Smart Home Applications.

New UMTS/3G/HSPA+ Cellular Routers for Outdoor Applications

German networking specialists LANCOM Systems expands its product range with two new VPN routers for outdoor applications: The LANCOM OAP-3G is a cellular router with integrated multi-mode HSPA+ modem. The LANCOM OAP-321-3G additionally offers 802.11n wireless LAN. The devices have a water-tight, very hard-wearing metal housing (IP66 protection class) and are designed to operate between -33 and +70°C. Applications for the routers include the use of cellular networks to provide Internet connections to outdoor systems such as video cameras, traffic-monitoring systems, and solar or wind power plants. The model equipped with wireless LAN is ideal for setting up nomadic hotspots, for example at events or in marinas, or for networking construction sites. When working with HSPA+ the devices achieve peak operating data rates of 21 Mbps for downlinks and 5.76 Mbps for uplinks. The built-in cellular modem is backward compatible with UMTS/3G, EDGE and GPRS, so maximizing flexibility and reliability.

Cybercom Develops Infotainment Solution for In-Car Entertainment for PLDS

Cybercom is delivering blueGO, its third generation Bluetooth software framework for hands-free systems, to PLDS Automotive. The system, using blueGO, is installed in about 1.5 million cars annually. "We chose Cybercom since they are leading Bluetooth experts in the automotive world with a solution that allows our clients to utilize the latest features, and since the system is simple to use irrespective of what mobile phone the end user has," says Stefan Graf, head of technology marketing at PLDS. "BlueGO will make it easy for us and our customers to integrate secure Bluetooth communication into an in-vehicle infotainment (IVI) system." PLDS is one of the world's leading suppliers of optical disk drive systems to the automotive industry. The agreement is valid until further notice. Cybercom is supplying blueGO as a complete Bluetooth application, along with integration, optimization, and systems testing.

DRM Solutions to Prosper with Thriving Mobile Gaming Market

According to a research report, "Global DRM Market Analysis", global DRM market has grown significantly during the past years and is projected to grow at a CAGR of over 22% during 2008-2014. The study shows that the mobile gaming market is creating huge potential for DRM solutions as content protection has become a major area of concern. Besides, DRM facilitates content owners in monitoring and protecting their copyrighted works by restraining the illegal propagation, trading, and sharing of digital content. Digital Right Management (DRM) has emerged as a tool to prevent the theft of digital content and thus, ensures a fair deal for content providers, network operations, and the public. Additionally, the rising popularity of the next-generation mobile content services is increasingly highlighting the benefits of mobile DRM and this will be the most important revenue driver for the DRM industry. Today, DRM systems have garnered greater attention in mobile content industry than in the enterprise sector.

SAVE AT-RISK CUSTOMERS WITH SAFETY NETS

It's a great time to be a telecom consumer. Technology advances have enhanced voice and data communications. And competition has opened up because of deregulation, new emerging providers, and more choice about plans and payments. What's good for cus-tomers, however, can be a nightmare for operators if they don't take action based on this reality.

The telecom industry in the Middle East in particular is in crisis mode. Until a few years ago, many telecoms were the only game in town, and didn't have to prioritize serving the needs of custom¬ers. Now, customer churn is a critical concern. Furthermore, up until the global financial crisis in 2008, customers were abundant in the region. Workers were moving to the Gulf region, and a rise in wealth opened up mobile devices to new customers. Operators didn't need to care about the customer experience, loyalty, or churn prevention. If a customer left, there were five more to take his place. Now, it's a different world. Markets have opened up to competition, and customer service advancements in other industries have elevated customer expectations for the telecom experience. Operators now spend their time trying to steal customers away from one another with short-term price deals. This is not a sustainable model.

> *Companies now realize the importance of man-aging the customer experience throughout a customer's lifecycle.*

We at Peppers & Rogers Group suggest applying three levels of "safety nets" to maximize retention and profitability: customer experience management, total relationship loyalty, and churn pre¬diction and prevention.

Safety Net #1: Customer Experience Management

Companies now realize the importance of managing the customer experience throughout a customer's lifecycle, with the goal of turn-ing satisfied customers into loyal

advocates. Telecom providers must proactively create the desired customer experiences and effectively manage them to successfully create long-term trust based relationships.
Customer experience management (CEM) is vital for telecom providers because it builds customer trust while maintaining the brand promise. CEM is a companywide, multiphase, multiyear project, so when implementing it, there are a number of factors to consider.

First, telecoms must assess the current customer experience by mapping how customers interact with the company across touchpoints throughout their lifecycle. From there, companies can identify moments of truth from which customer insight can be gleaned and identify customer preferences and needs at different interaction points.

Next, a customer experience strategy should be designed based on the vision and guiding principles for each company. What does the ideal future state customer experience situation look like?
Finally, it's time to implement the CEM strategy. To do this, com¬panies must identify the gaps between the current and future state, then define and prioritize the initiatives to close those gaps.

Safety Net #2: Total Relationship Loyalty

A solid customer experience program is important, but it's not enough on its own to prevent churn. CEM lays the foundation for differentiated treatment of customers. An engaging loyalty pro¬gram is required to keep a certain level of attachment with the customer even when a company occasionally fails to deliver on its Customer Experience. We call our approach to this Total Relation¬ship Loyalty (TRL).

A Total Relationship Loyalty program goes well beyond mere points-based loyalty programs. The objectives are two-fold: first, to increase customer insight, learn more about customers, and consequently, serve them better with customized rewards; and second, to develop and strengthen customer relationships, further engage them, and engage them recurrently. TRL is composed of three pillars:

1. Customers: Different customers should belong to different program tiers. They can be tiered based on their value to the telecom and also based on their lifestyle. Tiering is essential to be able to treat different customers differently and provide customized rewards and treatment for them.

2. Products and services: Products and services are the core program rewards; they can also be the main drivers for custom¬ers to earn points. TRL can guide different marketing strategies, e.g. by offering upsell as rewards.

3. Channels: Channels represent other forms of rewards and allow the expansion of loyalty engagement across all customer inter-actions. TRL can contribute to a successful channel strategy by designing earn-and-rewards rules to drive desired customer behavior related to channel usage.

Of course, it's essential to align the TRL program with other cus¬tomer initiatives. The entire organization must be on board with the program for it to work, and it should be managed by a dedicated, centralized team with a strong internal champion.
In addition, the right communication to customers can become a key differentiator over the competition. Therefore, the program should be well positioned to communicate its benefits to customers.

Safety Net #3: Churn Prediction and Prevention

Not every customer will be interested in loyalty program membership. An additional safety net must be built to have an even higher level of retention for customers. Being able to predict churn well in advance and work on proactively preventing it is the next level of anti-churn protection that an operator can build. Predicting churn and then designing cost-effective strategies to reduce it are extremely difficult undertakings for most telecommunications companies. Such proj¬ects require organizing and analyzing huge volumes of data that are often difficult to access and consolidate.

People churn either voluntarily by terminating their service con¬tract, or involuntarily, due to failure to pay or fraud. Churn metrics must measure who churns why, so companies can work to coun¬teract it. For example, most people voluntarily churn because of price, quality, network coverage, customer service, and brand image. Telecoms should focus on activities that positively affect high-value customers in each of those categories. Meanwhile, the best way to manage involuntary churn is to determine who is likely to be fraudulent or have credit problems and prevent them from subscribing in the first place.

After defining the extent of their churn, telecom companies must then use predictive modeling techniques to score each of their cus-tomers based on their likelihood to churn and develop retention actions (campaigns and special offers).

With all these safety nets in place, telecom operators will be able to retain an increasing proportion of their customers. Each one of these levels must work in tandem to provide a strong network that cushions current customers and prevents them from falling through the cracks to competitors. Working together, safety nets combine to strengthen the customer relationship over the long term.

Mounir Ariss
Managing partner
Peppers & Rogers Group

YIELD MANAGEMENT: CUSTOMERS WIN, YOU WIN

Communications service providers in the SAMENA region clearly aspire to expand communications infrastructure as the foundation for 21st century economies. While initial investment in communications networks over the years may have been sparked by national initiatives for economic growth or more widespread access to communications services, service providers will need to ensure that investments in 4G and fiber are sustainable in and of themselves. One approach to better monetizing network investment will be Yield Management: the cultivation of additional revenues by engaging the consumer in the communications value chain. Maximizing network ROI in this way can not only help to fund ongoing investment, but provide more loyal (and hopefully higher ARPU) customers with a personalized, interactive communications experience.

Yield management is not a new discipline, and in fact has been used effectively for decades by other commercial sectors such as airlines and hospitality. The driver for yield management in communications would be similar to those other retail services industries: network capacity is a perishable good with a fixed supply. Conversely, demand rises and falls, and is subject to individual buyers' value equations – that means it can be changed. Every hotel room that sits empty for a night is lost revenue that a hotel cannot recoup. Every open seat on a plane is a wasted asset upon take-off; similarly, every minute a mobile network lies fallow is money left on the table or an opportunity for enhanced customer value missed. Adapting yield management to communications enables service providers to increase profits and customer value through the creative monetization of their unused network bandwidth.

> *Adapting yield management to communications enables service providers to increase profits and customer value through the creative monetization of their unused network bandwidth*

So what exactly is yield management? Until recently, telecommunications was considered a mass market, one-size-fits-all endeavor. But with the advent of mobile applications and smartphones, consumers began to look for ways to personalize their communications services, especially for those who had become accustomed to an interactive "personal computing" environment and ecosystem. Content, application, and connectivity providers are beginning to look at new revenue management techniques, whereby they can "micro-segment" consumer behaviors – creating a wide range of offers that differ by more than just "price and megabytes" – but take into account many consumer wants, needs and specific uses. Moreover, the online industry has shown its ability and willingness to better target specific offers at the right time and the right location. (For example, offering a mobile advertisement for a nearby sandwich shop to a tourist at lunchtime.) Yield management uses similar analytics of customer preferences and behaviors to provide a solid basis for targeted plans, real-time offers, add-ons or upsell of network services to enhance the customer experience. For example, a basic data subscriber requesting a movie download could be presented with an offer to upgrade their broadband subscription to a more premium bandwidth service, or could be offered enhanced bandwidth on a temporary basis, just for the duration of the movie streaming, at a nominal fee. As it progresses beyond analytics, yield management in effect becomes a dynamic price and package optimization process, analyzing supply and demand and vary pricing to "clear" inventory while offering consumers users more value.

> *Content, application, and connectivity providers are beginning to look at new revenue management techniques*

Improving the "yield" of the network is enabled by a real-time policy and charging environment. These capabilities support the notion of a market of one, opening the network to individual subscribers to meet their personal needs and their desire to innovate their lifestyle. They become part of the communications value chain-assembling content, connectivity, and convenience in a way that values the role of the network operator. The customer wins; the service provider wins.

What are some of the challenges associated with improving yield management? While demand varies widely...the supply is fixed. As my dear colleague, Dr. Francis Haysom, so aptly described in his article on "A Look Inside the Telecom Service Factory" (SAMENA TRENDS, February 2011), the complex interactions between service creation and network operations must be managed carefully. Instantaneous supply must match instantaneous demand. Real-time decision making and the requisite near-real time forecasting can be vexing. And these network offerings must occur on a per-person, per-service basis, in a context-aware analytical environment. This will be challenging, but feasible, as demonstrated everyday by airline and hotel reservations systems around the world.

> *Improving the "yield" of the network is enabled by a real-time policy and charging environment*

Of course, it is hard to get customers to open their wallets. But offering convenience has worked so far, has it not? Is not the entire mobile phone industry founded on offering the convenience of communications anytime, anywhere? Take mobile TV. Early skeptics thought there was no way that consumers would watch video on a three-inch screen. Convenience, based on what a subscriber is doing, when they need it and where, should have appeal. Offer a guaranteed premium video stream during the FIFA World Cup and see how much rabid fans will pay. The point here is less about impulse buys (although there is a lot of value there to be sure), and more about addressing the "unspoken voice" of the customer. ARPU is a battle when we ask the customer to just pay more—more money for more access—without an understanding of the willingness to pay. Subscribers may not know what they want, until it is offered to them at a time and in a context that they can appreciate...that they can value.

Shaping demand to boost infrastructure ROI

In addition to the single-event upsell and upgrade offers illustrated above, yield management concepts can be applied to shape consumer demand for network services based on network monitoring and forecasting analyses. Service providers usually have a good picture of peak demands and off-peak windows, including geographic and seasonal nuances. Dynamic pricing schemes can help to create promotions and/or discounts to drive take-up at low demand times and locations, or can target plans and add-ons for new target market segments or locations. This can encourage customers to use the network in a way that benefits the service provider, but in a way that offers economic utility to the consumer—give them a choice to pay during times of network congestion, or save money by deferring that video download until a discounted time of day. Dynamic pricing is aptly named because these offers can be made based on the minute-by-minute changes in traffic and utilization as they are detected across the network footprint.

In addition to shaping demand, feedback from this kind of offer experimentation can also help to better target future investments. Customer responses and behaviors can point to where to invest in new network capability or capacity, and can illuminate threats to the customer experience. Bandwidth management and service management tools can now link service creation and delivery with plan-to-provision and service quality management processes.

> *Dynamic pricing schemes can help to create promotions and/or discounts to drive take-up at low demand times and locations*

In the end, the objective is to unlock hidden value in your network and invite your customers to share in that experience. Think of network capacity as a perishable good, and adopt the retailer mindset that refuses to let a piece of fruit rot on a shelf while there are a hungry customers passing by their store. Yield management is credited with driving billions of dollars of revenue for the airlines and hospitality industries, and with some creativity and focus, could do the same for the communications sector.

Grant Lenahan
Vice President and Service Delivery Strategist,
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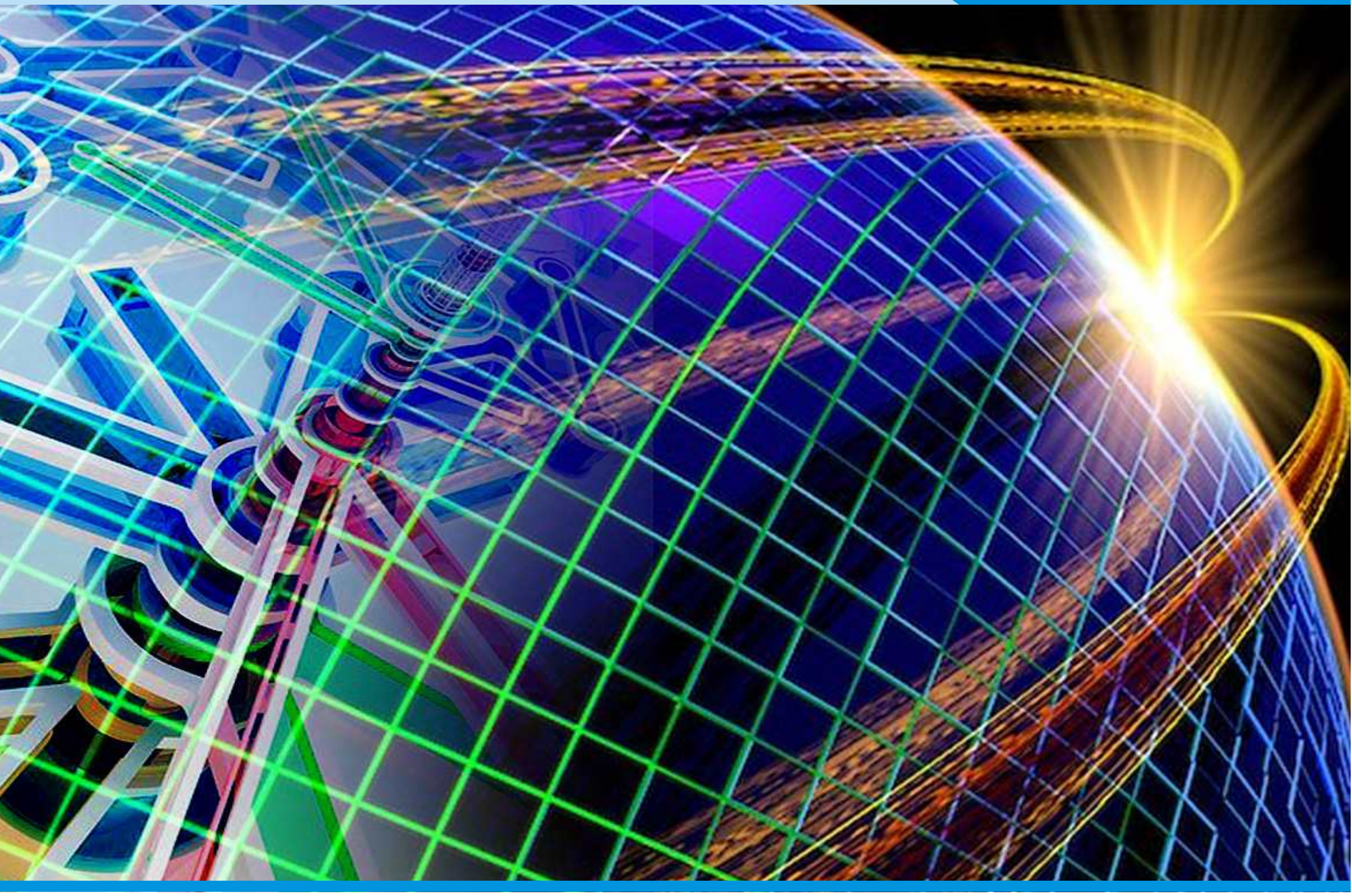


TOP ISSUES FOR TELECOM EXECUTIVES

The telecom sector worldwide is facing unprecedented challenges, and operators in the Middle East are no exception. With sky-high penetration levels in traditional businesses, operators no longer can assume steady revenue gains. Competition is heating up—not only from other telecom operators but also from new entrants including Apple, Google, Skype, and Facebook. Meanwhile, consumers are becoming more demanding and sophisticated, expecting operators to provide an "all you can consume" Internet model via ubiquitous bandwidth and the latest services at low flat rates.

With their business changing so rapidly, operators must be prepared to move forward on many fronts simultaneously. A recent Booz & Company roundtable including telecom industry leaders from the Middle East, India, Russia, and Turkey made it clear that there are a few issues that are top of mind for regional players. Innovation, both in processes and in products and services, is a critical item on the agenda of the meeting's attendees, who concurred that partnerships will be key to innovation in the application space. Operators also discussed the likelihood and implications of renewed industry consolidations. Finally, peering ahead, the telecom leaders on the whole expressed cautious optimism, noting some concern about the near term and then turning upbeat about the sector's long-term prospects.

Innovation

In the communications sector, innovation is wide-ranging; it extends from the evolution of new business models to the deployment of advanced infrastructure and encompasses the creation of content and applications.

Opportunities abound for operators to create new products and services. "There are new revenue streams to compensate for the decline of traditional revenue streams," said one participant, "and there is no limit for innovation in all these areas." Another operator said that over the last several years, his company has placed an emphasis on new service creation and innovation, "rolling out new services that have quite often taken us completely out of our comfort zone." His company, for example, hired IT professionals and now gets about one-seventh of its revenue from IT services.

Opportunities abound for operators to create new products and services. "There are new revenue streams to compensate for the decline of traditional revenue streams,"

The operators also addressed the sector's role as an enabler of innovation for applications and content. Operators can team up with outside application companies to position themselves to take advantage of future innovation in applications. "The model of partnership is going to be critical, because we all cannot be the Google or the Apple of the world-but we can collaborate," said one attendee.

Yet roundtable participants admitted that innovation does not come naturally to telecom operators. As a result, some participants felt that operators will benefit from shifting their attention away from applications innovation and focusing instead on internal innovation, materially changing the way they go about their business. "Innovation doesn't mean you have to go outside the course of your normal business," said one operator. "Doing your business differently and smartly can make a huge leap." Another participant agreed. "Our current business as telecom operators is still building infrastructure, creating top-quality customer service, managing efficient and effective distribution and retail channels, and creating lifestyle services. That is the core business. Everything around it we can innovate."

Operators can team up with outside application companies to position themselves to take advantage of future innovation in applications.

Consolidation

The need to operate in multiple markets will be a strong driver for consolidation. Operators expect to see activity on several fronts in the next few years: in-market consolidation, especially markets with more than three competitors; cross-market consolidation; and consolidation between telecom operators and other businesses.

The benefits boil down to scalability: gaining perspective from other markets to wring out cost synergies as well as the ability to introduce services and products. "Instead of inventing or reinventing the same product, six, seven, eight different times, a product can be launched in one market and then quickly rolled out across other markets," an attendee said. "At some point in time, regional scale might not be enough. We may want to expand globally as well and get experiences from other parts of the world."

Single-market operators at the discussion were candid about the challenges they face in having to sit out the consolidation wave. "We are now faced with a pie that's not growing as fast as it was 10 years ago," one single-market operator said, adding that shareholder expectations have increased. "Therefore, we need to focus our investments where the demand and return are. So we may be cherry-picking."

Single-market operators can integrate into other, larger networks, though not necessarily through ownership. "It could be through partnership or collaboration or by creating their own larger networks themselves," a participant said. Another option is to accept their high cost structure and seek government support in capital-intensive areas that will allow them to flourish as national champions.

Single-market operators can integrate into other, larger networks, though not necessarily through ownership.

Outlook for the Future

As attendees looked forward to the industry's prospects for the next few years, some operators expressed concern that regulatory involvement and a difficult macro environment could curb growth. "The biggest wild card is the regulatory regime and the underlying sector policy," one attendee said, referring to the liberalization that has opened the doors for multiple competitors to enter into his market, driving down prices and profits. Operators feel pressured by regulators, and believe that the foundations of their business are being challenged, with long-term detrimental effects, in the absence of a clear sector policy.

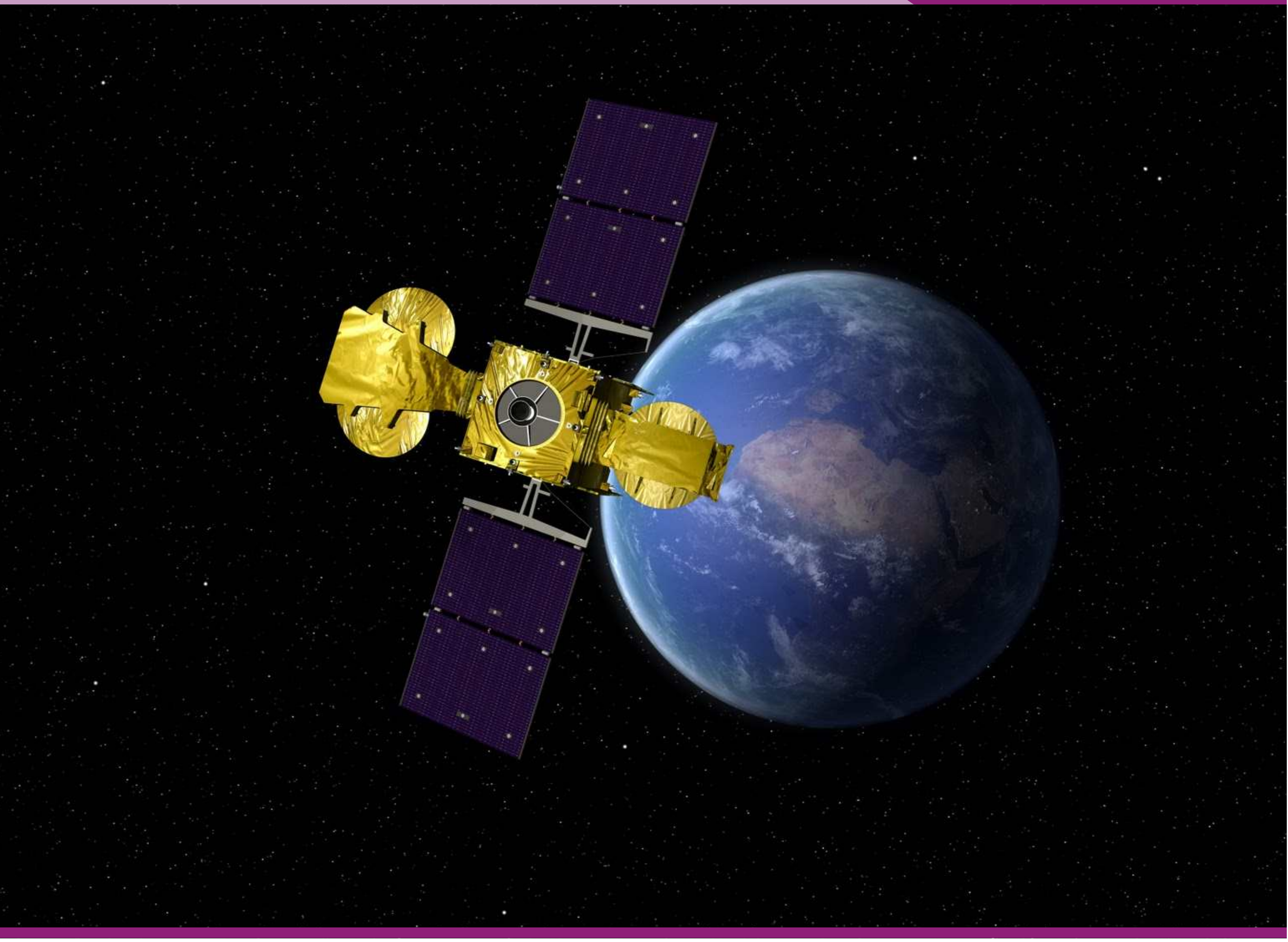
> *"Operators feel pressured by regulators, and believe that the foundations of their business are being challenged, with long-term detrimental effects, in the absence of a clear sector policy."*

On the other side of the spectrum, some operators were very upbeat. In select emerging markets, such as India, Internet and personal computer penetration are in single digits. And operators also see enormous opportunity in providing ICT solutions to businesses. "The nature of the conversations has changed from just selling pipes to actually delivering solutions," one operator said. Another participant noted that several governments have announced large-scale infrastructure projects that are very likely to fuel strong economic growth beginning in 2011.

Beyond the cautious optimism regarding near-term growth, most participants expressed unbridled optimism for long-term sector prospects. "I am extremely optimistic for 2012 and 2013 onward, where we will see the launch of a mega-cycle in global economies, where we will see the real impact of the current Asian markets' growth hitting investors in that part of the world," said one operator.

The one thing that is clear about the future of the industry is that the next decade will look very different from the last one, with operators facing new demands from consumers, regulators, and shareholders. In the absence of certainty, telecom operators in the Middle East will need to rely on their own astuteness about the changing market and develop the capabilities that will allow them to succeed in new circumstances.

Karim Sabbagh
Senior partner
Booz & Company



SATELLITE NEWS

Azerbaijan Buys First Communication Satellite, Sets 2012 Launch

Azerbaijan agreed to buy the country's first communications satellite with U.S. funding and plans to launch it next year. AzerSat is being developed by Dulles, Virgina-based Orbital Sciences Corp. (ORB) and will cost US$120 million, Deputy Information Technology Minister Elmir Valizada said in an interview in Baku. A loan from the U.S. Export-Import bank will cover 85 percent of the total. Arianespace, the world's biggest launcher of commercial satellites, agreed to lift AzerSat into orbit next year, Valizada said. If all goes well, Azerbaijan will buy a second satellite within two years of the first launch, he said.

NSR Predicts US$250 Billion Satellite Market Over Next 15 Years

Northern Sky Research (NSR) is predicting over US$250 billion in satellite hardware to be launched into orbit by 2025, with over 1,600 satellites to be built between communications satellite replacements, the growth of Ka-band satellites, government contracts, and a steady "stream" of science and navigations industry. The "Global Satellite Manufacturing and Launch Markets" report anticipates an average of 110 satellites launched per year, with a peak happening in 2016 of about US$20 billion in hardware. Over the last 15 years, around 1,500 satellites have been launched at an average of about over 100 satellites per year.

Qatar's First Independent Satellite to be Launched in 2013

Qatar's first independent satellite “Ekshail” will be launched in 2013 by the Supreme Council for Information Technology (ictQatar). Hessa Al Jaber, ictQatar secretary-general, said that the satellite would boost ictQatar's initiatives to deliver an ultra high-speed Internet links at affordable rates and a reliable network covering 95 percent of Qatar by 2015. The agency's ICT2015 strategy also calls for the expansion of investments in information technologies and services to 6 billion Qatari riyals over the coming five years, she said.

SingTel Blasts Off Second Satellite

SingTel has launched its second satellite, ST-2, to meet increasing customer demand for fixed and mobile services across the Middle East, Central Asia, Indian sub-continent and South East Asia. The ST-2, built by Melco, has nearly twice the capacity of SingTel's old ST-1, launched in 1998. The new satellite will operate as a JV between SingTel and Chunghwa Telecom. It has 20 percent more transponder capacity and a wider coverage footprint than ST-1 which it will replace. SingTel owns 62 percent share in the venture with Chunghwa Telecom holding 38 percent. According to SingTel the satellite will serve an Australian bank and a national bank in Afghanistan. Meanwhile SingTel’s Australian subsidiary Optus will be the custodian of Australia’s largest ever fleet of satellites when the Optus 10 is launched in 2013.

Russia to Accelerate GLONASS Navigation Satellite Launches

Russia will accelerate the pace of communications satellite launches to give its GLONASS navigation system full global coverage capacity by the end of the year, a senior government official said. Russia’s national space agency is planning to place into orbit six new GLONASS navigation satellites by the end of 2011, said Anatoly Shilov, a spokesman for Russia’s National Space Agency. GLONASS is a Russia-developed satellite-navigation system similar to the U.S.-developed GPS. A top government priority for GLONASS is tracking automobiles and helping motorists find routes, said Vice Premier Sergei Ivanov, who, like Mr. Shilov, spoke at a Moscow satellite communications conference. All lorries operating in Russia will, by the end of 2014, be equipped with a GLONASS-technology transponder which will assist the government in collecting road tax and providing quick assistance in case of accidents, Mr. Ivanov said. Testing of the lorry-tracking system, called ERA, will begin by the end of 2011, he said.

Europe Gets New Broadband Satellite Option

Eutelsat Communications' KA-SAT satellite went into service opening up a new broadband option for homes and businesses in Europe and the Mediterranean area. The satellite enables broadband speeds that are competitive with some land-based connections such as ADSL, though it won't break any high-speed records. Eutelsat's Skylogic subsidiary offers a Tooway service with download speeds up to 10 Mbps for residences; businesses get up to 40 Mbps, with a 50 Mbps option coming later. Eutelsat launched the satellite in December. It connects to the Internet with 82 "spot beams" that link with 10 base stations. In total, the satellite can send and transmit a maximum of 70 Gbps.

MEASAT Global Buys New Satellite

MEASAT Global Bhd has entered into a contract with Astrium SAS for the procurement of the MEASAT-3b satellite that will cater to existing customers and for expansion into new markets. MEASAT-3b will have a contractual life of 15 years and the whole program is expected to cost about US$330 million, the company said in a statement. It is expected to be launched by end of 2013. MEASAT Global said based on the Eurostar E3000 platform, MEASAT-3b would provide an additional 48 Ku-Band transponders to the 91.5E orbital location. Designed to operate in tandem with the MEASAT-3 and MEASAT-3a spacecraft, the new satellite will provide high powered Ku-Band capacity for Direct-To-Home (DTH) and Broadband VSAT services across Malaysia, Indonesia and India.

Thaicom to Invest up to US$160 Million in New Satellite

Thaicom Pcl, a Thai satellite monopoly, said its board approved a plan to invest as much as US$160 million in a new satellite, Thaicom 6. Orbital Sciences Corp. will build the medium-sized satellite and Space Exploration Technologies Corp. will be responsible for the launch, which is expected around the second quarter of 2013, according to the filing to the Thai exchange. The satellite will help increase Thaicom’s competitiveness and future revenue as demand for broadcasting in Asia is rising, Chief Executive Officer Arak Chonlatanon told a news conference. Thaicom will use loans and cash flow to fund its investment, Arak said.

ROAMING NEWS

OECD Calls for Lower Data Roaming Costs

Regulators and policymakers should boost competition among mobile operators in order to drive down the cost of international data roaming, the OECD recommends in a new report. Analysis of pricing plans at 68 operators in the 34 OECD countries indicates that there is in general insufficient retail or wholesale competition, according to the report. The OECD compared a variety of data roaming plans based on data allowances. The OECD recommended that mobile operators put in place simple measures, such as sending a SMS to users when they travel abroad or setting up a cut-off limit for services based on price or amount of data used. This is already required in the European Union since March 2010. While the European regulations have helped reduce 'bill shock' and retail and wholesale prices have fallen over the past few years, the gap between retail and wholesale prices has widened according to the OECD, highlighting "a possible lack of effective competition in this market".

O2: MTRs Could Affect 6 Million Customers

O2 CEO Ronan Dunne fears up to 10 percent of the population could go without any form of telecommunications as a result of mobile termination rate cuts, which have forced it to reduce or remove subsidies on devices. According to news reports O2 has now cut about half of its subsidies from prepay devices and T-Mobile and Orange parent company Everything Everywhere would be following suit in June and July. Dunne said about 10 percent of the population would have no access to any form of telephony if they lost access to a prepay phone, highlighting the importance from a "social inclusion" perspective. He said the lack of fixed-line telephone boxes available was due to vandalism or a reduction by BT. It has previously been suggested the cost of outgoing calls may also increase and even charges for incoming calls be introduced at some stage. O2 said it had no plans to change its prepay pricing at this time, having only recently updated and refreshed its tariffs.

Armentel Lowers Roaming Rates in Georgia

Armentel, which operates in Armenia, has lowered roaming rates for its subscribers travel¬ling in Georgia. The service will be available when using Mobitel's network, which operates in Georgia. Incoming calls and outgoing calls to Armenia and within the network of Mobitel are offered for US$0.18 per minute. No activation or subscription fee is charged.

Telefonica Germany Launches New Roaming Add-on

Telefonica Germany has stated that it will be offering its O2 postpaid subscribers with new tariff options for making phone calls and mobile surfing while travelling in Europe. The service will be effective from 6 June. With the new travel option 'O2 Reiseoption,' subscribers will have to pay US$0.43 per minute for outgoing calls. A one-time connection fee of US$1.07 for the first 60 minutes is charged for incoming calls, while each over-the-limi¬t minute costs US$0.25. Mobile surfers are charged US$2.15 for 1 MB, while sending an SMS costs US$0.18. The EU data cost limit of US$85.51 per month will still apply. The travel option is valid for all new and existing customers. Customers who already use the 'Standardabrechnung Weltzonen' or the 'Mobiles Internet Ausland' option will benefit automatically from the new option and they can switch back to their previous package at any time free of charge.

T-Mobile Slovakia Cuts EU Roaming Rates

T-Mobile Slovakia is now offering a 30% discount on outgoing calls from any EU country to any EU country. The company has made the service free and it will be de-activated at the end of the billing period. For activations made before 30 June, customers do not pay any monthly fee for the service; when activated after that date, EU Roaming costs US$6 per month.

PTS Proposes the Reduction of Mobile Call Termination Rate with EC

PTS, Sweden's telecom regulator has planned to reduce the mobile call termination rate from the current US$0.04 to US$0.03 from 1 July with the European Commission (EC). PTS revised the calculation model that the authority uses after consulting with Swedish operators. The EC has one month to comment on the calculation model's cost and performance guidelines for pricing. PTS will settle on the new price once the commission submits is comments.

Vodafone to Make Data Roaming More Affordable

All Vodafone customers can use up to 25MB of data per day in 35 European countries. Regular travelers can opt to pay £10 a month, while customers travelling out of Europe can enjoy the same 25MB data allowance for £5 per day. Heavier business users on the Vodafone Euro Traveller tariff (£36.50+VAT per month) will get 1GB of data, per month, to use in Europe. For other users, it will cost £8 for up to 100MB of data a day in Europe, or £25 a day outside Europe. In addition, to eliminate the chance of shocking bills, Vodafone is introducing a £100 monthly cap on data usage for customers outside of Europe (users within Europe already receive these warnings), with a text alert when 80% of their monthly spending limit is reached. The automatic bar can then be removed only by sending a text ('STOP' to 40209) or calling customer services.

Pan-GCC Roaming Rates to be Further Cut this Summer

The second phase of roaming tariff reductions across the GCC for mobile phone users will be implemented in June, with plans in place to also reduce data usage charges. "We have already implemented phase one of the roaming reductions. That started in September last year. We are now moving into phase two, which mandates more reductions." Dr Mohammed al Wahaibi, Undersecretary for Communications at Oman's Transport and Communications Ministry, said. "The result is that the second phase is going to be implemented in June. It will mandate better rates than the first phase."

Vodafone New Zealand Slashes Mobile Data Roaming Tariffs to Australia

Vodafone is dropping the price of data roaming in Australia to $1/MB, continuing its strategy of simplifying global roaming and leading market pricing. This new rate is available to prepay and on account customers allowing them to update Facebook, surf the web and check email while in Australia. $1/MB is the lowest data roaming price available to customers on either side of the Tasman. The company says Telecom customers in Australia pay $8/MB and Two Degrees customers pay $2.50/MB. Vodafone's General Manager of Consumer Marketing, Kursten Shalfoon says the move is part of Vodafone's ongoing commitment to offer the best value to customers heading to our most popular overseas destination.

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