



NEWS IN BRIEF

NETWORK SHARING

You scratch my back...

Speculation is rife that Vodafone and O2 are about to announce a network-sharing agreement in the UK, while Orange will join MBNL **PAGE 2**

LTE NETWORKS

10 LTE networks in 2010

GSA says it expects 10 commercial LTE networks to be launched in 2010, as 26 network operators commit to the technology **PAGE 3**

US NETWORKS

AT&T to invest \$18bn

US operator to invest two thirds of 2009 capex in fixed and mobile broadband; to create 3,000 new jobs this year **PAGE 3**

TURKISH 3G

Turkcell details rollout

Mobile operator picks Ericsson and Huawei as its 3G vendors, and details investment levels for its 3G network in 2009 **PAGE 3**

WIMAX

Clearwire expands

Company reveals plans to extend its WiMAX network in 2009 and 2010 as rumours suggest Sprint is testing LTE **PAGE 3**

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ANALYSIS: CONSUMER SURVEYS

Mixed messages

Recent consumer surveys provide contrasting views on which is the 'best' mobile broadband provider in the UK. One analyst says it's all nonsense

RECENT MOBILE BROADBAND CONSUMER reports in the UK highlight the difficulty in relying on surveys about user perceptions to gauge which are the "best" or "worst" mobile broadband networks in a particular market.

It's certain encouraging for operators that mobile broadband services have become high-profile enough to be regularly tracked both by YouGov, a company traditionally known for its political polls, and independent consumer group Which?

But the contrasting outcomes of the surveys prompted one mobile broadband analyst to write an entry in his blog: "Lies, damn lies and mobile broadband surveys."

"Do they agree? Of course not," says Analysys Mason principal analyst Matt Hatton. "Which? reckons Virgin Media's offer to be the best on the market, while YouGov puts T-Mobile top of the heap. There is at least some consensus in that they both run on T-Mobile's network. By my reckoning, that takes to five the number of UK operators that have the best offering according to independent testers."

In March online pollsters YouGov revealed the results of the third "wave" of its Dongle Tracker, a quarterly report first launched in June last year. YouGov does not reveal more than the top-level findings of the survey, leaving it up to the individual operators to blow their own trumpets should they be ranked above their competitors.

In the previous Dongle Tracker survey carried out in October last year, Orange bustled forward to say it had been ranked top on customer experience. In the latest survey, which was carried out online between 9 and 16 January 2009, T-Mobile appears to have come top in a number of categories, a fact the mobile operator has not been slow to point out.

Indeed, T-Mobile says the January YouGov survey placed T-Mobile first in nine out of 13 categories including: value for money; reliability during the day; upload speeds; download speeds; getting connected; ease of use; billing; installation and customer services. The survey sample size was 4,151 adults, of whom 1,958 used mobile broadband by means of a dongle, modem stick, or datacard and 1,680 did not have mobile broadband.

Which?, meanwhile, puts Virgin Mobile top in three categories: usability, best customer service alongside O2, and best mobile broadband set up. Vodafone was found to have the most complicated setup, for example.

"Of course it's all nonsense," says Hatton. "Are we seeing regular radical overhauls of networks that would mean that network providers are overtaking each other in terms of network capacity? Of course not. So why the disparity? It's because there are so many variables associated with the user experience (distance from the base-station, contention ratio, height of the antenna, thickness of walls) of mobile broadband that generalisations about 'the best network' are meaningless."

User perceptions are of course extremely important to operators, and Hatton says MNOs will continue to trumpet their success in these polls.

But he says it's important for operators to do two things. Firstly, they need to ensure that these polls continue to give out mixed messages at the very least. "Once there is consensus on 'the best' or 'the worst' network it will be a difficult barrier to overcome, even if there is no grounding in reality," he warns.

Secondly he says they need to allow users to try before they buy. "That way they can do the comparison that matters. For example, how do the various offers match up in my front room, office, local pub, and so on."

The YouGov Dongle Tracker said its poll revealed that 81% of consumers surveyed are now aware of mobile broadband, an increase of 10% since October. ■

Anne Morris

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NETWORK SHARING

You scratch my back...

Speculation is rife that Vodafone and O2 are about to announce a network-sharing agreement in the UK, while Orange will join MBNL

NETWORK SHARING is in vogue, as mobile operators increasingly recognise the benefits of sharing expensive network expansions in order to boost their mobile broadband service offerings.

Just this week The Guardian reported that Vodafone and O2 in the UK plan to pool their networks, while Vodafone's existing partner, Orange, plans to ask T-Mobile and 3 for permission to join their network-sharing venture, MBNL. The newspaper did not cite its sources.

Such a venture would allow the operators to reduce the 51,000 base stations dotted across the country, The Guardian said, thus enabling them to reduce service costs while also reaching more users based outside of urban areas.

Meanwhile in February, Vodafone and Hutchison in Australia said they would actually merge their networks and their businesses in order to compete more effectively with Telstra and Optus.

But later in February at Mobile World Congress, Telstra's outgoing CEO Sol Trujillo spoke against network sharing, claiming the differentiation is all in the network. "You embed intelligence in your network and you drive the intelligence into devices," he said. "We'll deliver more value [to customers]... That's how you build a brand, that's how you build relationships, and that's how you make money too."

Matt Hatton, principal analyst and mobile broadband specialist at Analysys Mason, also questions the logic of network sharing, saying mobile broadband is so commoditised that network coverage and capacity are critical elements in the value proposition and MNOs must seek to differentiate themselves.

But he says certainly in markets like the UK, it's unlikely that "any single operator can build up their network to such an extent that they build an unassailable lead over their competitors". So even with the growth of MBB, network sharing is a logical choice, he concludes. ■

ANALYSIS: MOBILE VS FIXED BROADBAND

I'll be your substitute

New report highlights how mobile broadband could add new impetus to FMS, but warns that the window of opportunity may not last long

MOBILE BROADBAND IS EXPECTED to provide new momentum to fixed-mobile substitution in Europe, as the trend towards replacing fixed voice services with mobile voice services slows.

According to the latest annual telco report from Exane BNP Paribas and Arthur D Little, fixed-mobile substitution has accounted for one third of incumbents' fixed-line losses in large European countries, on average, with an estimated 6% of the households dropping their fixed line to become mobile-only from end-2004 to end-2007.

This trend is now slowing because of the maturing mobile voice market. But thanks to the success of mobile broadband in 2008, the report says some operators believe that dongles can push fixed-mobile substitution one step further.

They highlight Austria as a clear example of this potential: mobile broadband now has a 39% share of the country's broadband market, and 13% population penetration. Operators in the UK, Germany, Sweden, Portugal and also Czech Republic also see further opportunities for fixed-mobile substitution in their markets, the report adds.

The report says the rollout of 3G/HSDPA mobile networks and the drop in the cost of dongles enables operators to offer mobile broadband access at prices that appeal to the mass market. Mobile operators in Austria have launched aggressive mobile broadband offers, but prices are also particularly low in the UK and Sweden.

The report adds that mobile broadband is still of course far behind fixed broadband in terms of speed, reliability and capacity. But customers are attracted by price and ease of use, as well as the mobility aspect. The report says the quality and speed of fixed networks are not seen as absolute "must haves", in fact.

The report concludes that mobile broadband can put pressure on fixed broadband market shares and on entry-level pricing for fixed broadband. The table below highlights that mobile broadband penetration is developing quickly in those markets where pricing is low and where operators are pushing mobile broadband, notably Austria, Spain, Portugal and the UK. In these countries, the pace of adoption of mobile broadband ranges between 1.5% and 5% of the population in a year.

The report notes that this remains below the pace of adoption of fixed broadband (5-10% of the households per year) but it nevertheless confirms that mobile broadband can, in some cases, get a significant share of the overall broadband market, and thus can contribute to further line losses for fixed operators.

Beyond Austria, the report cites the UK, Ireland, Sweden, Eastern European countries and Portugal as countries where mobile broadband represents a threat to fixed because of the existence of aggressive mobile-only players, which have a strong interest in pushing mobile broadband and have nothing to lose in cannibalising fixed broadband, and the lack of differentiation of fixed broadband offers versus mobile broadband: limited speed, no triple-play.

But the report warns that the window of opportunity for mobile broadband may not last long, as continued strong growth of mobile broadband traffic will put increasing pressure on mobile operators' networks: they will need to invest in costly network upgrades to make sure that the quality of service remains good.

Also, fixed operators are likely to respond, the report adds. For example in the UK, BT has announced the rollout of a fibre network, while Portugal Telecom has successfully launched triple-play services in its domestic market. ■

Anne Morris

PENETRATION OF MOBILE BROADBAND

% of population	2006	2007	2008
Austria	2.6	7.5	13.1
Norway	0.8	1.8	6.0
Portugal	na	na	4.5
Spain	0.0	1.4	3.4
UK	0.0	0.0	1.7
France	0.0	0.0	0.4

Source: Arthur D. Little, Exane BNP Paribas estimates

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LTE NETWORKS

Operators commit to LTE

GSA says 10 commercial LTE networks are expected to be launched in 2010

SOME 26 NETWORK operators have committed to deploy 3GPP LTE systems, with 10 commercial LTE networks expected to be launched in 2010, according to latest research by the Global mobile Suppliers Association (GSA).

The industry group said several operators are upgrading their networks this year with evolved HSPA (HSPA+) tech-

nology using 64 QAM modulation, enabling up to 21 Mbps downlink peak data speeds. Combining with 2x2 MIMO will mean 42 Mbps as a future step when devices come to market that support these speeds, it added.

LTE, meanwhile, will deliver significant further capacity, data-rate speed and throughput enhancements, and re-

duced latency, to support new services and features requiring higher levels of capability and performance.

LTE is expected to further enhance more demanding applications such as interactive TV, mobile video blogging, advanced games and professional services, the GSA commented. ■

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US NETWORKS

AT&T invests \$18bn

US operator to invest two thirds of 2009 capex in broadband; to create 3,000 new jobs this year

AT&T SAID IT PLANS to invest \$17 billion to \$18 billion in 2009, of which around two thirds will be used to extend the company's mobile and fixed broadband networks.

The largest US operator also said it plans to add nearly 3,000 jobs in 2009 to support increased customer demand in mobility, broadband and video. However, as previously announced, the company expects to reduce jobs in other areas, primarily wireline.

In 2009 the company will add more than 2,100 new cell sites across the country to its 3G network and will extend 3G services to 20 new markets this year. AT&T said it will also nearly double total network capacity in most markets via additional spectrum at 850 megahertz.

It also plans to trial 7.2-Mbps peak downlink speeds and evolve to speeds of 20 Mbps; implement customer trials of femtocells; and expand AT&T's WiFi footprint and infrastructure from the 20,000 hotspots currently. ■

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TURKISH 3G

Turkcell details 3G rollout

Mobile operator picks Ericsson and Huawei as its 3G vendors

TURKEY'S LARGEST mobile operator Turkcell said it will double its investment in 2009 compared with the previous year, confirming comments made by the company's CEO Sureyya Ciliz at Mobile World Congress this year.

The IHA news agency reported vice general manager of corporate communications Koray Ozturkler as saying that Turkcell will invest \$1.6 billion in 2009, which includes the licence fee to be paid to the government for establishing a 3G

network. In November 2008, the company secured a tender to establish a 3G network for €358 million, excluding value-added-tax.

Turkcell also said it has picked Ericsson and Huawei as its vendor partners for the 3G network deal.

Ericsson said it has signed a contract with Turkcell as the main supplier to build a complete WCDMA/HSPA network and a range of related services. ■

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WiMAX

Clearwire to extend WiMAX service

Company reveals its plans as rumours suggest Sprint is looking at LTE

CLEARWIRE SAID it will expand its Clear mobile WiMAX services to 80 markets by the end of 2010, providing coverage to 120 million US citizens.


The US company, which has just gained a new CEO in the shape of William Morrow, said it is targeting total net cash spend in the range of \$1.5 billion to \$1.9 billion for 2009.

Clearwire also said it expects there to be nearly 100 mobile WiMAX devices such as laptops, netbooks, handhelds, USBs and modems available to customers by the end of the year.

Meanwhile rumours suggest that Clearwire investor Sprint is keeping its options open by testing LTE. ■

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