

In line with our current ownership structure as an operating division of HI Europe (www.hieurope.com), Teligen has adopted a new brand image. As part of this redesign, our website now reflects substantial change. The new site offers a comprehensive, easy-to-navigate overview of all of our services and allows you to download presentations on all of our products. We also provide comprehensive summaries of our reports, company news and case studies. Further, we have installed quick and simple links to allow purchase of any Teligen item and contact details in order to get further information on Teligen.

You can find us at www.teligen.com. We hope you enjoy our site, and we welcome your comments and queries.

Contact Us

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To find out more about UK Directory Enquiries:

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To find out more about T-Basket - The Telecoms Industry Benchmark:

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Premium Rate Services in the SMS Era

Premium Rate telephone services (PRS) are still alive and well in Europe but under strong pressure from new Premium Rate SMS services. Teligen has just completed a new study on the Premium Rate industry in Europe, the fourth in a series of such studies conducted by Teligen over the last decade. The latest research is documented in the new report, "Premium Rate Services in the SMS Era".

Typical PRS include:

- Televoting
- "Adult" and dating chat lines
- Micropayments (i.e., pay for product services)
- Magazine and TV competitions
- Horoscopes
- Information (weather, sports, financial)
- Computer help

"Adult" services and dating chat lines have given PRS a somewhat tainted reputation in many countries. High charges have been as much an issue as the questionable content and easy accessibility by youth.

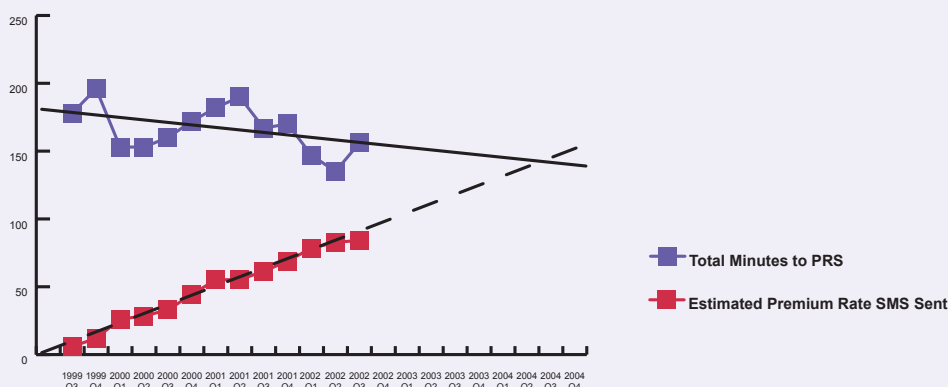
Over the last few years, Premium Rate SMS (PRSMS) services have become very popular in Europe. Both regular PRSMS where the user pays more than the standard rate to send a message, and Reverse Billed SMS where the user pays to receive an SMS, are in widespread use today. Services available include all of the voice-type services and also:

- Downloading mobile ring tones and logos
- TV interactive services

In the UK, the number of premium rate SMS messages is steadily increasing each quarter, while minutes-to-voice PRS services are decreasing at a more sporadic although consistent rate in the long term. If recent trends continue, the number of Premium Rate SMS will overtake minutes of Premium Rate voice calls by the end of next year (please see the chart below).

In the new report "Premium Rate Services in the SMS Era," Teligen analyses the markets, regulatory environments and mechanisms of Premium Rate voice and SMS. Detailed data on current PRS tariff structures and prices in each country are included in the study. In addition, an econometric estimate of the price elasticity for PRS services is provided.

UK Millions of Minutes / Messages



The New EU Regulatory Package for Electronic Communications



The wheels of the new European regulatory package are turning, but are we steering in the right direction?

In March 2002 the European Commission released its directive for a new common regulatory framework for electronic communications networks and services. The 15 EU countries implemented the framework on the 25th July 2003, while the 10 accession countries will follow suit once the EU expands next year.

The new regulatory framework is based on five EC Communications Directives that are intended to converge and harmonise communication regulation throughout the EC. The **Framework Directive** provides the overall structure for the new regulatory regime and sets out the policy objectives and regulatory principles that NRAs must follow.

It also requires that market analyses be carried out before regulation is imposed.

Where does Teligen fit in?

As the implementation process gathers momentum, in general there is an explicit goal of harmonisation within the new framework. As we know, a key prerequisite of the implementation process is to carry out analyses on the effects of the implementation of the framework, and to measure the impact of harmonisation. Teligen has worked for a number of clients investigating levels of competition through price benchmarking and market trend analysis. Of particular interest has been Teligen's contribution to the European Commission's Reports on the Implementation of the Regulatory Package over the last few years, which has been widely sourced as an essential assessment of market developments in

all EU member states, and has helped to identify competition deficits that require action. Similar market analyses are being encouraged by the Commission to assist NRAs in the processes of implementing the new framework, and Teligen is actively working with NRAs and service providers in this field.

In addition to our extensive services portfolio of tariff and market information, benchmarking and off-the-shelf reports, Teligen can further provide a range of consultancy services tailored to meet the specific requirements of those affected by the new framework. These include price benchmarking, competition analysis, time series analysis, tariff setting advice, rate rebalancing, price cap regulation advice, forecasting, and price elasticity modelling... to find out more, visit www.teligen.com

HI Europe's Online Panel Tops 400,000

In November 2002, HI Europe, our parent company, began to actively recruit panellists from the United Kingdom, France, Germany, Spain, Italy, Sweden, Norway and Greece to take part in online market research surveys. The success of this effort has exceeded our wildest expectations.

To date, more than 400,000 panellists have registered for the HI Europe panel, the majority in their native language through a confirmed opt-in process. And this is just the beginning - we fully expect our online panel to be Europe's largest within the next nine months.

Extensive research in determining the best methodologies for online survey design over the past four years has helped make our parent company, Harris Interactive, a leader in the industry; and now, we are engaged in identifying best practices worldwide.

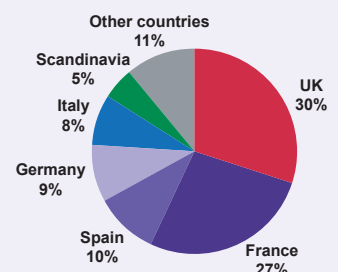
By employing the same rigorous testing approach that we use in the United States (where our panellists have completed nearly 29 million online surveys for more than 1,000 clients), we have already developed the sampling processes and weighting algorithms to allow us to produce credible, trustworthy information in most countries throughout Europe.

Our approach to online research depends heavily on:

- Careful sampling
- Propensity score adjustment, a selection-bias modelling technique designed to correct for coverage error, several types of selection bias as well as the learning effects inherent in all panel-based research
- Thoughtful survey design practices that aim to minimise measurement error and mode effects.

Our extensive online experience lends value to assisting clients in migrating continuous studies to the Internet without having to discard trend data (from tracking studies) or normative information (from concepts tests) that may have been collected through a different method.

To implement our approach, we rely heavily on our infrastructure. We have made substantial investments in leading-edge Internet technologies through the years, and depend on a powerful engine to complete about 700,000 complex online interviews each month. We regard our survey system as the best in the business.



UK Directory Enquiries Services Liberalised

Last year, Oftel decided to open up the directory enquiry services to competition and held a lottery as the fairest way of allocating the new prefix 118xxx numbers. Oftel issued over 300 numbers to a range of different service providers. Of these around 15 are already offering services with many more going live over the coming months.

At present most offer basic number search. According to Oftel however, customers will benefit from a greater variety of services from the same number including call completion (whereby the customer is connected directly to the number sought) and classified listings.

Despite big marketing campaigns by some of the new entrants there is still a lack of awareness among consumers. According to Paul Elliott, Chief Executive of BT Directories, many customers are still not aware that the 192 number will cease to exist in the new competitive market. Over the next 12 months, customers who call 192 will be issued with a freephone number. On calling this number any one of the 118xxx numbers will be issued at random. Knowledge is not always power as despite being told what the rate is, many customers won't really know what they have paid for their enquiry until they receive their telephone bill.

Prices for directory enquiry calls vary enormously from provider to provider. There are currently three different pricing structures in use. A fixed fee per call, a per minute charge or a combined fixed charge with a per minute charge thereafter. Call charges range from 20p per minute to over £2.00 per call. Charge variations depend on your telephone company and whether you are calling from a fixed, mobile or cable network.

For further details of and to view the range of tariffs being offered, please contact us on **Tel: +44 (0) 20 8263 5442** or email Bernadettef@teligen.com

Teligen Tariff Diary

Insight From the Tariff Team

What an exciting couple of months it has been for tariff changes. After a period of downward trends in telephony, we have recently seen increases of between 3% and 10% occurring in the PSTN sector. Operators such as Belgacom, Telekom Austria, Sonera, Deutsche Telekom, and KPN all made increases to fixed and/or call charges during this period. Eircom increased line rental in February and surprisingly again in June, however this does offset the introduction of a new low user scheme and wholesale line rentals to the Irish market. In the UK, BT restructured their BT Together residential discount plans to offer three clear and simple sets of plans to accommodate all tastes. The revised options offer savings on evening and weekend calls. Further details of these changes and many more are found in our T-World tariff database.

Middle East

While it has been difficult to avoid news from the Middle East during the past couple of months, one item has gone unnoticed: Steps are being taken to bring telecoms liberalisation to much of the MENA (Middle East and North African) countries. Progress is often slow, but many of the MENA countries now have independent telecoms regulators to smooth the way. Countries such as Lebanon (who recently announced a new independent telecoms regulator) and Kuwait are positioning themselves to become the ICT hubs of the Middle East. We believe it is an important marketplace to track, and we have made it our focus this quarter to review the many Middle Eastern carriers we track, and improve on our coverage and reference information. We have also added Egypt and Jordan to our database. Forthcoming additions will include tariffs from Qatar, Kuwait and Syria.

Leased Lines

We have seen changes in Leased Line pricing slow down over the past couple of years but one thing that remains an important talking point is the way in which the carriers deliver leased lines. Information on service level agreements and lead times are often as important as the prices themselves. At Teligen, we have taken this on board and have begun adding lead-time information to the digital and analogue sections of our leased line coverage.

FAQs

Here is a recent question received by the Teligen tariff team:

Q. Our company gets discounted quotes from our leased line service providers. Why should I bother with published rates?

A. *While it is true that many customers receive heavy discounts on their circuits relative to published prices, it is important to track the standard retail tariffs as they act as an important reference point and a basis for the many discounts offered by the operators. Changes in published prices are also indicative of the level of price change to be experienced on the discounted prices.*

Tariffs come in all speeds, structures and languages. It can be very difficult to compare prices and services between providers. Subscribing to a standardised database such as Teligen's T-World, takes the work out of costing circuits.

The Teligen tariff team are very keen to receive customer feedback and are happy to answer any tariff queries you may have.

Contact us on Tel: +44 (0) 20 8263 5442
or email Bernadettef@teligen.com

T-Basket - The Telecoms Industry Benchmark

T-Basket offers a unique insight into the price relationships between telecoms services in OECD - member countries. It uses basket methodologies originally developed by the OECD, but takes pricing information from the Teligen Master Tariff Database. T-Basket also forms the basis of the official OECD price performance statistics, as presented in the biannual "OECD Communications Outlook" publication.

Teligen has exclusively implemented the comprehensive OECD basket methodologies into the off-the-shelf product, T-Basket, and makes these vital price benchmarks available on a regular basis to the industry worldwide.

What can T-Basket tell you?

- Country comparisons of prices for any one of the basic services: PSTN, Leased Lines and Digital Mobile, for different usage patterns. Options within the basket system enable the user to toggle between a range of variables, to enter new prices, and to define new parameters.
- Whether the most competitive regimes deliver the lowest costs to end-users.
- Which tariff structures are used to deliver the lowest costs
- Which mobile packages offer the best deal for a given type of user. (T-Basket includes around 650 different tariff packages from 62 mobile operators)

About the T-Basket system

- The product includes tariffs from all 30 OECD countries and allows you to enter other operators' tariffs as well in the "User Defined" section. PSTN and Leased Line baskets cover the incumbent operator in each OECD country, while the mobile basket covers a minimum of two operators per country.

- T-Basket is produced quarterly, in February, May, August and November using up-to-date tariff information valid from the month of release. T-Basket is delivered in Microsoft® Excel® spreadsheets and provides sorted tables and graphs presenting the basket results. Toggles and buttons are used to select the baskets and the parameters you want included in the results.
- For advanced analyses, it is also possible to change usage profiles. These were originally built from research across OECD member countries and present a picture of the average user. T-basket has features to adjust these profiles to test other assumptions. For example, analyses of different profiles can indicate which type of tariff structure is the most appropriate for different types of users.

Bespoke Baskets

Teligen also produces bespoke basket analyses for specific clients. Many individual clients require the inclusion of tariff data and usage profiles that are not part of the OECD set of data and methodologies. The basic principles can still be used for country, or region-specific analysis of prices, expanding the use of the OECD baskets to situations where a specific range of countries, carriers and services are to be analysed. Alternatively, customisation may be used where a different range of usage profiles is needed to provide insight into the range of costs seen by different users.

One example of such analysis is the baskets created for the European Commission to aid the price analysis for the 15 EU countries. A range of 5 residential and 6 business baskets were created to show how prices would vary in the 15 different markets, for residential usage ranging from very



low to very high, and with different business profiles.

Teligen has considerable experience in tailoring such basket analyses while retaining the quality and integrity of the methodology. We also have first-hand knowledge of tariffs around the world, and we regularly assess and analyse available information to ensure that the tariffs used are appropriate, and that they can support a consistent comparison.

Teligen can also offer training sessions in the basket methodologies used, to ensure that all users of the benchmarking results are able to gain full advantage from the wealth of information available.

Teligen

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