

Tariff Outlook 17th November 2008

Message from the editor

Welcome to Tariff Outlook, a twice monthly newsletter brought to you by Teligen, the tariff and price benchmarking experts. We are delighted to confirm that with the acquisition of Teligen by Strategy Analytics, we will be able to expand our coverage and analysis of key tariff developments on a global basis.

To make sure that Tariff Outlook is still relevant to your needs and to comply with relevant regulations, we do need to ask you to reconfirm your interest in continuing to receive this complimentary newsletter. Registration is fast and simple and should take only a minute of your time.

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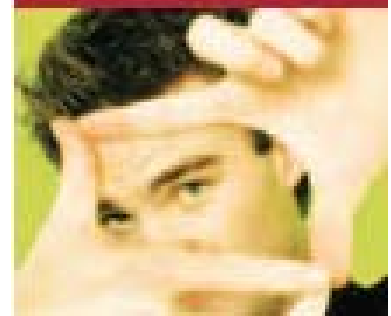
- Complimentary research from the broader SA portfolio which spans wireless, broadband, connected home, convergence, automotive electronics, and strategic technologies
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You can choose to receive information from Strategy Analytics Daily, Weekly, Monthly or not at all and establish your own profile of topics of interest. Please take a minute to [register here](#).

In this issue of Tariff Outlook we have a range of interesting stories to pass your way. In Ireland O2 announces an invasion into the fixed market, in the UK BT cut call charges from fixed to mobile but in Iceland Siminn increased residential charges. In the mobile market Vodafone launched the eagerly awaited Vodafone Storm and aims to take the Christmas market by storm! In the Czech Republic T-Mobile made its Blackberry services available to all its customers business and residential alike. These are some of the stories we have covered in this issue.

If these stories, or any others featured in our newsletter are of interest, further details of the tariffs and services can be found in our comprehensive subscription based databases, the T-Products. Go to: www.strategyanalytics.com/teligen.html for further details

Consulting



This Week's Top Stories...

- Czech Republic - T-Mobile BlackBerry Service Available To All Customers
- UK - Vodafone Aims To Take Christmas Market By Storm
- France - Magasins U and Orange Launch "U-Mobile" Offer

and request a copy of our demo CD. You will also notice that we have included a short case study looking at an example of Teligen's consultancy services - if you are interested in learning more about this, just click on the banner on the right.

Our continuing aim is to provide you with up to the minute pricing news and tariff developments. That being said, Tariff Outlook not only serves as an opportunity for us to communicate with you on a regular basis but equally for you to tell us what you think. As such, we would really appreciate any feedback you may have that will help us deliver a newsletter that provides you with real value.

Please feel free to contact us either to obtain further information about any particular story or to give us your feedback.

We look forward to hearing from you.

Jóhanna Helgadóttir - Senior Consultant

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Need to benchmark prices between different markets and services?

Why not consider T-Basket, the industry recognised tool. T-Basket offers a unique insight into the price relationships between telecom services in OECD (Organisation for Economic Co-operation and Development) member countries. It uses basket methodologies that are OECD based and OECD-authorized, taking pricing information from the Teligen Master Tariff Database. It forms the basis of the official OECD price performance statistics. This unique tool uses proven methodologies to show you numerically and graphically whether an operator's prices are in line with those in the most competitive markets, the most industrialised markets, and those with close geographical or geopolitical proximity.

To find out more or to request a demonstration, www.teligen.com/t_basket.asp

Mobile

Czech Republic - T-Mobile BlackBerry Service Available To All Customers

T-Mobile in the Czech Republic will from now on include the BlackBerry Internet Service, offering a professional solution for mobile e-mail access without the need of additional investments in specialized software. The service can be activated with all BlackBerry handsets for a monthly fee of CZK 251 (CZK 299 incl. VAT) and already includes unlimited data transfers for e-mail synchronization and internet access.

Moreover, customers who activate the BlackBerry Internet Service between 1 November and 31 January 2009 can use the Try&Buy offer which allows them to test the BlackBerry solution for one month free of charge, which means they can first test the service, and then decide, based on their experience with it, whether they wish to continue using it.

- [UK - Virgin Media Launches Cheapest Ever Bundled Mobile Broadband Package](#)
- [Ireland - O2 Offers Fixed Line Services for Business](#)
- [Iceland - Síminn Increases Rentals and Call Charges](#)
- [Venezuela - Movistar Launches Quadruple-Play](#)

Teligen Comment:

T-Mobile previously only offered this service over the customer's own IT infrastructure and only the medium-sized and large companies could support it. But from now BlackBerry can be used by all customers, including the smallest companies or individual end users without any IT support or extra charge. The Try & Buy approach is a proven formula for success both in the mobile world and the internet domain. Reducing the fear factor and easing discoverability are critical if Blackberry and other email solutions are to continue their march beyond the corner office. Strategy Analytics Wireless Enterprise Strategies (WES) tracks mobile email of all flavours from handheld devices to notebooks. www.strategyanalytics.com/wes.html

Andrew Brown, Director of Enterprise Mobility commented: "Blackberry has been the gold standard for corporate mobile email and appears to be successfully managing the shift to prosumer and consumer email with the Pearl and now the Storm. We estimate that RIM is closing in on 20 million subscribers and has over 50% of the secure enterprise mobile email market. With its drive into the consumer market, RIM will face the challenge of maintaining gross margins while investing more in research and development, in the face of more severe competition from Nokia, Apple, Palm, HTC and others, whilst maintaining enterprise net additions in a period of economic uncertainty"

Teligen monitors price developments of this sort in its T-World Cellular product www.teligen.com/t_cellular.asp with monthly updating

Catherine Arteaga - Tariff Analyst

UK - Vodafone Aims To Take Christmas Market by Storm

Vodafone has announced the pricing plans for the new smart phone BlackBerry Storm. For business customers Vodafone launched special plans for the Blackberry Storm only. The phone will be free on all plans and is available for two durations: 18 months and 24 months. Available tariffs range from 600 minutes and unlimited texts at GBP 34.03 per month to 3000 minutes to 500 texts at GBP 68.08 on an 18 month contract. The 24 month tariffs range from 600 minutes and unlimited texts at GBP 29.79 to 3000 minutes and 500 texts at GBP 63.83.

The Blackberry Storm is also available for residential customers on 12, 18 and 24 months Anytime plans. It is free on 18 and 24 months contracts at GBP 35 per month or higher value tariffs, but residential customers will have to pay a GBP 300 or GBP 500 handset price for lower value tariffs.

Teligen comment:

Vodafone faces serious competition in the UK market with the likes of Apple's iPhone on O2 and HTC's G1 Google phone on T-Mobile. The question is which of them will dominate the Christmas market. And now Orange, not wanting to be left out, has bagged the exclusive on the Nokia 5800 XpressMusic which is expected to be launched early next year.

Mobile network operators have traditionally viewed Smartphone devices as primarily targeting business customers. However since the successful launch of the Apple iPhone in the consumer market they have now realised that these devices are also desirable to retail customers and that they bring so-called high value customers - those prepared to pay a substantial contribution to the cost of the handset or to take a high-cost tariff. Hence the operators not able to offer the iPhone to customers have been seeking

alternatives. According to Neil Mawston, Director of SA's Wireless Device Strategies (WDS) advisory service, this means that established telecom players like Nokia and Blackberry are facing growing competition from PC-centric brands such as Apple and Google. Both Nokia and Blackberry have now responded to the increasing threat with their own versions of a so-called "iPhone killer".

The Blackberry Storm is a strong competitor to G1 and Apple's iPhone noted Paul Brown, Director of SA device user experience team. Large touchscreen displays have helped improve both the on-deck and off-deck browsing experience and there is considerable interest in downloading applications amongst iPhone and G1 users, with the Apple App Store already proving to be a huge success. If the BlackBerry Application StoreFront can meet Strategy Analytics' SCIL model - simple, consistent, intuitive and logical - combining that with a large touchscreen display and BlackBerry Internet Service Email, the Storm will appeal to both business consumers and those after a superior multimedia experience.

The table below summarises the cheapest monthly tariffs with these handsets offered free on an 18 month contract:

Operator	Handset	Tariff	Monthly Charge	Inclusive Minutes	Inclusive SMS	Inclusive Data
Vodafone	Blackberry Storm	Anytime GBP40 Text	GBP40	600	Unlimited	Unlimited Fair use = 500MB
T-Mobile	HTC G1	Combi GBP35 + Web `n' Walk	GBP40	800	Unlimited	Unlimited Fair Use = 1GB
O2	iPhone 8GB	Anytime GBP45	GBP45	1200	500	Unlimited

This shows that Vodafone and T-Mobile are both under-cutting O2's iPhone deal in terms of the monthly charge but they are also offering lower inclusive bundles of minutes and data usage.

When consideration is given to the fair use policies of these operators it looks like Vodafone has the most scope for additional revenue from its customers. If customers exceed the 500MB monthly allowance they will be charged at Vodafone's standard rate of GBP 2 for every additional MB, up to GBP 1 for 15MB in a day. If T-Mobile customers exceed the 1GB cap they may encounter speed restrictions but will not face additional charges. However customers who think their internet usage will be relatively modest will still find the Vodafone offer appealing.

The other major factor at play here is the comparative desirability of the handsets themselves.

Operator	Handset	Form / Keyboard	Screen Size	Technology	Camera
Vodafone	Blackberry	Touch screen	3.25"	3G HSDPA	3.15 MP

Storm

T-Mobile	HTC G1	Touch screen / Slider Qwerty keyboard / Trackball	3.25"	3G HSDPA	3.15 MP
O2	iPhone 8GB	Touch screen	3.5"	3G HSDPA	2 MP

O2's iPhone boasts a fractionally bigger screen but both Vodafone and T-Mobile have found handsets that stack up well against it with both handsets featuring higher specification cameras. T-Mobile's G1 is attempting to appeal to a wider range of inputting preferences while the Blackberry Storm focuses more simply on the touch screen technology.

Bearing in mind that the primary aim of these handsets is to compete with Apple's iPhone there is no reason to doubt that both operators will enjoy some success in keeping their customers from defecting to O2.

In terms of the battle for customers in the Christmas market, a time when customer acquisition opportunities lie more in Pay As You Go than the Contracts market, it would appear that O2 may have once again seized a lead over Vodafone and T-Mobile. The 8GB Apple iPhone is now available to PAYG customers for GBP 349.99. However with Orange's offering shelved until the new year this is clearly set to be a longer-term market strategy. It looks like Smartphones such as these are likely to continue their market growth as customers continue to look for a wow-factor not offered by traditional handsets. We can also expect this trend to spread to the PAYG market, as operators attempt to capture the high-spending users who do not want to be tied to an 18 month contract. The key challenge is how far operators will be willing to subsidize these smartphones down to mass-market price-points in 2009, as they are currently too expensive for most mass-market prepaid users.

Teligen monitors the UK mobile tariffs market on a daily basis which enables us to provide you with the latest insight. Teligen also monitors price developments of this sort in its T-World Cellular product www.teligen.com/t_cellular.asp with monthly updating

Strategy Analytics Wireless Device Strategies (WDS) is a leading global device research source www.strategyanalytics.com/wds.html

Yilmaz Bakay - Tariff Analyst

France - Magasins U and Orange Launch "U-Mobile" Offer

Magasins U and Orange have joined forces to propose a new mobile telephony offer, U mobile, a pay as you go offer linked to the U loyalty card scheme.

U mobile is a simple and commitment free offer, available with or without a handset, with five different top ups ranging from EUR 5 (valid for seven days) to EUR 35 (valid for three months). It also offers free calls minutes and text messages and makes calling cheaper at weekends with 50% off calls to all mobiles and landlines numbers in France between midnight on Friday and midnight on Sunday

Customers will be rewarded for their loyalty for using their U card as they shop. They will be able to use their U card points to make voice calls and send text messages; they can also accumulate U card points by buying U mobile top-ups.

Teligen Comment:

This new offer is aimed at customers who want full control over their budget. It also comes with the benefit of both Orange and Magasins U. Choosing U mobile means reaping the benefit of Orange network coverage in France as well as the full range of services offered by Orange such as access to voicemail even if call credit has run out and call credit monitoring. And from its part, Magasins U provides Orange with a loyal customer base, spread through 885 Magasins U stores in France.

Phil Kendall, Director of Wireless Network Strategies at SA noted "Even a 1% improvement in churn would be a huge success. In France, Orange's prepaid churn is running at 41% per annum and, given annual prepaid ARPU's of EUR 164, a 1% reduction in churn would equate to a EUR 13 million revenue uplift.

www.strategyanalytics.com/wns.html

Nacera Touileb - Consultant

UK - Virgin Media Launches Cheapest Ever Bundled Mobile Broadband Package

Virgin Media, which launched mobile broadband last month, has now introduced the cheapest ever bundled mobile broadband package. The package costs just GBP 5 a month for a 12 month contract, and includes data allowance of 1GB per month. This gives the customer a choice of 700 mails, 33 hours of web surfing, 66 music tracks and 33 two minutes video.

This tariff is available for new and existing customers. The modem comes at GBP 25 one off payment, and users are charged 1.46 pence per Mb if they surpass the data allowance per month.

Teligen Comment:

Last month we told you about a new Virgin Mobile Broadband tariffs at GBP 15 per month on 18 months contract. However, with this new offering Virgin has become really competitive in the market. If we compare this tariff with that offered by the other main networks (Vodafone, Three, T-Mobile, O2, Orange), it is immediately clear that the Virgin one is the cheapest mobile broadband package. Indeed comparing these networks, it shows that O2 and Orange don't offer mobile broadband packages of 12 months, as Vodafone, Three, T-Mobile and Virgin. Three offers the "Broadband lite" for GBP 10 a month, but with only 1GB of fair use amount; the basic tariff for T-mobile is GBP 20 a month, while the cheapest tariff offered by all the other analysed networks is GBP 15 a month.

	Monthly rental	Contract length / Months	Data allowance/ month
Virgin	GBP5	12	1GB
Three	GBP10	18	1GB

T-Mobile	GBP17	12	3GB
Vodafone	GBP15	12	3GB
Orange	GBP15	18	3GB
O2	GBP15	18	3GB

The Virgin offer is the cheapest for a lower-volume 12 months plan, and is attractive to customers with more casual usage profiles. However, the other networks are focusing more on longer-term higher-volume plans. To qualify for this offer customers have to take home broadband package L or XL from Virgin.

Astrid Casali - Junior Tariff Analyst

PSTN

UK - BT Reduces Cost of Calls to Mobiles

BT recently slashed the cost of calling mobiles from a landline. BT's Mobile Saver rate has been reduced to 7.5 pence per minute at any time of day. Mobile Saver customers can now save up to 40% on daytime call rates to mobiles, compared to BT standard rates.

Mobile Saver was already included for free with the Unlimited Anytime package and it is now also available for free with BT's Unlimited Evening & Weekend calling package on a 12-month contract. It can be added to any other plan for an additional GBP 1.50 per month.

Teligen Comment

With this move BT is trying to encourage its customers to make calls to mobiles from home instead of using their mobile. It claims customers using a pay-as-you-go phone would pay up to 50% more than Mobile Saver rates while contract mobile users rates are up to 40% higher. However, we are not sure that users will actually make this switch as the convenience of mobile remains too strong. With 60% of UK mobile calls taking place from fixed locations, and almost 40% taking place at home, BT clearly has a strong vested interest but does this offer do enough, we doubt it.

Teligen monitors price developments of this sort in its T-World Fixed product www.teligen.com/t_world_fixed.asp with monthly updating

Angela Toal - Tariff Analyst

Ireland - O2 Offers Fixed Line Services for Business

Mobile phone operator O2 has recently launched a range of fixed line services for Small and Medium Enterprises (SMEs) in the Irish market.

SME customers can choose from three products offering up to 7.6MB broadband, at prices ranging from EUR 26.50 to EUR 70 per month, and including line rental and 150 minutes free calls to local, national and UK landline numbers.

These plans became available on 28th October 2008. Tariffs quoted exclude VAT.

Teligen Comment:

The three O2 fixed line products are:

O2 Ireland

Package Name	Monthly Rental	Included
Business Phone	EUR26.50	
Business Plus	EUR50.00	Free modem, 3Mb broadband with unlimited download
Business Bundle Plus	EUR70.00	Free modem, 7.6 Mb broadband with unlimited download

O2 is possibly lining itself up against eircomTalktime Business Level 1 package which has a monthly rental of EUR27.26 exl VAT. Eircom on the other hand does not have a SOHO/SME bundled offer similar to the one that O2 is putting out to the market. Instead, Eircom offers a friends and family bundles of voice and broadband. Vodafone Ireland entered the fixed line market earlier this year with the Vodafone at Home service but that is aimed at residential customers. But, similar to the O2 offer, the Vodafone at Home services has a package that is only line rental and two bundled offers. Customers can also only take the broadband services with Vodafone at Home.

Eircom's Offers:

eircom		
Package Name	Monthly Rental	Included
Business Talktime	EUR 27.26	150 minutes, 10-33% discount off international calls
Eircom Talktime Family Bundle 1MB	EUR 44.44	1MB broadband, free unlimited local and national calls anytime, line rental
Eircom Talktime Friends Bundle 1MB	EUR 54.44	1MB broadband, free unlimited local and national calls anytime, line rental
Eircom Talktime Family Bundle 3MB	EUR 49.44	3MB broadband, free unlimited local and national calls anytime, line rental
Eircom Talktime Friends Bundle 3MB	EUR 49.44	3MB broadband, free unlimited local and national calls anytime, line rental
Eircom Talktime Family Bundle 7MB	EUR 64.44	7MB broadband, free unlimited local and national calls anytime, line rental

Eircom Talktime Friends Bundle 7MB EUR 59.44 7MB broadband, free unlimited local and national calls anytime, line rental

Vodafone Ireland's Offers:

Vodafone Ireland		
Package	Monthly Rental	Included
Home phone-only package	EUR 34.99	Line Rental, free home phone calls to 3 Vodafone Ireland mobile numbers, unlimited fixed local and national calls
Vodafone At Home up to 3MB	EUR 49.00	30GB download limit, landline rental, free home phone calls to 3 Vodafone Ireland mobile numbers, unlimited fixed local and national calls.
Vodafone At Home up to 7.6MB	EUR 59.00	30GB download limit, landline rental, free home phone calls to 3 Vodafone Ireland mobile numbers, unlimited local and national calls.

O2 is aiming these business packages at the SOHO and SME market. This new offering has O2 effectively reselling Eircom wholesale lines but by doing so they can offer SME customers a complete solution for both voice and broadband. Eircom's strong market presence at over 60% makes it hard for smaller operators to get a piece of the cake. But without a doubt Irish SOHO and SME customers will welcome these new offerings with open arms as this will give them an actual choice.

While this will be seen as a response to Vodafone's earlier move to offer fixed services in Ireland, O2 will have been keen to get a foothold in the fixed line market especially with the Irish mobile market at almost saturation point. O2 like other mobile providers are seeking opportunities elsewhere to extend their service reach and most particularly in the broadband market. One such step includes the launch of O2's wireless broadband service last year that uses HSDPA technology and gives coverage to over 75% of the Irish population.

It will be interesting to see if Eircom and Vodafone will respond to this with new SOHO and SME offerings. Both Eircom and Vodafone have competitive offers in the residential market. Furthermore, the next move by O2 is going to be worth keeping an eye on. Will they make a move into the residential fixed market before too long?

O2 is likely to be very keen to make further inroads into the fixed market and it is thought to be looking at possibly companies for either partnership or a buyout. Therefore, reports in the Spanish media, that Telefonica wants to acquire fixed line and broadband assets in Ireland with the view to create a similar operation with O2 Ireland

as Telefonica has in Spain, do not come as a surprise. However, in the current economic climate it is likely that O2 will be careful and modest in its expansions.

Teligen monitors price developments of this sort in its T-World Fixed product www.teligen.com/t_world_fixed.asp with monthly updating

Bernadette Finn - Associate Director

Iceland - Síminn Increases Rentals and Call Charges

The Icelandic incumbent, Síminn, has increased its monthly rentals and call charges. The monthly rental for all residential packages has increased. The Standard subscription by IKR100 and the four options: Good, Better, Best and Premium all increased by IKR 150 a month. As well as increasing the monthly rentals Síminn has also increased all call charges and most notable call set up charge went from IKR 4.95 to IKR 5.50.

Teligen Comment:

Siminn's increase came into force in the month of September and the increase for the monthly rental comes to 6.3% for the standard package and 7% for the four options. As well as increasing the fixed monthly rentals and all call charges, Siminn also raised the monthly rental of its ADSL products. It is Icelandic residential customers who will feel the effect of these increases and in the current climate it will no doubt be noticed. Services are being made dearer and salaries are staying the same or in some cases being reduced.

The market is dominated by two main players Siminn and Vodafone with Siminn still having the higher number of subscribers. It will be interesting to see what action Vodafone will take as a response to these price increases. We believe that Vodafone will inevitably go down the same route rather than take the opportunity for market share gains.

Teligen monitors price developments of this sort in its T-World Fixed product www.teligen.com/t_world_fixed.asp with monthly updating.

Jóhanna Helgadóttir - Senior Consultant

Multiplay

Venezuela - Movistar Launches Quadruple-Play

Venezuelan mobile operator Movistar, a unit of Telefónica Spain has announced the launch of pay-TV services (DTH). The company offers the services as part of its Dúo and Trio bundled packages, as well as launching quadruple-play services for the first time in Venezuela.

The packages Duo, Trio and Full, refer to those mobile TV subscribers, who also subscribe to fixed telephony, mobile telephony and Internet access. If the subscriber already has one, two or three of the services mentioned above, he will pay less for the new service. Customers who already subscribe to Basic package at Bs 80 a month will pay Bs 13 for one of the thematic packages and Bs 26 for the Premium/HBO package making a total of Bs 119. However if the customer subscribes to Movistar Mobile a discount of 19% applies, if they also subscribe to Internet with Movistar the discount is 29% and finally if they subscribe to a fixed telephone the discount is 34% in all.



Teligen Comment:

Movistar is hoping that customers will be enticed by the convenience of this package, combining the four services under one brand, as well as quality with the best picture and national coverage that Movistar can provide. Movistar is also offering the "parental control" through the Movistar Digital TV and this will be a good option for parents with young children as they can choose the channels that their children watch.

Adriana Rodriguez - Senior Tariff Analyst

Want up-to-date tariff information at the touch of button?

T-World Total is the most advanced information system and calculation tool of its kind. It will answer your questions about tariffs, their structures and levels. It will allow you to compare prices among operators and countries in customisable list formats. In addition it has an in-built Analyser, with an integrated global location database. It allows the user to show price developments of a call with duration, or a circuit with distance and it also allows easy calculation of national distances and corresponding circuit prices. With so much to offer this makes T-World Total the only choice for your market intelligence needs.

To find out more or to request a demonstration, www.teligen.com/t_world_total.asp