

Tariff Outlook 27th 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.

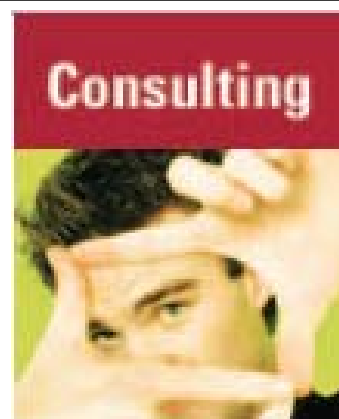
To make sure that Tariff Outlook is still relevant to your needs and to comply with relevant regulations, we do need to ask you to reconfirm your interest in continuing to receive this complimentary newsletter. Registration is fast and simple and should take only a minute of your time.

By registering as a guest of Strategy Analytics you will enjoy the additional benefits of:

- Complimentary research from the broader SA portfolio which spans wireless, broadband, connected home, convergence, automotive electronics, and strategic technologies
- New Research Alerts
- Access to our exclusive invitation only breakfast events hosted at major industry tradeshow.

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 are offering our thoughts on how Telenor's simplified business tariffs will impact the market in Norway and the outlook for 64k Local Circuits as TDC's prices soar in Denmark. We also report new plans



This Week's Top Stories...

- **Canada – New Plans From Solo Mobile**
- **USA - Verizon Announce Its Blackberry Storm Data Plan Prices**
- **Ireland - O2 Caps Data Charges For Prepay Consumers**
- **Turkey - Vodafone Unveils A New Pay Monthly Tariff**
- **Switzerland - Orange Changes Billing To Per 10 Seconds**
- **Norway – Telenor Simplifies Business Call Prices**
- **UK - TalkTalk Launches "My TalkTalk"**
- **Sri Lanka - SLT Slashes International Rates By Up To 86%**
- **Denmark – TDC Leased Line Increase – Does This Spell The End Of The 64K Local Circuit?**

from Solo Mobile in Canada, a new pay monthly plan from Vodafone in Turkey and changes to how calls are charged by Orange in Switzerland.

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: <http://www.strategyanalytics.com/default.aspx?mod=NavigationHeader&a0=65&a1=0> for further details and request a copy of our demo CD. 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.

Angela Toal – Tariff Analyst

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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, http://www.teligen.com/t_basket.asp

Mobile

Canada – New Plans from Solo Mobile

Solo Mobile announced new pricing on its “Unbeatable” and enhanced “Solo in the City” plans. Four new “Unbeatable” plans offer clients rates starting at CND 15 per month for both local calling and text messaging. Clients on these plans can pay CND 5 a month to share minutes and get unlimited local and Canada long distance calling as well as unlimited texting with up to four family and friends on the same account.

The two new “Solo in the City” plans are only available in Vancouver, Calgary, Edmonton, Toronto, Ottawa, Montreal and Quebec. Customers can choose to pay either CAD 40 per month and get 2,000 local calling per month, or CAD 60 for 4,250 minutes. The Plans also include unlimited text messaging.

Teligen Comment:

With these new plans, Solo Mobile is trying to meet the needs of Canadians seeking the most affordable rates available by offering them a wider choice especially with the “Unbeatable” plans. As claimed by Solo Mobile, It always offers the very best value in Canadian wireless and Canada’s most affordable rates.

Nacera Touileb - Consultant

USA - Verizon Announce Its Blackberry Storm Data Plan Prices

Verizon has announced its GlobalEmail and Data plans for the Blackberry Storm. The stand-alone data plan with unlimited browsing will cost USD 69.99 per month and USD 64.99 per month when added to any voice plan. Verizon has also released The Global Value Plan which offers discounted roaming charges on calls made to and from 130 countries for USD 4.99 a month. In other words, business customers will pay USD 4.99 per month for the privilege of reduced calling rates when overseas.

Teligen Comment:

Verizon has devised some global plans specific to the Storm to offer business customers in the US the facility to roam easily onto any 3G network in Europe with cheaper roaming rates and with data plans specially tailored for them.

Catherine Arteaga - Tariff Analyst

Ireland - O2 Caps Data Charges For Prepay Consumers

O2 Ireland has launched a new rate for data and mobile Internet use on prepay handsets. O2 prepay consumers will pay EUR 0.01 per KB but charging will be capped at EUR 0.99 for up to 50MB of data per day. If users exceed 50MB, they will then pay EUR 0.005 for each additional KB that day.

Teligen Comment:

The capped price will allow prepay consumers more freedom and flexibility and reduce fears of high charges when accessing the mobile Internet. As it's not a subscription service customers will still only be charged for what they use, so if they only use 50KB of data they will only be charged EUR 0.50. Consumers can also check their daily usage at any point during the day.

Angela Toal - Tariff Analyst

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

Turkey - Vodafone Unveils a New Pay Monthly Tariff

As of 14 November 2008, Vodafone Turkey is offering a new tariff for its pay monthly customers. The new tariff called 'CepLimitsiz' (*MobileUnlimited*) offers customers unlimited free calls per month on on-net calls. There is a fair usage limit of 10,000 minutes and/or SMS per month and a call is limited to 79 minutes. Call charges apply for calls outside of the free allowance, the billing is per 6 seconds. The monthly rental for this new tariff is 25 YTL inclusive 18% VAT and exclusive 25% Communication Tax.

Customers can also choose add-ons with this tariff. For an extra monthly charge customers can get unlimited on-net SMS, unlimited national SMS, unlimited calls to national fixed lines or 50% discount on the call charge for calls to other national mobiles.

Teligen Comment:

There has been a lot going on in the Turkish mobile market. Lately, number portability has been allowed which before was not the case. Customers can now easily swap from operator without losing their number. Therefore Turkish mobile operators are now having promotions, price changes or new tariffs in order to keep or win customers.

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Yilmaz Bakay - Tariff Analyst

Switzerland - Orange Changes Billing To Per 10 Seconds

Orange Switzerland has changed its billing to a per 10 second basis, for both residential and business customers. Orange did this on the quiet and this has been valid since the 1st November. Comparis.ch, a Swiss consumer price comparison website, has made a calculation that shows that the average Orange Optima customer will see an increase of up to 4.4% to the monthly bill. According to the same calculation Comparis.ch estimates that Orange can make up to CHF15 - CHF30 million.

Teligen Comment:

It would be safe to say that this is a very cheeky move by Orange. Especially since they have not made any public announcements about this change and this will creep up on customers. However, Orange is not the only mobile operator in Switzerland to use per 10 second billing. About a year ago Sunrise changed the billing system to per 10 second billing for its new tariffs Zero, Zero Plus, Max and Go but other tariffs are billed per second. Swisscom has a different billing system, they bill customers in units. In highly saturated markets the mobile operators are bound to find ways to make their money and for Orange this is one way!

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

Johanna Helgadottir - Senior Consultant

PSTN

Norway – Telenor Simplifies Business Call Prices

With effect from the 1 December 2008 Telenor will be changing the business call prices from analogue fixed phone lines on the Basis and Pluss packages. Currently the calls to fixed lines and mobile phones are priced according to the target network, with significant differences. A peak time call to a Telenor number costs NOK 0.169 per minute, while a call to a number on the "Get" or "Lyse" networks costs NOK 0.248. There are also discounts for off-peak calls. There are at least 8 different sets of prices to different fixed line networks.

Similarly there are significant differences between the prices for calls to Telenor mobiles and other mobile networks, the price may over twice as high when calling a non-Telenor mobile phone.

The monthly rental for the Basis and Pluss packages will be increased to NOK 12.00. The call set up charge is not affected.

Teligen Comment:

After the 1 December 2008 the call prices to fixed networks will all cost NOK 0.18 per minute, regardless of network or time. For calls to mobile phones the following prices will apply (NOK excl. VAT):

	Telenor Basis	Telenor Pluss	Tele2 Standard	Tele2 Nasjonal Fastpris
Fixed networks	0.18	0.18	0.09	0.00
Telenor mobiles	0.91	0.73	0.89	0.89
Netcom mobiles	0.91	1.18	0.89	0.89
Other mobile networks	1.48	1.18	0.89	0.89

Everyone will benefit from a more uniform price structure, with same call prices to fixed line phones, and to most mobile phones. However, it is evident from this table that Telenor's new offer is not better than Tele2 is already offering its business customers.

The effects on customer cost will depend on calling profile and volume. If the bulk of the traffic already goes to Telenor fixed numbers there will be a net increase in cost, based on the NOK 0.011 increase in per minute price and the NOK 12.00 increase in monthly rental. It is likely however that such customers will already be using the Pluss package, and thus avoid the increase in the call price to fixed lines (The Pluss package has no call charges to fixed numbers).

For customers with significant peak time calling to fixed lines on other networks there will be a reduction in call prices of up to NOK 0.08 per minute. For off peak calls however there will be an increase per minute of up to NOK 0.05.

The effect on call charges to mobile is even more uncertain. Customers on the Pluss package are already benefiting from a 20% discount on calls to mobiles and international calls. The upcoming change will mostly affect the calls to Netcom mobiles, with a reduction of approx. NOK 0.13 per minute for customers on the Basis package, and with an increase of approx. NOK 0.14 for customers on the Pluss package. Calls to Telenor mobiles are virtually the same, and call prices to other mobile networks may be either lower or higher than today, depending on network.

All in all the change on the 1 December will mostly benefit those with a significant amount of peak time calls to non-Telenor fixed lines, and many calls to Netcom mobiles if you are on the Basis package. For other usage profiles there may be a cost increase as a result.

Although the simplification may look like it is going to benefit customer it is clear that customers need to be careful. However, keeping track of your calling profile will be as important as ever if you want to make sure that you are using the best possible option in the Norwegian market. You will also still have to keep track of which network(s) your key business contacts are using if you want to maximise the benefits of these changes.

Telenor is doing this in response to competitors claiming to offer simpler tariff structures, with more uniform prices regardless of destination network. While this is a good idea for the end user, the transition can be difficult to manage, and may not be successful when the overall cost to the end user can go up.

It seems that Telenor is in fact responding to a low offer from Tele2 and as for Tele2 their offer is still a better one for smaller businesses.

The concept of having same the price across destination networks is of course simple for the end user, who will not have to worry about who they are calling and the price of the call. On the other hand, a business call is made because there is a need to call, and the price of that particular call may not be all that important. It is the overall cost of using the service that counts, and in this respect the change made by Telenor now may actually increase overall end user costs slightly for many users. Whether it will be able to stop customers moving to other providers remains to be seen.

Halvor Sannaes - Director Tariff Services

UK - TalkTalk Launches “My TalkTalk”

TalkTalk has introduced a new plan called “My TalkTalk” which allows the consumer to create a plan that represents their own needs. There is one-off GBP 29.99 connection fee and minimum 18 months contract duration for the basic package. This costs GBP 16.99 (GBP 6.49 for the Global Evening & Weekend with broadband package plus GBP 10.50 for the line rental) and includes unlimited calls to UK landlines in the evenings and at weekends, calls at anytime to 36 international destinations and other TalkTalk customers and broadband with a download speed up to 8Mbps, a free wireless router and a 40GB download limit. Then the consumer can add their choice of “boosts” for GBP 4 a month per boost with a minimum duration of 30 days. The user can choose “Speed boost”, “Download Plus”, “Security Boost”, “Calling Features”, “Anytime UK calls” or “1/2 price Calls to Mobile”.

Teligen Comment:

With this new package the consumer doesn't have to pay for something that they don't need. Each month the user continues to receive the features until they opt-out or the contract ends. The real benefit of this package is that the consumer can always change the boosts chosen, so each month they pay what they really need and no more.

MyTalkTalk is being launched in direct response to customer research by Ipsos Mori which showed that 94% do not want to pay for broadband and call package features they do not use and 65% would like to be able to pick their own bespoke home phone and broadband package

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

Astrid Casali - Junior Tariff Analyst

Sri Lanka - SLT Slashes International Rates by Up To 86%

SLT International call charges have been reduced by up to 86%. The lowest call charge will be Rs10 per minute for countries such as USA, Canada, Singapore, China, Malaysia and Hong Kong.

The service offers both post-paid and pre-paid choices through SLT telephones and SLT Passport pre-paid calling cards respectively. SLT Passport gives access to International Direct Dial (IDD) through any fixed line, pay phone or mobile, enabling customers to call anyone in any part of the world. SLT Passport also offers customer three types of services: premium IDD, budget IDD service and local calls.

Teligen Comment:

SLT's alliances with global players such as AT & T, Sprint, NTT, British Telecom, KDDI, China Telecom, SingTel, PCCW Global, Telstra, VSNL, BSNL and Bharti Airtel amongst others have given many benefits to their customers. SLT Passport is the only international calling card in the market which has coverage of all countries.

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

Adriana Rodriguez - Senior Tariff Analyst

Leased Lines

Denmark – TDC Leased Line Increase – Does This Spell The End Of The 64K Local Circuit?

For the second time in less than a year TDC, the Danish incumbent, has increased the quarterly rental charges on its digital leased lines. Local 64k circuits have gone up by over 60% while long distance has seen increases of up to 36%. The tariff changes also affect 2Mb circuits with local circuits seeing a small increase while long distance circuits have come down in price by between 6% and 9%, depending on the distance.

64 kbit/s circuits (end to end)

	Per Qtr/DKr	
	Old Rental	New Rental
Own and neighbouring exchange area up to 100m	2,852.00	4,800.00
Own exchange area 101 - 1000m	2,852.00	4,800.00
Own exchange area Over 1000m	2,852.00	4,800.00
Neighbouring exchange area over 100m and other exchanges up to 5km	3,720.00	6,200.00
Over 5km to 30km	4,552.00	6,500.00
Over 30km to 75km	5,353.00	7,300.00
Over 75km	5,352.00	7,300.00

2 Mbit/s circuits (end to end)

	Per Qtr/DKr	
	Old Rental	New Rental
Own exchange area and neighbouring exchange area		
Up to 100m	4,400.00	4,840.00
101 - 500m	4,400.00	4,840.00
501 - 1000m	4,400.00	4,840.00
Own exchange over 1000m	4,400.00	4,840.00
Neighbouring exchange area over 1000m and other exchanges up to 5k	7,600.00	7,420.00
5-30 km	8,400.00	7,840.00
30 – 75 km	9,400.00	8,590.00
Over 75 km	9,400.00	8,590.00

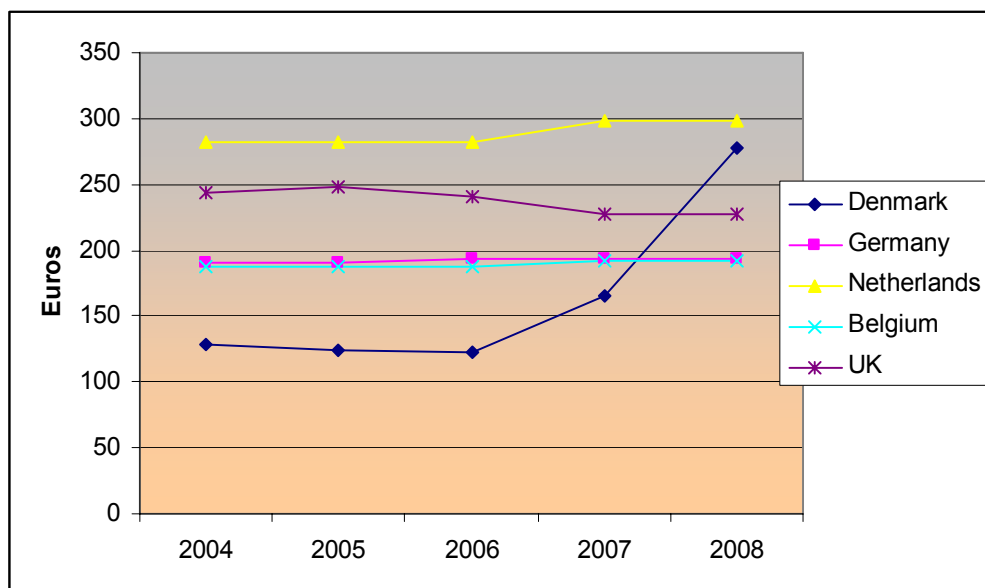
These changes came into effect on 1st October 2008.

Teligen Comment:

Leased lines offer guaranteed speeds and a high level of security and reliability and are therefore the service of choice for many large corporations. It's quite clear from this aggressive pricing structure that TDC are keen to get their customers to move over to 2Mb circuits. This new set of tariffs greatly increases the cost of taking a 64k circuit, particularly a local line and customers will be left with little alternative as there is now just a small price variation between the much faster 2Mb circuit. There are of course many advantages to upgrading to a faster connection however this may not be to every business' requirement.

TDC is the largest provider of telecommunications services in the Danish market (group turnover in 2007 was EUR 5.3 billion) and holds the monopoly on leased lines services. There are few alternative leased line offerings available within the Danish market, particularly if a leased line connection is the only solution for an organisation.

The cost of local 64k circuits has been gradually climbing over the last couple of years in Denmark. Other comparable countries have not seen the same kind of price development, and the price increase in Denmark is extraordinary.



There is generally a move towards higher speeds, and the demand for 64k is diminishing. Operators around Europe are facing stiff competition from high speed broadband providers while all the time trying to maintain their traditional services like leased lines. Encouraging customers to take the higher speed (i.e. 2Mb) is probably more cost effective from a delivery and maintenance point of view.

Another point shown by the graph above is that Denmark has had very reasonably priced services for many years, and with the current price increase will move up towards the other end of the scale.

We believe that the future for 64k circuits and for that matter fractional leased lines as a whole is looking rather bleak. This price change in Denmark may be an indication of things to come also in other countries. Companies have many alternatives for high speed access at low prices. SMEs for example may favour the cheaper xDSL or wireless broadband option. Corporations who need the security of a private network are turning away from traditional leased lines in favour of multi-protocol label switching (MPLS) which allows one type of traffic to be prioritized over another, and this can often better support the needs of the user organisation.

Bernadette Finn - Associate Director

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, http://www.teligen.com/t_world_total.asp