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Teligen Outlook

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Welcome to Teligen's Tariff Outlook Newsletter

Message from the Editor

Welcome to Tariff Outlook, the fortnightly newsletter brought to you free-of-charge by Teligen's team of tariff analysts and consultants; we would like to wish you all the best for a happy new year in 2006.

The beginning of the year is often a time that sees operators reviewing their tariffs and regulators announcing major changes. This year some UK operators have introduced higher line rental charges and the Spanish regulator has announced that all operators in Spain must now bill all their calls by the second.

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, so feel free to contact us - we've put our numbers and emails at the foot of each article.

We look forward to hearing from you.

Johanna Helgadottir

Tel : + 44 20 8263 5206, email: johannah@teligen.com

This Week's Top Stories...

- [*UK line rentals on the rise*](#)
- [*Ministry of Economy in Spain freezes Telefonica's fixed tariffs*](#)
- [*Deutsche Telekom introduces two new fixed line tariffs*](#)
- [*France Télécom reduces fixed to mobile call charges*](#)
- [*Etisalat UAE launches in-flight WiFi with Connexion by Boeing*](#)
- [*TIM Italy unveils RELAX range of UMTS tariffs*](#)
- [*Orange Switzerland launches unlimited SMS service*](#)
- [*Tigo Honduras reduces international rates by half*](#)

PSTN

UK line rentals on the rise

From January 1st this year the cost of renting a phone line from the incumbent operator BT increased by 50 pence to £11 per month. The price increase only effects BT's standard plan, BT Together Option 1. This is the operator's second increase in basic line rental charges in 18 months, representing an

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overall increase of £1.50 per month on the charge customers were paying in 2004. While many customers and other operators are up in arms over this latest announcement, BT has attributed the change to the set of measures imposed by UK regulator Ofcom to increase competition in the UK's telco sector. One of the incentives for BT to meet the criteria set by Ofcom was the relaxation of restrictions on the price of line rental. In the wake of this price increase the cost of Wholesale Line Rental (WLR) is likely to decrease. WLR allows BT's competitors to offer customers a single bill for line rental as well as calls. According to Ofcom, the important issue is that if telcos want to compete effectively in the line rental market with the dominant BT they need "a clear margin between the wholesale price they pay to rent a telephone line from BT, and the price that they then charge their retail customers for line rental". An increase in this margin, Ofcom anticipates, will lead to greater competition, expanding consumer choice and increasing value for consumers as more providers compete for their custom.

Analysts predict that this latest increase in BT's prices could potentially result in customers paying an extra £83 million a year, an increase of nearly eight times the rate of inflation. While seemingly receiving nothing in return this increase will be hard for BT customers to swallow, particularly with most competing operators either reducing or likely to reduce their line rental costs. Also affected are the 3.7 million customers that use alternative suppliers for their calls, or other services such as broadband and Internet telephony, but still pay line rental to BT. Other companies like the Post Office and Home Call are still offering line rentals for £9.99 per month, although Talk Talk, the fixed line service from the Carphone Warehouse, is also due to increase its line rental charge from £9.99 to £10.49 from 1st February. The line rental increase is being heavily defended by BT, attributing it to the regulatory settlement with Ofcom. Despite the frustration that this is causing the industry there are now almost two million WLR lines in the UK, with take-up increasing by more than 130,000 orders a month. The margin between the wholesale and retail offering from BT will almost certainly lead to a huge increase in competition in the line rental market this year. Customers will increasingly be able to get line rental and calls from one provider, without having to rely on BT.

Alex Lambert

Tel: + 44 20 8263 5442, email: alexl@teligen.com

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Ministry of Economy in Spain freezes Telefonica's fixed tariffs

The Spanish Ministry of Economy announced on the 29th of December 2005 that from 1st January 2006 the Spanish incumbent Telefonica would not be allowed to raise either its residential monthly rental charges or call charges. Furthermore, the Ministry also announced that from 1st January 2006 all Spanish operators have to start billing their calls on a per second basis.

Adriana Rodriguez

Tel: + 44 20 8263 5260, email: arodriguez@teligen.com

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Deutsche Telekom introduces two new fixed line tariffs

Deutsche Telekom is offering two new tariffs for calls from fixed lines to the national mobile networks. The prices shown below include VAT:

The tariff “**Festnetz zu Mobil**” (fixed network to mobile) is an offer for residential customers. For a minimum monthly usage of €4 calls are charged at €0.129 per minute to T-Mobile and Vodafone and €0.149 per minute to E-Plus and O2. “**Profi Festnetz zu Mobil**” is the equivalent for business customers. This offer can be combined with the Call Profi tariff. Calls are charged at €0.162 per minute to T-Mobile and Vodafone and €0.185 per minute to E-Plus and O2. Billing is per second.

In addition, Deutsche Telekom is increasing the country selection for its “**Country Select**” option. Malta, Monaco and Belarus have been added to the list of countries, from which three chosen countries can be selected for cheaper calls. Furthermore, the charge for combining **XXL-Fulltime** with T-Net has been reduced by €4 to €35.90, and the charge for combining with T-ISDN has also been reduced by €4 to €43.90.

Tamara Stancic

Tel : + 44 20 8263 5404, email: tstancic@teligen.com

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France Télécom reduces fixed to mobile call charges

France Télécom has lowered its fixed-to-mobile tariffs from 2 January 2006, following a ruling by the country’s telecoms regulator ARCEP. The regulator said last year, following its market analysis, that France’s three mobile network operators must reduce wholesale charges by 24% from the start of January.

France Télécom, owner of France’s mobile operator Orange, is the first of the French operators to make the changes and pass the savings onto their customers. New retail prices include a saving of up to 28% on residential standard calls and between 20-24% on reduced calls, depending on network called. Monthly subscription charges for the “Les Heures Vers Mobiles” package were also reduced by 2% up to 10%, depending on size of package.

Business fixed to mobile calls have also been reduced. Calling Orange and SFR networks will now cost 25% less and calls to the Bouygues network an even greater saving of 41% per call. Monthly subscription charges for the mobile business packages “Les Forfaits Pro Vers Mobiles” and “Forfait Pro/PME France et Mobiles” were also reduced by between 5% and 16%, depending on inclusive hours in package.

Bernadette Finn

Tel : + 44 20 8263 5442, email: bernadettef@teligen.com

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Broadband

Etisalat UAE launches in-flight WiFi with Connexion by Boeing

eCompany, Etisalat’s provider of Internet access in the UAE, has launched its Broadband in-flight WiFi Internet access service for its subscribers, in partnership with Connexion by Boeing. From December 27, 2005, Etisalat / eCompany’s customers can access the Internet anywhere across the world on airplanes that are equipped with the Connexion by Boeing service.

The new service offers wireless Internet to WiFi enabled laptops or mobile phones onboard at broadband speeds compatible to those that customers have at their homes and offices. Users can get online while flying from any seat in the cabin and they can log on with their dial up username and password. Business users can also access company emails, files and business applications securely from the air.

The pricing of the service is as follows (VAT does not apply): there is a flat charge of USD 14.95 for short haul flights (less than 3 hours), USD 19.95 for medium haul flights (between 3 and 6 hours) and USD 29.95 for long haul flights (over 6 hours). Customers will be billed in their monthly Etisalat bill.

Lufthansa, which operates a large number of airlines in the UAE, has been equipped with the Connexion by Boeing service. The facility will be available more widely as more airlines sign up for the service.

Nacera Touileb

Tel: + 44 20 8263 5292, email: ntouileb@teligen.com

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Mobile

TIM Italy unveils RELAX range of UMTS tariffs

TIM has unveiled three UMTS tariffs under the RELAX brand. The prices below include VAT:

Relax is charged at €15 per month and offers:

- Free on-net and fixed calls, up to a maximum of 400 minutes per month. A call set-up charge of €0.16 applies.
- Free video calls to other TIM users, with the above restrictions.
- 100MB worth of WAP traffic via the TIM portal per month.
- Voice calls to other operators cost €0.19 per minute.

Relax 9 costs €25 per month and offers:

- Video calls to other TIM users for €0.09 per minute plus call set-up charge.
- SMS to all national mobiles at €0.09 each.
- 100MB worth of WAP traffic via the TIM portal per month.

Tutto Relax costs €49 per month and offers the following inclusive services:

- Free on-net and fixed calls, up to a maximum of 1500 minutes per month. A call set-up charge of €0.16 applies.
- Free video calls to other TIM users, with the above restrictions.
- Free texts to any national mobile.
- Free content and up to 100MB worth of WAP traffic via the TIM portal per month.

These prices are available until the end of February and apply to users who wish to purchase a mobile device. A range of handsets is free with the above tariffs, provided the customer signs up for 24 months and pays a charge of

between €1 and €10 per month for 24 months.

Relax is also available without a device and to prepay users.

Cora Hackwith

Tel: + 44 16 2868 9736, email: chackwith@teligen.com

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Orange Switzerland launches unlimited SMS service

Orange Switzerland has launched an 'unlimited' SMS service for pre-paid users that allows customers to pay standard SMS rates for the first 10 texts of the day, with the 11th to the 300th texts being free. Other call charges are in accordance with standard pre-paid prices. (All tariffs include VAT).

Service	Description	Charge/CHF	Unit
SMS	1st to 10th Message	0.19	Per SMS
	11th to 300th Message	FREE	Per SMS
Calls	Anytime to Swiss Networks	0.65	Per Min
GPRS	Access to Internet and Orange World	0.15	Per 10KB

Simon Granshaw

Tel : + 44 20 8263 5294, email: sgranshaw@teligen.com

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Tigo Honduras reduces international rates by half

Tigo, the Honduran mobile subsidiary of Millicom International Cellular, has reacted to the ending of Hondutel's monopoly on the international voice calls market by reducing its international calling rates to the US from USD0.83/minute to USD0.38/minute.

With this reduction in the international rates Tigo, formerly known as Celtel, is hoping to capitalise on the newly liberalised market. However, Tigo is not the only contender. One of its rivals, Aló, has also announced rate cuts of 18%-32% for calls to the US, Mexico and Central America just two days after Hondutel's monopoly ended. In the meantime, Hondutel unveiled international call rates to the US of USD0.71/minute in early December in expectation of imminent competition. There is an expectation that Hondutel will announce further rate cuts this year. (All tariffs exclude VAT).

Johanna Helgadottir

Tel : + 44 20 8263 5206, email: johannah@teligen.com

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Watermans Park
High Street, Brentford, TW8 0BB
United Kingdom
Tel +44 (0) 20 8263 5200
Fax +44 (0) 20 8263 5222
www.Teligen.com

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