

EUROPE TELECOM

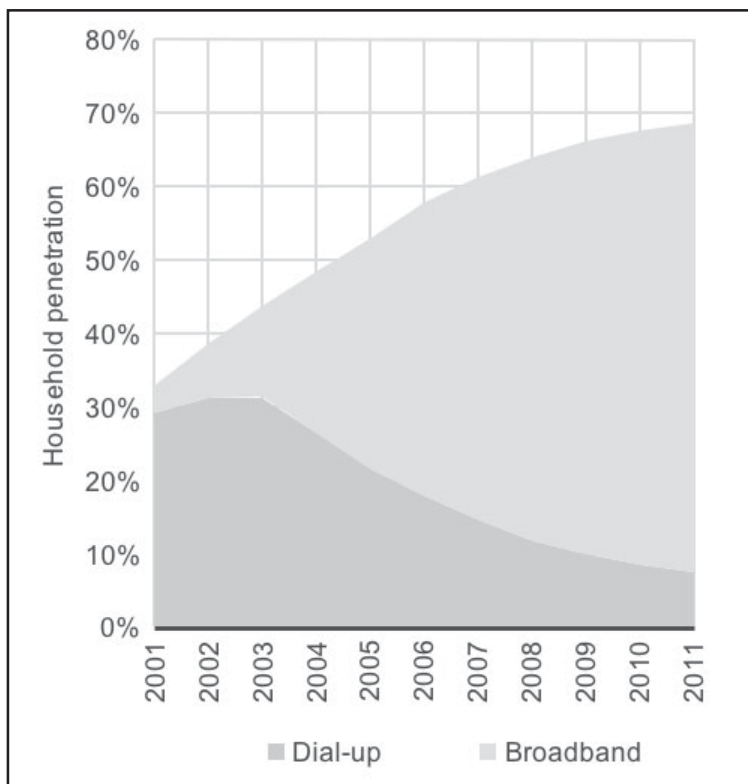
EAST & WEST

**MONTHLY
NEWSLETTER
COVERING TELECOM
DEVELOPMENTS IN
CENTRAL EASTERN &
WESTERN EUROPE
AND RUSSIA**

Vol. 11 No. 12

December 2006

Residential Broadband and Dial-up Internet Penetration in Western Europe, 2001–2011



Source: Analysys Research, 2006

ACROSS THE REGION

Interoute selects Infinera for pan-European network

Interoute has selected Infinera to provide the optical network for its next-generation pan-European network. The new network will provide Interoute with new levels of capacity, service

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delivery, and competitive advantage across its pan-European footprint.

Ciena and Interoute extend high-speed optical networking to Eastern Europe

Ciena Corporation announced an expansion of its relationship with Interoute, owner of Europe's most advanced next-generation voice and data network, to upgrade and expand the operator's Eastern European network.

The Ciena deployment will position Interoute as the first service provider to offer carrier-class 10-Gigabit wavelength and 10-Gigabit Ethernet services on-demand to enterprise customers in emerging European Union countries. The deployment has already commenced and is scheduled for completion in early 2007.

RAD enables Ventolo to provide PSTN access on DSL multiplexers

Ventelo, one of Europe's biggest service providers, has chosen a TDM pseudowire solution from RAD Data Communications. This is to offer PSTN (public switched telephone network) access over IP DSL access multiplexers (DSLAMs). Ventelo has decided to extend its portfolio of services by utilizing the multiplicity of IP DSLAMs in the nations. Mati Epstein, director of sales for Scandinavia at RAD Data Communications, said that Ventolo has made history by providing the PSTN traffic via TDM pseudowire and IP DSLAMs. TDMoIP pseudowire technology is a unique approach for transporting circuit-switched telephony and legacy data on packet networks. All the functionality of Class 4 and 5 switches and SS7 and PRI are strictly maintained, thus allowing carriers to reduce network expenses.

DE-CIX delivers reliable 10-Gigabit Ethernet services with Force10 Networks

Force10 Networks announced that DE-CIX, the largest Internet exchange in Central

and Eastern Europe, is deploying the TeraScale E-Series family of switch/routers in a comprehensive upgrade of its switching infrastructure to deliver resilient 10-Gigabit Ethernet services to its customers.

The Force10 TeraScale E-Series will allow DE-CIX to seamlessly scale its network to support an anticipated 200Gbps of traffic by next year as well as additional future growth.

ARMENIA

VimpelCom to buy 90 percent of ArmenTel from Hellenic Telecom for \$436.3 million

VimpelCom declared that it has agreed to Hellenic Telecommunication Organisation's terms to purchase the latter's 90 percent shares in ArmenTel for about \$436.3 million, as well as its debt of \$51.028 million. VimpelCom said that the deal would be finalized before the end of 2006.

The finalization of the merger is subject to certain conditions, which include the Armenia government's approval.

BELARUS

MTS Belarus reports revenues of \$138.1 million

Belarusian mobile operator Mobile TeleSystems Belarus (MTS Belarus) has registered revenues of \$138.1 million in the first half of 2006.

The cellco's capital expenditure was \$0.05 billion in the first half of the year. MTS Belarus had 2.584 million users by the end of that period, increasing from 2.339 million users as of March 31.

Its monthly average revenue per user (ARPU) was \$9.86, and a minute of usage (MoU) was at 407 minutes. As per Telegeography's GlobalComms database, MTS Belarus unveiled GSM-900/1800 services in June 2002 in Minsk and adjoining areas, but it has also expanded to other regions like the

Brest-Moscow highway, Grodno, Gomel, Vitebsk, and Mogilev.

BELGIUM

Proximus to launch Windows Messenger Service

Belgium-based Proximus has launched Microsoft Windows Live Messenger. Customers can now exchange messages between Windows Live Messenger on a cell-phone and a PC.

The deal with Microsoft is the newest addition to the company's wireless messaging services in Belgium. It will be proposed under the Proximus Instant Messaging umbrella. Proximus customers will enjoy the Windows Live Messenger Mobile Service free of cost till December 31, 2006. Proximus had 4.2 million customers by the first half of this year, a market share of 47 percent.

Belgian operator BASE launches EDGE network in Belgium

Belgium-based mobile operator BASE has unveiled its EDGE network in Belgium to allow users with EDGE-enabled mobile phones to download data at speeds of around 240Kbps. Equipment supplier Ericsson has upgraded the BASE network.

The EDGE services would be available to around 98 percent of the Belgian population accessing the EDGE services.

Belgacom and Omantel sign MoU

Belgacom and Omantel have signed an MoU (Memorandum of Understanding) to carry out international carrier services in the Middle East. This deal will allow Belgacom International Carrier Services (ICS) to utilize Omantel's networks to maximize its connectivity in the region and enhance its growth. Also, Omantel will improve its bilateral voice relations to boost the service for retail and wholesale users signed up for a two-year deal with Belgacom.

CROATIA

Iskon strengthens broadband customer support with Motive

Motive Inc., a provider of broadband management software, and Iskon, a provider of advanced telecommunication and Internet services in Croatia, announced that Iskon has selected Motive Home Device Manager (HDM) software to improve customer service while reducing its support costs. Integrated with Iskon's telephony and high-speed Internet services, Motive's intelligent automation will significantly enhance service activation and assurance capabilities.

Since it became available in 2005, 13 service providers worldwide, including Iskon, have selected Motive HDM to manage their next-generation broadband services.

Headquartered in Zagreb, Iskon is Croatia's second-largest service provider, with 10,000 business customers and 100,000 residential customers. Following the deregulation of the Croatian telecommunications market, Iskon has rolled out voice and high-speed Internet services over fiber and DSL. In the second phase, Iskon will also offer video and IPTV services.

Before the Motive installation, Iskon provided broadband services through an incumbent operator. When it was in a position to launch its own services, it looked to providers of broadband management software for ease of service installation, lower installation and support costs, and most importantly, delivery of a better end-user experience.

DENMARK

Vodafone to provide data broadband services in Denmark

Vodafone will be stepping into the Dutch fixed-line market with its acquisition of The Network Factory (TNF), the existing Dutch broadband service provider. The company will

be providing data broadband services and integrated voice to their business customers. As announced earlier, Vodafone would be providing DSL broadband services in a move to increase its sources of revenue by catering to the client's growing demands for voice and broadband data needs.

Vodafone has also entered into wholesale agreements with BT and Fastweb to offer DSL services along with its mobile service.

Denmark to help in fiber-optic rollout

Denmark has signed a deal for \$25 million grant to help deploy the fiber-optic network in Mozambique.

This agreement would fund the second phase of Mozambique's National Fiber-Optic Transmission Network.

The rollout is expected to begin in April or May 2007. This network will not only connect the northern cities of Cuamba, Pema, Lichinga, and Nampula, but will also have a link between the central cities of Caia, Chimoio, and Tete. National PTO Telecomunicacoes de Mocambique (TDM) will carry out the deployment.

3 launches HSPA network in Denmark

Ericsson's customer 3 launched HSPA network in Denmark. Ericsson supplied the software, commercial HSPA hardware, and other implementation services as per the contract.

The HSPA network will enable network download speeds around 1Mbps to 1.5Mbps. Also, peak network speeds up to 3.6Mbps can be achieved, which will further increase to 7.2Mbps in 2007.

According to the CEO for 3 in Denmark, Morten Christiansen, Ericsson was one of the first companies to achieve mobile broadband speeds up to 3.6Mbps in place of fixed broadband solutions. 3 and Ericsson will provide network coverage and software upgrades for improving speeds further in 2007.

ESTONIA

Another 3G license granted in Estonia

The Estonian National Communications Board said that it granted a 3G license to Grosson Capital, a private limited-liability firm.

The price offered by Grosson Capital was \$8.14 million. Other bidders included private limited liability firms like Renberg Investments (\$7.5 million), RealGroup Systems (\$6.6 million), and ProGroup Holding (\$5.8 million). The Estonian National Communications Board had awarded three frequency authorizations via direct offer to EMT, Elisa Mobiilsideteenused, and Tele 2 Eesti in 2003. These firms could not take part in the recent competition.

FINLAND

Brand new service to support Wi-Fi/cellular roaming

Some of the Nokia's combined cellular and Wi-Fi phone users would be allowed to make voice calls that roam between the two networks without having to drop the calls. Cicero Networks will make its client ready for use on the S60 platform, the software based on the Symbian OS. The CiceroPhone supports the handoff of the voice calls between cellular and Wi-Fi networks. Elaine Tracey, vice president for marketing at Cicero, said that two operators have launched the technology: Hello AS in Norway and Messagenet in Italy. Also, 30 operators (mainly in Europe) are conducting trials on this technology. Users can download this software to the phone; operators also can sell the phones with the software pre-loaded.

Nokia wins GPRS network expansion deal with Guandong MCC

Nokia has won a GPRS packet core network expansion contract with Guangdong Mobile Communications Corporation (Guandong MCC) to provide its GPRS packet core solution. This consists of the Nokia Serving

GPRS Support Node (SGSN), Nokia Flexi Intelligent Service Node, and the Nokia Charging Gateway. It will provide an easy migration to Nokia's Combi SGSN, since a simple memory and upgrade of interface will help achieve 3G access support. The Finland-based vendor will provide network planning, implementation, and integration services. This new network equipment will serve over 11 million data users in the Eastern Guangdong province.

Nokia launches new platform to block peer-to-peer file sharing and VoIP

Nokia plans to unveil a platform to help operators block certain data services, like peer-to-peer file sharing and VoIP calls. This centralized solution would be a software upgrade to the Nokia Flexi Intelligent Service Node (ISN). Roberto Loiola, vice president of marketing and sales for networks at Nokia, said that due to the popularity of high-speed mobile data access, operators are trying to make optimum use of their networks when peer-to-peer applications increase traffic load. The Nokia Peer-to-peer Traffic Control solution would help operators structure their businesses and be more competitive by prioritizing their preferred partners' traffic, increasing their return on investment. It enables Nokia's Flexi ISN to identify data traffic and allows operators to utilize network resources optimally.

Nokia and T-Mobile team up on WCDMA services

T-Mobile US has selected Nokia's hardware to provide mobile broadband to their users, as the company has started providing high-speed 3G WCDMA. Wideband Code Division Multiple Access (WCDMA) can reach speeds of around 2Mbps for high-bandwidth media downloading and streaming being capitalized by the carriers. Nokia will provide T-Mobile US with its Flexi WCDMA Base Station, a model that combines low-cost deployment with modular expansion. Nokia has supplied 3G

equipment for T-Mobile in Germany, the UK, and the Netherlands and is responsible for almost half of the 13 launched WCDMA networks. The Flexi WCDMA Base Station would provide T-Mobile with adaptable deployment options and provide future evolution capacities.

Nokia reduces margin targets, forecasts 10 percent rise in mobile-phone sales in 2007

Nokia has decided to cut its operating margin targets, due to growing exposure to the network infrastructure business. It claims that worldwide sales of mobile phones will increase by 10 percent in 2007. Nokia said that its operating margin will be adversely affected by the initiation of a joint venture combining Nokia's network group with Siemens' carrier operations. Therefore, Nokia has reduced its target margin to 15 percent for next two years, from 17 percent set in December 2005. It will target a 17 percent operating margin over the next two years instead of the 17 percent-18 percent set in last December. Nokia forecasts that sale of mobile phones will rise by 10 percent next year from the estimated 970 million units to be sold in 2006.

Nokia and Indosat sign WCDMA 3G/HSPA managed services deal

Nokia and top Indonesia-based operator Indosat have signed a WCDMA 3G/HSPA managed services contract to allow Indosat to enable wireless broadband services and 3G services. Nokia would undertake the task of operating the network. Nokia will deliver Indosat turnkey services that include network planning, implementation, and integration of this WCDMA 3G/HSPA network. It will also build, operate, and transfer the Indosat 3G network. As part of the deal, Nokia's 3G device will also be provided. The network would be ready for launch by November 2006. Nokia, which currently has 65 WCDMA 3G customers, would support the operators to improve their services and reduce expenses. It is also an important managed

services player, with around 60 managed services contracts across the world.

FRANCE

Neuf Cegetel to use Nortel IMS-ready solution to deploy TWIN (xx) service

Neuf Cegetel plans to use Nortel's IMS-ready solution for deploying a fixed/mobile convergence service, TWIN (xx). Neuf Cegetel predicts that TWIN users are saving nearly 30 percent of their phone bills. Since it has Wi-Fi coverage, the TWIN phone can automatically connect to a Wi-Fi access point or the Neuf box, and calls made can cost the same as those made from a fixed line. In addition, subscribers will receive one consolidated bill.

Neuf Cegetel's innovations that it developed with Nortel from 2005 under the Neuf BeautifulPhone project have benefited the TWIN mobile terminal. In the trial, convergence technologies are tested under live conditions. Some of these, over time, will be used for enhancing the TWIN service. The Neuf Cegetel solution includes the IMS-ready Multimedia Communication Server 5200 (MSC 5200) by Nortel. It seamlessly integrates voice and collaboration, video as well as presence services.

LongBoard and France Telecom to produce and provide multimedia roaming solution

France Telecom and LongBoard Inc., a software provider enabling personalized multimedia-based services, have stated that they signed a deal for jointly developing and providing a multimedia roaming solution which is IMS compliant. This multimedia roaming solution allows service providers to provide seamless multimedia services throughout multiple access networks like GSM, UMTS, CDMA, Wi-Fi, GPRS, and WiMAX. LongBoard will market this multimedia roaming solution to customers. The solution, likely to be available in early 2007, improves mobile users'

experiences by leveraging real-time streaming multimedia services for users who shift across different networks.

Alcatel chooses Cingular Wireless to provide 3G mobile services

Cingular Wireless LLC has selected Alcatel's multiservice transport for providing advanced third-generation (3G) mobile services like video-on-demand. This solution will allow Cingular to support requirements of increased bandwidth for High Speed Downlink Packet Access (HSDPA). Cingular unveiled the first-ever HSDPA broadband wireless access services in December 2005. This multiservice transport solution includes its 7670 Routing Switch Platform (RSP), which supports both ATM and IP/MPLS realms. The Alcatel 1671 Service Connect (SC) multiservice cross-connect provides good traffic optimization. Cingular's 3G wireless service is currently provided in 137 metropolitan areas. The Alcatel 1671 Service Connect is deployed in both mobile and fixed service providers throughout North America.

Bouygies Telecom selects Sierra to supply PC data card

France's mobile operator Bouygies Telecom has selected Sierra Wireless for supplying a new PC data card. Sierra's AirCard 850 wireless wide area network (WAN) is a 3G wireless WAN Type II card; it is compatible with UMTS, GPRS, HSDPA, and EDGE. This PC data card uses the 2100MHz UMTS frequency band to provide average data transfer rates of 500Kbps-800Kbps, capable of going over 1Mbps on HSDPA networks.

Alcatel to cooperate with Sequans to develop Universal WiMAX 802.16e-2005

Sequans Communications will cooperate with Alcatel to provide Universal WiMAX 802.16e-2005 to developing economies. It will enable the manufacture of low-cost end-user

devices and will meet the need for broadband provision in developing nations like India. Thus, users with low average incomes would be able to access broadband. The leadership of Alcatel in advanced antenna technology, along with Sequans' expertise in high-performance WiMAX silicon, reduces the overall cost of WiMAX networks by boosting coverage and empowering cost-optimized CPE. Sylvie Richir, vice president of Alcatel's broadband wireless access business, said that Alcatel would engage in wide-scale deployment of Universal WiMAX 802.16e-2005 with help from Sequans' technology to provide low-cost devices to the consumers. Sequans' SQN1110 mobile WiMAX uses only 350mW of power and delivers a throughput of above 10Mbps.

ARCEP plans to issue the fourth 3G license in France

ARCEP is preparing the issuance of the fourth 3G license and will decide its application procedure in December 2006. In addition, it plans to permit WCDMA networks to use 2G GSM frequencies. Depending upon the publication date, applications might be needed in spring for the issuance of the license before the end of 2007.

ARCEP needs to quickly draft a plan to reuse 1800MHz and 900MHz frequencies for 3G and establish a method for using the current 2G frequencies for 3G. This depends on sharing by four operators that will be executed only if the fourth license is allocated. Otherwise, it will depend upon the sharing by three operators.

GEORGIA

Georgia's National Communications Commission to auction GSM-1800 license

Georgia's National Communications Commission will auction a national GSM license. The bid was offered at \$4.4 million. November 27 is the last date of the bid, followed by the announcement of the winner on December 15.

Following the auction, Mobitel, which already has a GSM-1800 license, has also applied for frequencies. The country has 1.5 million mobile subscribers, out of which MagtiCom covers 44 percent and Geocell covers 54 percent, as of June 2006, as reported by TeleGeography's GlobalComms database.

GERMANY

O2 Germany to enter DSL market

Germany-based cellco O2 Germany has decided to enter the DSL market. It will offer converged mobile, DSL landline, and Internet services with a single bill. The mobile operator will provide this service via its own GSM network and the DSL network of Telefónica Deutschland. Three packages would be provided: O2 DSL S and O2 DSL M for light users, and O2 DSL L for heavy users.

Deutsche Telecom names Rene Oberman as its new CEO

Europe's biggest telecom firm by sales, Deutsche Telecom, has named Rene Oberman, head of the firm's T-Mobile unit, as the new CEO. The telecom giant announced this decision following a meeting of its supervisory board, after chief executive Kai-Uwe Ricke submitted his resignation after occupying the position for four years. This appointment of Oberman as the new CEO is seen as a positive signal. After this announcement, shares of Deutsche Telecom increased by 2.9 percent to \$17.35 on the Frankfurt stock exchange. When with T-Mobile, Oberman helped to reduce expenses by \$1.3 billion and eliminated 1,500 jobs.

Huawei signs deal worth \$38.4 million with German operator

China's biggest telecom equipment-maker, Huawei Technologies, signed a deal with German operator Versatel Holding Deutschland GmbH worth \$38.4 million. According to the Memorandum of Understanding signed in

Beijing, Huawei will build a fiber-optic communications network based on Internet Protocol (IP) for the third-biggest fixed-line operator in Germany. For the first time, Huawei will provide the technology for a complete network for a German operator. Versatel has around 700,000 subscribers, and its revenues are likely to reach \$883 million. Versatel CEO Peer Knauer stressed the need for a dependable partner that would help the operator face the challenging issues confronting the operator.

Air Berlin chooses ADC KRONE's future-proof 10GBase-T copper infrastructure solution

ADC, a provider of communications network infrastructure solutions, announced that Air Berlin has expanded its Berlin headquarters network using ADC's CopperTen cabling solutions. By deploying these solutions, Air Berlin has laid the foundation for its future expansion: CopperTen is one of the first systems designed to transfer data up to 10Gbps over copper cabling, with scalability that supports future network requirements.

The new cabling installation in the Air Berlin headquarters has been deployed by WTG Berlin, an ADC-certified telecommunications service provider. Since the start of the implementation in 2005, WTG Berlin has installed approximately 5,500 new connections in the datacenter and offices. The firm also has replaced some of the older cabling. Overall, WTG Berlin has laid approximately 220km (140 miles) of Cat7 cable, designed for a frequency of up to 600MHz. In addition, today there are 230 KM8-coupler panels, each with 24 ports in operation.

Siemens SURPASS hiD Carrier Ethernet platform helps Maine-based telecom boost service

Siemens Networks LLC announced that Maine-based telecommunications provider Tidewater Telecom is using the SURPASS hiD

6650 Carrier Ethernet platform to provide reliable, high-performance voice and data services to customers in the health care industry. The Siemens solution enables Tidewater Telecom to increase bandwidth, boost resiliency, and improve service quality for delivery of today's multimedia applications and services.

New Wireless Automation Level Network solutions from Siemens

Wireless building automation technologies provide new options that solve challenging installation scenarios and remove physical or financial constraints to hard wiring. Leading the industry with their successful debut of the first Wireless Field Level Network, Siemens Building Technologies Inc., announced the introduction of a Wireless Automation Level Network (WALN), offering unprecedented system design and implementation flexibility.

SES NEW SKIES provides RTL Television with special event Internet access services at Formula 1 Grand Prix races

SES NEW SKIES, an SES GLOBAL company, announced it has successfully provided special event satellite Internet services supporting RTL Television's coverage of the Formula 1 Grand Prix races. The German broadcaster has used capacity on the company's NSS-6 and NSS-7 satellites for high-speed Internet access services used onsite by its crew at Grand Prix races around the world.

GREECE

Tellas selects Italtel's softswitch technology for its NGN and Metro Ethernet network

Tellas has engaged the softswitch technology of Italtel for its next-generation network (NGN) and to deploy a Metro Ethernet network. This NGN solution will result in full interworking with the operator's current infrastructure for voice services. It will allow the provision of enhanced telephony on an IP

network for both business and residential customers. Italtel will provide a Metro Ethernet network for advanced traffic management to support Tellas's existing services and also its new NGN-based services.

Italtel softswitch (i-SSW) will control CPE and access nodes for the deployment. In addition, Italtel will provide a Metro Ethernet network having IP capabilities.

Antcor S.A. and Meshcom Technologies to cooperate technologically

Antcor S.A. and Meshcom Technologies will engage in technology cooperation to integrate Meshcom's MeshDriver mesh networking software to Antcor IkarusOS wireless networking operating system. It will give a total mesh-enabling Wi-Fi software solution to AP vendors, solution providers, distributors, OEMs, and ODMs.

The solution changes an embedded Wi-Fi system to a self-organizing, self-configuring, self-healing, and self-optimizing network node. It would be available in the early part of 2007. Costas Meimetis, CEO and co-founder of Antcor S.A, said that the company was leased by including Meshcom as the firm's technology partner and added that the pair would collaborate further to provide innovative products in the future. Miska Kaipainen, CEO and cofounder of Meshcom Technologies, echoed the sentiment.

HUNGARY

Vodafone Hungary unveils fixed-line service

Vodafone's Hungarian mobile subsidiary plans to enter Hungary's fixed-line market. Vodafone Hungary is offering landline services at prices lower than the fixed telcos.

People signing up can choose to use either their normal landline phones for the service, or buy dual-mode phones that can function as cordless phones at home and as cell-phones elsewhere. Vodafone has reportedly

bought capacity from Invitel to provide this new fixed-line service.

Hungarian broadband Internet connections increase and fixed lines decline

According to the Hungarian telecoms regulator, National Telecommunications Authority (NHH), the number of fixed-line connections reached 3.379 million in September, declining by 9,000. However, broadband Internet connections increased by 17,000 to reach 537,000. At the end of September, the number of landlines per 100 witnessed a fall to 33.57, from 33.65 during the same period last month.

Also, household penetration of landlines declined to 66.7 percent from 67.87 percent. The number of active ADSL subscriptions increased by 12,000 lines to 252,000, which was largely due to cable Internet subscriptions. With this, the total number of subscribers in Hungary with any form of Internet access has increased by 29,000 since last month to 789,000.

Magyar Telecom's third-quarter net profit falls

Magyar Telecom, Hungary's leading telecom operator, said that its net profit for the period ending September 30 fell sharply due to unsatisfactory performance by its landline unit. Its net income fell to \$112 million from \$113.9 million in the same period a year ago, though it did beat analysts' forecast of \$110 million. Magyar faces serious competition from fixed-line and mobile markets.

Earnings from its Internet operations and overseas ventures have not reduced the damage. Fixed-line sales increased 3.5 percent to \$1.25 billion from January-September 2006, cell-phone revenue increased 12.3 percent to \$1.19 billion, and sales through Internet revenues increased 23.9 percent to \$179 million. Magyar's problems also include several legal hassles, like the four disputed contracts at its Montenegro unit.

Hungary ISP chooses Optibase for supply of IPTV solutions

An Israel-based provider of IPTV solutions, Optibase, has received a contract to provide an IPTV solution to Hungary-based ISP TVnet, which is in the process of upgrading its telephony and Internet services. The deal came about through RingNet, an eastern European systems integrator. The value of the deal is estimated to be \$1 million. As per this deal, Optibase will install its MGW 5100 solution to speed up the provision of TVnet's IPTV capability. According to Optibase, this new solution would help the TVnet to earn better monthly revenues because of the cost-effectiveness of this system.

Magyar Telecom to provide IPTV services in Hungary

State-controlled operator Magyar Telecom (MT) intends to provide Internet-based commercial TV (IPTV) services. Its foray into the IPTV sector would be supported by its Web division, T-Online. The services could achieve national level if accepted wholeheartedly by customers. T-Online plans to sign 50,000 customers in the first month of the launch and wants to capitalize on the prospect of IPTV and low capital investment. Hungarian Internet provider and operator TVnet launched its IPTV service in the beginning of 2006 for less than \$500,000.

IRELAND**Magnet Networks looks to double user base by end-2007**

Ireland-based broadband and cable TV provider Magnet Networks has signed up 10,000 users and intends to double this figure by next year's end. The majority of the user base are corporate or small and medium-sized businesses, according to the operator's communications director, Charlie Ardagh. The share of residential user base is less than half.

Magnet Networks has invested \$51 million in creating its network, and an additional \$31 million is available for investing. Magnet Network provides CATV, broadband, and landline telephone services and also plans to offer video-on-demand to its TV customers and fiber-optic networks in Dublin and Cork.

Meteor Mobile says it has a 16 percent market share

Ireland's third-biggest mobile network operator, Meteor Mobile, claims to have a 16 percent share of the domestic market after increasing its subscriber base from 500,000 in November 2005 to 750,000 subscribers.

It was acquired by Eircom in November 2005. Meteor claims that it is also successful in terms of the mobile number portability (MNP) ranking, stating that an increasing number of users are migrating to its network, rather than shifting from Meteor to rivals O2, Vodafone, or 3. Meteor CEO Robert Haulbrook stated that the operator was successfully attracting more users than its competitors.

Meteor now has covered 95 percent of the population, a figure which is expected to increase to 99 percent.

Meteor Mobile signs roaming agreement with Vodafone

Meteor Mobile has announced a network roaming agreement with Vodafone Ireland to cover the western side of Ireland. Vodafone will provide Meteor's users with GPRS-based roaming services stretching from Donegal to Cork from February 2007. Meteor signed this agreement to cover those areas where the firm has yet to complete building its network, or where the prospect of providing of these services is uneconomical due to less population.

Digiweb selects euNetworks for building fiber-optic network

Digiweb has selected euNetworks for creating a 140km fiber-optic Metropolitan Area

Network (MAN) covering Dublin. The value of this deal remains undisclosed.

The self-healing network will connect Digiweb's Blanchardstown-based data hosting facility to all of Dublin's major datacenters and main business parks. This MAN and Dublin's local telephone exchanges will interconnect for enabling local loop unbundling (LLU).

Global Crossing selects Xtera's Nu-Wave XLS to provide 10Gbps services to Ireland

Xtera, a supplier of all-Raman optical transport solutions, announced that Global Crossing has deployed the Nu-Wave XLS DWDM system on two unrepeated submarine links between Ireland and the UK.

The unrepeated links are part of Global Crossing's international network and will support the increasing demand for advanced IP and wavelength services, including 10Gbps services to Ireland.

ITALY

Telecom Italia claims its net profit increased by 3.5 percent in the latest quarter

Telecom Italia said its profit in the latest quarter increased 3.5 percent, beating expectations of analysts.

Italy's biggest telecom operator said that it received an unsolicited acquisition proposal for sale of its Brazilian mobile operation unit TIM Participacoes. Telecom Italia did not reveal who initiated the approach.

The company earned \$1.12 billion on revenue of \$9.99 billion. This was mainly due to strong performance by its European broadband and Brazilian mobile business. The firm's debt fell to \$50.25 billion from \$52.7 billion in the previous period.

Samsung to launch a new mobile TV phone in Italy

Samsung intends to launch a new mobile TV phone (SGH-P930) in the Italian market in

December via Telecom Italia. This phone combines the latest mobile TV technology with HSDPA technology for high-speed data transmission. Samsung has provided a mobile TV phone (SGH-P920) to Telecom Italia since May 2006.

The P930 phone has a horizontal LCD screen for optimal mobile TV viewing and supports stereo speakers. It also features a megapixel camera and a VGA camera for video telephony. Samsung leads in all three standards of the mobile TV market by providing the world's first S-DMB and T-DMB phones in Korea, Europe's first T-DBM in Germany and DVB-H phone in Italy, and by demonstrating the MediaFlo mobile TV technology at CTIA Wireless 2006 in the US.

NETHERLANDS

Almost 11 million out of 16.3 million Dutch citizens have Internet connection

Around 11 million of the 16.3 million inhabitants of the Netherlands use an Internet connection, and of those, 82 percent have broadband, according to an AFP report quoting a study by the Dutch Central Statistics Bureau (CBS).

The CBS noted that the number of Internet connections was slowly growing. In 2005, the Netherlands had 10.7 million Internet connections, compared to 8.9 million in 2001.

The AFP report said that there has been a healthy increase in the number of broadband connections; only 23 percent of Internet users had one four years ago.

KPN orders Amdocs' Cramer OSS platform

KPN has selected Amdocs' Cramer OSS as the platform for the combined 2G/3+G core mobile network. KPN will use the solutions for the purpose of consolidating its multiple operating support systems (OSSs). This would help KPN synchronize data across its mobile network.

This agreement undoubtedly reinforces its long relationship with the Netherlands-based operator. KPN had selected Cramer technology for its next-generation wireless and wireline OSS. Cramer had provided the solution for KPN, covering its business units like mobile, KPN fixed-line, ePacety, and the pan-European fiber-optic network.

POLAND

Orange Poland to launch fixed-mobile convergence service

Poland's Orange plans to launch fixed-mobile convergence service. Orange planned to begin testing their new service, under the Unifon brand, from the end of November.

The new service will allow Orange's customers to make calls on their mobiles at fixed-line rates. TP SA's customers can also take advantage of this service provided they subscribe to broadband Internet services with Livebox! Modem.

The company also plans to launch HSDPA technology over its W-CDMA network in Warsaw and Katowice by the end of the year. This will be further expanded to cover 30 percent of the population within the first three months of 2007.

Polkomtel launches commercial HSDPA network in Warsaw

Poland's Polkomtel has upgraded its 3G network with the launch of a commercial high-speed downlink packet access (HSDPA) network in Warsaw.

Nokia supplied the equipment set required for the launch. With this launch, Polkomtel customers can access better-quality mobile data services at a much better speed.

The new HSDPA solution enables speeds five times faster than the existing W-CDMA service. According to the CEO of Polkomtel Thomas Eberle, for ensuring a speedy rollout capability, a new software was

all that was needed, as the Nokia W-CDMA 3G network was already available with the company.

PORTUGAL

TMN signs contract with Napster and Ericsson

Portugal Telecom's TMN signed a contract with Ericsson and Napster which will help cellular users with file sharing.

The Napster Mobile offering facilitates cellular subscribers' access to more than 2 million full-length music tracks. Ericsson will provide a variety of personalized content for mobiles and will also install the Napster service for TMN.

Nearly 12 million users in Q3 in Portugal, as per regulator Anacom

According to Portugal's telecom regulator Anacom, there were 11.926 million users by the end of Q3 2006, a 1.6 percent rise compared to its previous quarter and a 7.1 percent rise compared to Q3 2005. Around 1.7 billion calls were made from July to September, an increase of 4 percent compared to the previous quarter.

The traffic in international networks also rose by 42.6 percent. Mobile users received around 1.7 billion calls in Q3, an increase of 3.4 percent compared to Q2 2006. The number of conversation minutes also rose 5 percent in the quarter at above 3.2 billion minutes, a growth of 7.3 percent compared to the previous quarter. The number of text messages sent increased 8.3 percent compared to the previous quarter, reaching above 3,351 billion written messages.

Sonaecom upgrades the speeds of its ADSL packages

Sonaecom's high-speed Internet unit, Clix, will be enhancing the speeds of its high-end ADSL packages. However, this upgrade will not bring any changes to the current charges paid by the customers.

The current 4Mbps service will be upgraded to 12Mbps, and the 20Mbps service will be enhanced to peak download speeds of 24Mbps. At present, Sonaecom charges \$45.80 per month for the 24Mbps service and \$39.43 per month for 12Mbps.

ROMANIA

Costmote Romania extends its coverage

Cosmote Romania stated that after investing over \$280 million, the company has 92 percent population coverage and above 76 percent geographical coverage. It is presently providing mobile services to around 20 million people in Romania. The company will continue to invest for expansion of its GSM networks, and aims at over 95 percent population coverage and above 82 percent geographical coverage by this year's end. Cosmote's goal is to provide over 98 percent population coverage and above 85 percent geographical coverage during 2007. Cosmote Romania's CEO, Mr. Nikolaos Tsolas, said that the company puts emphasis on network optimization and is looking to improve and increase its coverage to more areas.

RUSSIA

Moscow's Altimio to invest in Vietnam

Moscow's Altimio plans to invest in Vietnam and further expand to Southeast Asia in the future. According to Altimio's senior vice president, Roger de Bazelaire, the company has already invested around \$30 billion in emerging telecom markets across the globe. Further, it plans to acquire minor stakes in local mobile-phone operators and provide technological expertise to them. Altimio will be setting up an office in Vietnam in November.

Synterra to expand WiMAX network in Moscow

Russia-based wireless broadband operator Synterra intends to expand its WiMAX

network in Moscow. It plans to increase the number of base stations from 40 to 60 by end of this year.

This plan would lead to the coverage of WiMAX from the current level of 80 percent to 95 percent. Synterra unveiled WiMAX in April 2006.

SLOVAKIA

O2 Group adds 812,000 users in Q3, plans to launch mobile services in Slovakia in Q1 2007

Pan-European mobile service provider O2 Group added 812,000 new users in the third quarter of 2006 to take its total mobile user base to 34.4 million, a year-on-year increase of 14 percent.

O2 UK added 524,000 new users, an increase of 15 percent year-on-year, and took its total subscriber base to 17.338 million. O2 Germany also added 294,000 users to take its total user base to 10.629 million.

O2 Ireland added 16,000 users, an increase of 2 percent year-on-year, to end the third quarter with a total of 1.603 million. But Telefonica O2 Czech Republic suffered a loss of 10,000 mobile users, though its fixed-line division saw the number of connections increase from 221,000 a year ago to 427,000. Group revenue for O2 was \$3.85 billion Q3 ending on 30 September. O2 plans to unveil mobile services in Slovakia in Q1 2007.

Mobitel unveils PoC services deployed by Nokia

Slovakia-based Mobitel has launched the push-to-talk-over-cellular (PoC) services deployed by Nokia. Nokia has hosted and integrated the Open Mobile Alliance (OMA)-compliant services, which, according to the vendor, will enable the operator to provide the solution at a rapid pace with less investment. The trial for this service was successfully conducted earlier this year.

SPAIN**Orange and Vodafone Group sign 3G networks sharing deal in Spain to reduce cost**

Orange and Vodafone Group signed a deal to share 3G networks in distant parts of Spain. The two companies will share transmission equipment in Spanish towns with less than 25,000 in population. The deal enables Vodafone and Orange to achieve considerable cost savings, as they will now buy 40 percent fewer base stations as compared to separate functioning of individual extension plans. Mobile-phone operators from Europe had to prioritize cost reduction to cope with increasing penetration rates and decreasing call prices.

Telefonica posts 84 percent rise in Q3 net profit

Spanish telecom firm Telefonica states that its Q3 net profit increased by over 84 percent, thanks to recent acquisitions and also the gains from selling the directory firm Telefonica Publicidad e Informacion. Net income for the period to September 30 rose to \$3.35 billion from \$1.8 billion in the same period a year ago. Revenues rose 37 percent to \$17.37 billion year-on-year from \$12.6 billion. The revenues for nine months increased 43.1 percent to \$49.6 billion, compared to the consensus forecast of \$49.4 billion. OIBDA increased 35.9 percent to \$14.65 billion. By the end of September, the group increased access lines by 33.1 percent to 195.9 million in one year. Mobile subscriptions rose 47.9 percent year-on-year to 138.4 million, and broadband connections rose 45 percent to 7.3 million.

SWEDEN**Ericsson to supply HSDPA network in Bahrain**

The largest operator in the Kingdom of Bahrain, Batelco, has chosen Ericsson for

upgrading its network with HSDPA technology. Batelco will deploy a 3G/HSDPA network that would support Batelco in its Broadband Bahrain initiative. The process of rolling out the network has already started.

The deal also includes technology consultancy services to help Batelco with optimization of the network performance. Ericsson will also offer business consultation in a go-to-market program for advanced 3G services. Batelco chief executive Peter Kaliaropoulos said that the deployment of services from Ericsson would serve and entertain the company's customers.

Ericsson signs four-year deal with Warid Telecom

Ericsson has signed a four-year contract with Bangladesh-based Warid Telecom for managed services like rolling out the operator's GSM/GPRS in Dhaka and a network expansion. Earlier this year, Ericsson signed two deals to supply Mobile Softswitch, backbone transmission equipment, and packet core for Warid Telecom's GSM/GPRS network in various parts of the country. Ericsson will be responsible for the designing, operations, rollout, management, and maintenance of the Bangladeshi operator's network.

Ericsson gets \$110 million AIS contract

Ericsson signed a contract worth \$110 million with AIS to expand its current GSM/EDGE network in Bangkok. With this expansion, AIS will increase its network coverage as well as its capacity. According to the contract, Ericsson will be responsible for building the network; providing network design, deployment and integration services; and radio and core network. Ericsson will also supply its spare-part management service, thus reducing AIS's operational costs. The Mobile World subscriber database reported that at the end of its Q3 2006, AIS had about 17.7 million customers, which gave them nearly 50 percent market share.

Swedish TeliaSonera acquires Cygate for \$80 million

Sweden's TeliaSonera acquired Cygate after buying a major stake of 98.66 percent from Swedish Bure Equity for \$80 million. Cygate currently supplies IP networks and systems in the Nordic region. The acquisition was a strategic move taken by TeliaSonera in reinforcing its integrated IT and telecoms solutions business. According to TeliaSonera's CEO, Anders Igel, integrated IT and telecoms solutions business will be a major growth area in the future.

Lycos Europe to sell its Swedish unit Spray Network to Telenor's Glocalnet

Lycos Europe, an Internet group owned partly by Telefonica and Bertelsmann, has decided to sell its Sweden-based broadband Internet and telephony unit, Spray Network, to rival fixed-line and broadband operator Glocalnet (owned by Norway's Telenor) for \$24.8 million. This deal awaits approval by the Swedish Competition Authority. Lycos Europe acquired Spray Network in August 2004. It sold Spray's Web portal business to media firm Aller Svenska for \$21 million at the end of September 2006. Telenor acquired broadband service provider Utfors in December 2002, integrating its business users with the Telenor Business Solutions Unit and shifting the residential users to Glocalnet. By September 2006, Glocalnet had 119,000 users, with Spray adding 75,000 users to Telenor's group total. Spray has around 45,000 telephony service users and 70,000 narrowband users.

SWITZERLAND**Swisscom unveils Microsoft IPTV service**

Swiss users will now be able to use their Internet connections to watch TV. The Bluewin TV service makes use of an IPTV (Internet Protocol television) software platform which is developed by Microsoft Corp. To start with, this

service would offer above 100 TV channels and over 500 video-on-demand films. The other features include an electronic program guide, a live-pause function, and remote recording through Internet or mobile phone. The Microsoft TV IPTV Edition software platform has been selected by several other European network operators, including BT Group PLC, AG, Deutsche Telecom, and Telecom Italia SpA. Swisscom allows users to choose between ADSL (Asymmetric Digital Subscriber Line) and VDSL. The monthly fee for this service is \$23.

TAJIKISTAN**Tacom launches 3G services in Tajikistan**

Tajikistan-based mobile operator Tacom has unveiled 3G services over the network provided by Huawei Technologies. Huawei was contracted by Tacom to provide GSM and W-CDMA mobile equipment for expanding Tacom's GSM network in May 2006. Huawei will initially supply almost 80 GSM base stations and also many W-CDMA base stations, along with a switchboard. Tacom has the license to offer GSM-900/1800, CDMA-450, and AMPS services in the country. It also holds Tajikistan's third UTMS concession, which was awarded to it in September.

TURKEY**Turkcell deploys RMSC**

Turkcell, a Turkey-based network operator, has deployed the Rich Media Service Center (RMSC) of Moxibell. This RMSC will improve Turkcell's multimedia content services and deliver a centralized solution for its Service Delivery Platforms (SDP).

Cenk Bayrakdar, chief service and product development officer, Turkcell, said that the operator can now provide customers with high-quality multimedia content by deploying the RMSC. Turkcell selected Moxibell because the operator needed a proven solution that would

lend support to its service delivery platform and meet all the optimization needs.

The operator has deployed the RMSC with Content Management System (CMS), MMSC, and a Multimedia Push Application.

TURKMENISTAN

Turkmenistan completes construction of fiber-optic communications line

Turkmenistan has completed constructing the Trans-Karakum fiber-optic communication line between Ashgabat and Dashoguz.

This 574km communication line runs across Central Karakum Desert, the greatest desert on the continent. Construction was carried out simultaneously with installation of telephone lines in inhabited localities.

With the commissioning of the new Ashgabat-Dashoguz fiber-optic communication line, it is now possible to raise the number of digital circuits to 7,500.

This operation paves the way for significantly changing the quality of local, intercity, and international calls from Dashoguz. Until quite recently, people living in areas between Ashgabat and Dashoguz were forced to use just 200 analog telephones.

UNITED KINGDOM

Vodafone suffers 1H loss of \$9.57 billion

UK's mobile group Vodafone suffered a net loss of \$9.57 billion in its first half-year, compared to net profit of \$5.3 billion a year ago.

The firm is on its way to meet the pretax profit forecast of \$9.1 billion. Revenues in the half-year to September 30 jumped by 7.2 percent year-on-year to \$29 billion due to growth in emerging markets like Romania, Egypt, and South Africa.

The number of users increased by 12 million to reach a total of 191.6 million customers. With the exclusion of one-time items,

EBITDA increased by 5.7 percent to \$11.8 billion. Vodafone plans to launch fixed-line services in Western Europe by March 2007. Chief Executive Arun Sarin said that since May, Vodafone had made great progress in successfully implementing new strategies.

Vodafone confirms its launch of fixed-line telephony and broadband services in January 2007

Mobile operator Vodafone UK has confirmed its plan to launch broadband Internet and fixed-line telephony services from January 8, 2007. Vodafone's \$47 per-month "Vodafone at Home" service includes unlimited broadband access at download speeds of around 8Mbps, monthly line rental, free landline-to-landline calls within the UK, a modem, and a 25 percent discount on landline-to-mobile calls.

This service is available to existing and new customers and makes use of fixed-line operator BT's network. Vodafone claims it will connect users within 10 working days of receiving an order.

The connection will be subject to an 18-month contract. Vodafone aims to earn around 10 percent of its annual revenues from other businesses, such as converged fixed-mobile services, over the next few years.

BT Group to buy PlusNet for \$126.8 million

BT Group will buy British ISP PlusNet for \$126.8 million.

This deal represents a further consolidation in UK's broadband market. Earlier last month, Carphone Warehouse agreed to buy Time Warner's AOL for \$697 million.

BT's new broadband subscribers had reduced to 22 percent in the quarter ending September 2006, from 25 percent in the preceding quarter. PlusNet will retain its brand name; the ISP has around 200,000 customers and earned revenues of \$77 million in the fiscal year ending June 2006, apart from a net income of \$7.3 million.

In related news, O2, which took over ISP Be earlier on this year, claims that it now provides ASDSL2+ services to around 25 percent of the country's population and that this could increase to 50 percent to 60 percent by summer 2007.

NeuStar to pay \$129 million to buy UK-based Followap

NeuStar will pay around \$129 million to buy a UK-based mobile instant messaging (IM) products provider in Europe and Asia, Followap. The revenue of Followap could exceed \$25 million in 2007. Followap provides interoperability between Internet portals and operators in IM, intercarrier messaging hubs, services for handset clients, presence, and multimedia gateways.

Followap will be the core of NeuStar's Next Generation Messaging Group. It would complement NeuStar's SIP-I SUITE of interoperability product services. NeuStar's chairman and CEO, Jeff Ganek, said that top mobile operators in Europe are depending on Followap's products for provision of IM services and that the company would seek the expertise of Followap to provide infrastructure services in Europe and Asia.

NTL and ECI Telecom broaden relationship with three-year \$5.5 million support services contract

ECI Telecom announced that it has signed a three-year \$5.5 million contract with NTL Incorporated, the UK's largest cable operator, for ongoing support services.

As part of the new agreement with NTL, ECI will provide maintenance and support services for its national network, thus enabling NTL to continue to offer exceptional service to its customers.

Building on the companies' 11-year relationship, NTL is expanding its previous contracts with ECI, which included repeat purchase agreements for ECI's optical and data

networking solutions. NTL now has ECI's systems valued at millions of dollars installed across the UK.

MARKET INTELLIGENCE

Germany's DSL subscriber base grew 55 percent in 2005

Research and Markets has announced the addition of "2006-2007 Europe — Telecoms, Mobile and Broadband in Germany and Austria" to their offering.

This report covers Germany and Austria, profiling the two countries central to Europe's telecom infrastructure and development. Subjects include the following:

- Market and industry analyses, trends, and developments
- Facts, figures, and statistics
- Industry and regulatory issues
- Research, marketing, benchmarking
- Major players, revenues, subscribers, prepaid
- VoIP, IPTV, VoD, digital TV, and DTTV
- Convergent media

The latest Germany and Austria Annual Publication, "2006/2007 Telecoms, Mobile and Broadband in Germany and Austria," profiles two countries central to Europe's telecom infrastructure and development.

A common language and border as well as close social and economic ties provide some synergies for operators and network sharing opportunities.

Germany has Europe's largest telecom market, while its investment in Europe draws it towards its western neighbors. Austria's telecom market is one of the smallest in the European Union, yet its advanced and progressive infrastructure has placed its providers in an excellent position to exploit the opportunities in Central and Eastern Europe, and alleviate domestic pressure caused by a fierce competitive environment. Austria's mobile and broadband penetration is strong, and its

extensive cable footprint has proved to be a secure foundation for meeting customer demand for triple-play services such as iTV, VoIP, and VoD on both cable and DSL platforms. Germany's broadband sector is less developed, but promises considerable opportunities in coming years as a result of Deutsche Telekom's EUR3 billion investment in network fiber and VDSL infrastructure. Although plagued by the EC's determination that the new network should be open to competition, once completed, the network should put the country in a leading position in the use of high-bandwidth services.

This report presents an overview of the telecom markets in these two vibrant countries, including an assessment of sector liberalization and privatization, together with the key regulatory measures which affect competition and investment. It also examines the product offerings for the mobile sector, and assesses the latest developments in advanced services such as mobile TV and HSDPA. The important broadband market is assessed, together with forecasts for broadband growth dependant on factors such as investment, the regulatory environment, and consumer demand. The report provides essential statistics covering the broadband, mobile, and digital TV sectors, highlighting technological developments and the emergence of media convergence and triple-play offerings.

Key Highlights

Germany's cable market underwent further consolidation during 2006, with the regional operator ewt buying Tele Columbus. The market has been stimulated by popular demand for high-bandwidth applications such as VoD, prompting huge investment in regional cable networks which has strengthened the operators' ability to carry triple-play services ahead to 2007 and contest for customers against Deutsche Telekom.

IPTV remained negligible in Germany in 2006, but DSL and cable upgrades, together with greater customer awareness of the

medium, promises strong growth in coming years. Telekom Austria's aonDigital IPTV offering matured considerably in the year, with a strong channel selection and growing VoD presence.

Deutsche Telekom's VDSL network went live for 3 million customers in ten cities in August 2006, providing 50Mbps services. Dependant on the regulatory environment, a further 40 cities were to be switched on during 2007 in one of the largest infrastructure investments in Europe.

The popularity of VoIP in 2006, together with fixed-mobile substitution, has eroded the fixed-line voice market, prompting the company to look to data services to bolster stagnant revenue, and highlighting consumer awareness of emerging technologies.

The sophisticated mobile markets in Germany and Austria are fiercely competitive, with a growing number of MVNOs battling for customers. 3G has been slow to develop, but during 2006 the sector has shown considerable growth at the expense of GSM. Austria's 3G take-up is twice that of Germany's, but both countries have shown solid growth and promise to perform well in 2007.

Germany's DSL subscriber base grew 55 percent in 2005, and was likely to show about a further 45 percent growth in 2006 on the strength of the incumbent's massive investment in network infrastructure, complementing cable improvement, which has seen 10Mbps services extending to a growing number of subscribers.

For more information, please visit <http://www.researchandmarkets.com/reports/c44666>.

Municipal fiber network plans will have little impact on Europe's broadband market

Municipal fiber networks being built by cities such as Amsterdam, Paris, and Vienna may be attracting plenty of buzz, but their impact on the European broadband market will be marginal in the near term.

That's the conclusion of a new report from technology research firm Strategy

Analytics. The report, "Fiber to the Home: Will Municipalities or Markets Drive Growth in Europe?" predicts that incumbent telecom operators and other commercial providers will remain the dominant broadband players in Europe.

"Despite the attention that municipal FTTH plans have attracted from the media, politicians and equipment vendors, their impact on the European broadband market is likely to be quite limited," notes James Penhune, the report's author and Director of the Strategy Analytics Broadband Media & Communications service. "With competition driving down prices throughout Europe, most consumers who want broadband will already be able to afford it. This trend will make it harder for cities to justify

building their own networks to provide low-cost or free service."

The report also predicts that over the next five years most incumbent telcos and other service providers will follow a more economical approach to network upgrades, moving in increments from the ADSL technologies in place today to more advanced alternatives such as VDSL and fiber-to-the-node (FTTN).

"Unlike local governments, which can justify investing in expensive FTTH technology on the grounds that it may benefit the public or stimulate economic growth, telcos and other shareholder-owned companies face intense pressure to limit costs and show near-term returns on investment," adds Penhune. "This financial pressure will continue to make FTTH difficult to rationalize in the near term."

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