

#1 Tuesday
June 15, 2010



VoIP shakes up mobile

Between new revenue opportunities and better voice quality, mobile operators shun VoIP at their peril
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Skype speaks

CEO Josh Silverman makes the case for Skype as friend, not foe, to cellcos
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CommunicAsia2010 Summit

- Visionary Address - The Future of Communications
Skype, CEO, Josh Silverman
- Three tracks: Next Generation Broadband; Mobile Value Added Services and Getting in on the cloud

Yahoo phone

Access Yahoo with a single touch on new Alcatel phone for emerging markets
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Convenience drives apps

Asia's mobile users wants apps with clear advantages, says study
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Product Locator

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3D entertainment

3D face modeling and dancing via A*STAR
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Regulator, pay TV industry at standoff over new content rules

by **Bill Mumford**

Singapore's broadcast regulator and pay TV content providers are at loggerheads over a plan to require exclusive content to be made available to both Singapore pay TV providers.

Under its proposed new media conduct code, the Media Development Authority (MDA) has mandated that exclusive content be made available on both StarHub and SingTel platforms, drawing protests from the Cable & Satellite Broadcasters' Association of Asia (CASBAA).

The body, which represents content owners such as Disney, HBO and Turner Broadcasting, says the new "cross-carriage" scheme will deprive content owners and creators of their ability to freely negotiate contracts.

MDA's head of competition & market access, Eileen Ang, said content owners would continue to have "full freedom" to negotiate contracts. She said the measure was aimed at tackling a fragmented pay TV market, where more than 90% of the top 100 channels were available only on an exclusive basis.

"We don't see there is any intrusion on their contracts," she said in an interview with *Show Daily*.

However, CASBAA deputy CEO John Medeiros said the changes only benefited those channels whose business model revolved around non-exclusivity. It did not work for other business models, such as minimum subscriber guarantees or the sale of channel bundles.

"The increased value of the larger audience is not anything near the prerogatives and the control that they lose," he said.

CASBAA also believes that

the scheme infringes Singapore's obligations under the World Trade Organization (WTO) intellectual property protection regime, known as TRIPS, which said governments could mandate content only in "certain special cases."

Ang said the MDA did not believe the new rules breached the government's international obligations.

She said the authority would issue a "preliminary decision" on the media conduct code next month, and would consult further before making a final decision. *

It's all about video

by **Joseph Waring**

With 2 billion YouTube views daily, and regional digital TV set to grow at 110% over the next five years, telecom video is hot.

It's certainly burning up the halls of CommunicAsia this week, with SingTel touting a 3D service and Ericsson and others showing off smart video services.

The backdrop is a spike in video demand that is expected to boost global internet traffic fourfold by 2014.

The latest Cisco Visual Networking Index predicts the flood of global video will not only ac-

count for 91% of consumer IP traffic by 2014, but it will also exceed P2P traffic - the largest

source of traffic for the last ten years - before the end of 2010.

Local broadband and pay

TV operator SingTel is touting

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IT'S THREE-DIMENSIONAL: Alexsander Sem, portfolio marketing manager for multimedia solutions at Ericsson, is impressed by his company's 3D TV solution demo (Booth 4L3-01)

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Yahoo unveils new phone, apps for emerging Asia

by Bill Mumford

Yahoo will today announce a new handset and new messaging apps aimed at mobile internet adopters in fast-growing emerging markets.

The Alcatel One Touch phone, which will provide direct access to Yahoo content through a single button, will be launched in Indonesia today, with other Asian markets to follow.

The US internet firm will also unveil its new apps bundle, Messenger One, along with APIs.

Irv Henderson, vice president of mobile & local product development, said Messenger

One was aimed at “new to the net users,” offering mobile registration, a unified inbox covering email, IM and SMS, and a searchable archive.

He said operators would be able to charge a “small premium” for access to the Messenger One apps, but Yahoo did not yet have plans to monetize the product, he said.

At this time “we are very interested in increasing the user base and making sure all the users in this market can use our services.”

He said emerging mobile markets were “crucial” for Yahoo, whose internet ad display business is primarily focused

on PC users.

Yahoo last month announced a global partnership with Nokia, also focused on emerging markets, and the acquisition of Indonesian location-based social networks firm Koprol.

Henderson said the opening of the APIs was targeted initially at Indonesian developers, intended to “drive innovation” on the messaging platform.

The Alcatel phone was developed in partnership with TCT Mobile, a unit of listed Chinese handset firm TCL Communications. *

Yahoo @ MTG Lounge 4M

...OVERNIGHT. WIRE...

Japan's 4G plans to drive growth: Pyramid

Japan's aggressive 4G rollout plans are expected to drive revenue growth for the nation's telecom sector, according to Pyramid research. The market is expected to grow at a CAGR of 3.5% over the next five years, hitting \$171.9 billion by 2014. LTE is expected to take off from 2013, as compatible handsets start to hit the market in large quantities.

Pakistan mobile sector growing: PTA

Pakistan operators added 530,000 mobile customers in April, taking the total to 97.3 million and mobile penetration to 56%, statistics compiled by the Pakistan Telecommunication Authority reveal. Mobilink has the largest share of customers with 31.8 million, compared to Telenor's 23.5 million. In third place with 18.9 million subscribers is Ufone, followed by Warid with 16.4 million and Zong with 6.8 million.

Motorola, RIM settle IP disputes

Motorola and Research in Motion have signed a settlement agreement ending all IP disputes between the two companies. The parties have entered a cross-licensing arrangement for patent rights covering 2G, 3G, 4G, 802.11 and wireless email technologies, and will also exchange certain patents. Motorola will be eligible for both an upfront payment and ongoing royalties, but the specific financial terms of the agreement remain confidential.

ACMA expands do-not-call scope

Australian regulator ACMA has expanded the “do not call” register to cover fax numbers, and numbers used by emergency services and government bodies. The register has also been amended so that registrations to the list last for five years, instead of three. These changes are the result of new legislation just taking effect. New compliance and enforcement activities will be gradually phased in, to give telemarketers and other industry participants time to adapt to the new changes.

Canalys predicts APAC smartphone surge

Asia Pacific will become the largest market for smartphones within two years, accounting for 36% of global shipments in 2010, research firm Canalys predicts. Shipments in the region will grow 53% to 76.7 million units in 2010 and break the 100 million unit in 2011, on their way to taking a 20% share of all devices shipped in the territory in 2012, the firm forecasts.

AT&T offers free upgrade

AT&T will offer iPhone 3GS buyers a free upgrade to the iPhone 4 or a refund if they bought the old model between May 7 and June 7. The carrier dropped the price of the 3GS after the new device was unveiled, and will pay the difference to eligible customers

Leased-line prices rise in five Asian markets

by Chan Chi-Loong

Leased-line access prices have risen in five Asian markets in the last four years, defying a regional trend of falling charges.

Prices in India, Malaysia, the Philippines, Taiwan and Thailand have increased in real terms, primarily as a result of domestic policies, the latest benchmarking report by the Asia Pacific Carrier's Coalition (APCC) has found.

The survey of 14 Asian telecom markets is benchmarked against a similar 2006 study. The five markets singled out above saw real increases in prices, even after accounting for inflation.

“We're disappointed to note that access charges have risen since 2006 for those five countries,” said APCC president Simon Smith. APCC is an industry association that champions open market telecom policies in the region.

Smith believes that fair local access charges are a “critical requirement” for a truly competitive communications environment, and regulators have a key role to play.

“We encourage regulators in these markets to review the details of the report and take the necessary and appropriate action.”

The rise in price of leased lines over the past four years (after factoring inflation) per country is: India (42%), Malaysia (28%), Philippines (26%), Taiwan (25%) and Thailand (24%).

The survey also found that Ethernet has caught up with leased circuits in price on low speed lines (2 Mbps or less).

In the past Ethernet access was almost always cheaper than simple leased circuits, but in India, Singapore, Hong Kong, Australia, China and South Korea it is now just as expensive. *

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VoIP shakes mobile to its foundations

by John C. Tanner

By the time you read this, Skype CEO Josh Silverman will have kicked off the conference sessions at the Summit this morning. It will be interesting to see if he gets the same reception that Google chief Eric Schmidt got at the Mobile World Congress – which is to say, an odd but potent blend of admiration and hostility from a telecom base that sees web-based companies like Google and Skype as interlopers trying to disrupt and undermine their business.

Granted, the telecom sector is more accepting of VoIP these days, though not necessarily to the point of welcoming over-the-top players like Skype into the voice business. The mobile space has been even less enthusiastic about VoIP, either as a competitor to its core cash cow or as a bandwidth hog on 3.5 networks.

But Skype has been working to change that, citing November figures from its partnership with 3 UK showing that mobile Skype clients not only reduce cellco churn, but also actually boost traditional voice and SMS usage rather than cannibalize it. Verizon Wireless was convinced enough to sign a deal with Skype earlier this year.

Whether more cellcos are willing to follow suit remains to be seen, especially now that Skype has launched a new iPhone client that enables calls over 3G, for which Skype will eventually charge money. Cellcos that already block mobile VoIP on general principle may see that as a further threat, while others may see it as a revenue-sharing opportunity waiting to happen.

Either way, a number of market analysts have declared mobile VoIP as an inevitability that cellcos will have to ac-

knowledge sooner or later – and probably the former. Ovum principal analyst Steven Hartley says blocking VoIP is “like trying to control the tides”, and cellcos that block it will only get negative publicity for their troubles. Juniper Research is forecasting 100 million VoIP users by 2012, and with most of that traffic running over Wi-Fi instead of 3G, cellcos would be better off forging alliances with VoIP players.

One interesting angle to all this is that VoIP’s impact on the mobile business isn’t just about business models. It’s also a question of voice quality.

What Skype may lack in quality of service guarantees regarding latency, it makes up for in audio fidelity. Its SILK voice codec has brought FM-radio quality to voice calls over Wi-Fi. The 3G version promises CD-quality voice. Mobile operators that have been getting away

with sub-fixed line voice quality for years now have to compete with that.

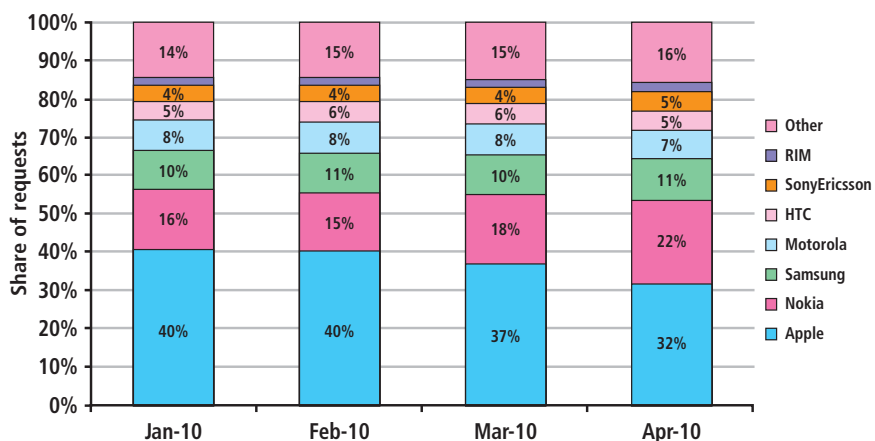
The good news is they have the technology – so called high-definition (HD) voice via the AMR-WB (AMR-wideband) codec standardized by the ITU as G.722.2. But implementation has been slow for a number of reasons, from battery life impact to IPR royalties and lack of handset support until very recently. Now, with mobile VoIP raising the bar, cellcos may be prepared to evaluate HD voice more seriously, although they’ll still have to deal with things like interoperability issues between networks and codecs, and the painful probability that even if they implement HD voice, they may be hard pressed to charge a premium for it.

All of which is the latest example of disruptive Internet upstarts forcing traditional telecom players to up their game and rethink their strategies. And that’s a good thing. *



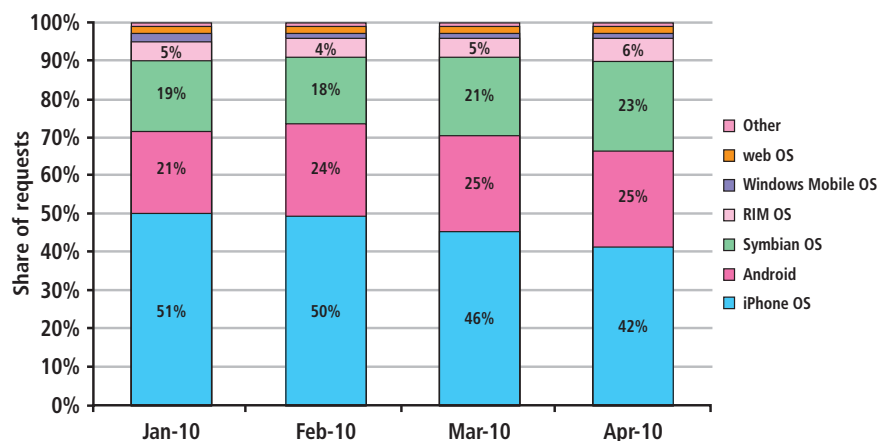
MOBILE ADS STAT SNAP

Worldwide ad requests by device manufacturer



Source: AdMob Mobile Metrics Report, April 2010

Worldwide ad requests by OS (smartphones)



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Operators start to change tune on VoIP

Skype CEO Josh Silverman explains why mobile operators are starting to recognize the value that a partnership with Skype can bring



Show Daily: What have been the highlights this year for Skype?

Josh Silverman: Skype is one of the fastest growing six-year-olds in history. With over half a billion users worldwide, Skype now accounts for 12% of the world's international calling minutes.

We also have a proven business model with growing revenues and three-year track record of profitability. We exited 2009 with \$716 million, which is 30% annualized growth over 2008.

This year, in line with our vision to enable ubiquitous communications, we

rolled out Skype on HDTVs in partnership with Panasonic, LG and Samsung. We've made good progress in mobile with Skype available on major OS platforms today. We've recently announced 3G calling on the iPhone and made available Skype video calling on the mobile platform starting with the Nokia N900.

While we continue to invest in core, free services to provide our users with an even better experience, Skype users are also telling us they want more. And they've told us they are willing to pay for it.

We launched new monthly subscriptions that offer great flexibility for less, expanding calling destinations from 40 to 170.

Operators have started moving away from blocking your service and are now cooperating with you. How have you evolved the way you work with mobile operators?

We are pleased with the success of our relationship with 3 in the UK and most recently Verizon Wireless. More carriers are starting to recognize the value that a partnership with Skype can bring.

Data from 3 show how apps like Skype can be a valuable acquisition and differentiation tool as well as a way to improve loyalty. In addition, an independent survey by CCS Insight showed that Skype users not only generated 20%

higher revenue margins but also showed a lower churn rate than other customers.

On the demand side of things, more than 80% of Skype users say they would like to be able to access Skype on their mobile.

We believe that valuable wireless-internet applications, like mobile VoIP, will drive mobile internet adoption and promote the uptake of wireless carriers' internet data plans. More users will likely connect to the Internet via mobile devices than desktop PCs within five years.

Open mobile devices and networks are the future of communications. Skype sees a future that is more open and connected, to the great benefit of consumers.

How has Skype benefited from the explosion of the mobile internet and smartphones over the past two years?

Making Skype available everywhere through mobile devices is essential to fulfilling the company's vision of "enabling the world's conversations"; and the explosion of mobile internet and smartphones over recent years has played an important role in helping us do just that.

Today, Skype is available across most OS platforms, either through direct to consumer downloads or via operator partnerships. Skype for Symbian launched in March this year, has enabled more than 200 million smartphone users

to have Skype at their fingertips.

And our iPhone app, which now offers calling over Wi-Fi as well as 3G, has had more than 12 million downloads, making that approximately 15% of all iPhone and iPod touch users.

Skype has led in revolutionizing video communications, now available on the mobile platform, starting with the Nokia N9000.

What's the market like for non-smartphone users?

Our plan is to make Skype available on a broad range of mobile phones/devices and platforms so that our users can have Skype conversations wherever and whenever they are. As the industry changes and evolves, we are evaluating new ways to provide users with a mobile Skype experience. We have and will continue to partner with mobile device manufacturers and are targeting mobile platforms where we are able to deliver optimal Skype end-user experiences.

What's your main focus at Commu-nicasia2010?

Our participation in CommunicAsia underlines Skype's continued commitment to Asia, with the event providing a targeted platform to showcase how Skype works across different platforms and devices.

Booth: 4B2-07 *

APAC broadband subs to hit 200m by year-end

The fixed-broadband market in Asia will hit 200 million subscriber mark by the end of the year. The growth is mainly powered by China which is set to add at least 20 million new subscriptions this year, according to Informa Telecoms & Media.

"China's fixed-broadband subscriber growth will receive a huge boost from China Mobile's extensive rollout of FTTH services in key urban markets, thereby introducing competition to the fixed-broadband market for the first time in many areas," says Tony Brown, senior analyst at Informa Telecoms & Media.

Competition in the China will be further boosted by cable operators' expansion of their cable modem services as they look to cash in on the government's Three Network Convergence policy aimed at promoting convergence.

High growth, low penetration

The other major growth market, India, was the second biggest market in the region in 2009. It added 2.15 million subscribers, down from 2.35 million in 2008, to finish 2009 with just

over 10 million subscribers – representing household penetration of just 3.5%.

Brown noted that subscriber growth will be further boosted once Wimax licensees begin to launch commercial services in 2011.

Elsewhere, Vietnam is rapidly establishing itself as one of the fastest growing countries in the region, adding 916,000 subscribers in 2009, up from 815,000 in 2008. It now has 2.96 million subscribers. The market looks set to increase to well beyond four million by end-2010, taking household pen-

etration toward the 20% mark, with increasing take-up fuelled by the rollout of services in new areas.

Despite high penetration, the Japanese market added 1.5 million new subscriptions in 2009, down from 1.8 million in 2008. With a total subs base of 31.6 million, it has a household penetration of 65%.

Meanwhile, the South Korean market added 966,000 in 2009, up from 616,000 in 2008, to take its total fixed-broadband subs base to 16.4 million and household penetration of 97.2%. *