

TALK TANK

ITU Telecom World is among the most important events on the telecommunications calendar and this year Hutchison helped set the agenda.

By Mark Caldwell



REGULATORS, GOVERNMENT MINISTERS AND CEOS GATHERED IN GENEVA IN October for the ITU Telecom World 2003 conference. Held every three years, the event provides an important platform for strategic debate and business networking.

This year, approximately 850 exhibitors and more than 115,000 people attended. As a major global telecoms player and a leader in 3G deployment, Hutchison made a significant impact. Not only was the Group represented by several key delegates, but Hutchison 3G (H3G) sponsored the Youth Forum, with Agnes Nardi, MD of Hutchison Telecom (HK) and H3G HK, addressing the young delegates. Further exemplifying H3G's position as a pioneer, Vincenzo Novari, CEO of H3G Italy, delivered the keynote speech for the Main Forum session entitled "Towards a Next Generation of Mobile Services."

ROADMAP FOR THE NEW FRONTIER

A hot topic of debate at the ITU World Telecom 2003 conference revolved around the future direction of the telecoms industry.

Appropriately, Vincenzo Novari, CEO of H3G Italy, delivered the keynote speech for the session entitled "Towards a Next Generation of Mobile Services."

While most telecoms CEOs are still contemplating the future, Novari, in a sense, has already arrived. The Italian operation, which Novari heads, has been setting a blistering pace in pioneering 3G technology and services under the 3 brand.

No surprise then that he chose to talk about the present to throw light on what is yet to come.

Sharing his vision of 3G as the new mobile communications frontier, Novari admitted: "I have not travelled to the future, I can only tell you what I have under my own eyes."

Summing up the current position of the mobile telecoms arena, Novari said there



Agnes Nardi, MD of Hutchison Telecom Hong Kong and H3G HK, delivers a speech at the start of the ITU Youth Forum, which was sponsored by Hutchison.

were three things on which everybody more or less agreed.

"First, the mobile phone is the most widespread technology in recent years. Its penetration goes beyond geographic and social limits; it is personal and personalisable, it is in the pocket of each one of us. Second, the phone is evolving. It has been enriched with new functions and services, which in just a short time will be considered a necessity. Third, incumbent operators are searching to keep pace with this evolution."

THE BIG QUESTION

The "mother of all questions" mobile companies now face is how to significantly increase their value, Novari said.

While operators are focusing on the search for a "killer application" they are in fact "still on the crest of the wave of the killer application called 'mobility'".

The "shocking success" of mobile phones had far outstripped the estimations of industry analysts in the late 1980s, he said.



Approximately 300 student delegates from 189 member states took part in the ITU Youth Forum held on the sidelines of ITU Telecom World 2003 in Geneva.

WHAT IS THE ITU?

The International Telecommunications Union (ITU) is a United Nations organisation that enables governments and the private sector to coordinate global telecom networks and services to formulate international telecommunications policy.

The ITU is dedicated to accelerating the delivery of digital opportunities to the world through promoting expansion of “infocommunications” networks, organising strategic planning workshops and symposiums, conducting country case studies, tracking policy trends and organising forums. It does this by maintaining good relations with industry, research institutions, the media and the public.

Having successfully staged ITU Telecom Asia in 2000 and 2002, Hong Kong has

bid to host ITU Telecom World 2006, underlining its position as both an international telecommunications and Internet hub and as an exhibition and conference centre. If the bid is successful, the 2006 event will attract 100,000 visitors.

In support of Hong Kong’s bid, a government spokesman said: “With China opening its information and communication technology (ICT) market to Hong Kong companies under the Closer Economic Partnership Arrangement (CEPA) and to the world under the World Trade Organisation (WTO), Hong Kong will be the ideal venue for bringing together leading industry executives to further explore their market opportunities in China.”

Analysts had underestimated their deeper meaning and appeal. “A telephone is mobile because we are mobile. It’s personal, it’s mine, and it’s always with me. I can’t say the same about a computer, even if portable,” Novari said.

The trend among consumers has been to progressively migrate towards richer forms of communication, such as colour in magazines and television and the increasing interactivity brought by the Internet.

Adding to the mix, lack of time is one of the “new poverties” in today’s world. In Italy, for example, 52% of the population consider time to be a problem, yet only 44% lament their income level. That means an increasing demand for time-saving assets, services and solutions.

“The market of time is where mobile communication is competing against other industries, like transportation or media,” Novari said.

Turning to 3G, he stressed that UMTS is only an enabler but has far greater poten-



ITU Telecom World 2003 created a melting pot in which industry leaders, academics, students and government representatives debated the future of the industry.

tial than earlier technologies to enhance the mobile experience.

“Just as the technology that allows me to fly (a pair of wings) is different to technology that allows me to run (a pair of tennis shoes), UMTS has the capacity to accommodate customers in a network incomparably superior to those existing, at a cost decisively more contained.”

VESTED INTERESTS

Today’s dominant telecom incumbents have an interest in dictating the timing for innovation and determining when and if the market is ready for something new, Novari told the delegates.

In his opinion, the market is ready right now but some operators are lagging behind. “People want mobile communication with the capacity to include more interesting, more useful and more effective services.” And they want it today, not in the future.

Because they have the technological means, pure 3G operators have a distinct competitive edge:

- They can respond to the desires of the market with the freedom that other operators who based their fortune on 2G don’t have.
- They can keep the promise that the limits of the previous technology wouldn’t allow, enabling companies to go mobile with comparable performances of fixed line.
- They can design new services, putting to

use the characteristics of a technology created for the transmission of data, with a greater magnitude than those before.

The current challenge is to find ways to increase the proportion of revenue coming from value-added mobile services, Novari said. Operators now need to conquer space – “not in the cosmic sense, but that space which makes up the few square centimetres in the videophone. A space on which our eyes rest naturally a growing number of times each day.”

Pure 3G operators have a distinct competitive edge

THE NEXT GAME

For operators, the ability to transform the activity of looking at a handset screen into a billing opportunity is “the next game”, which makes a “billing application” more important than a “killer application”.

Apart from the obvious advantages brought about by the superior technology, it is essential to also ensure ease of use for the customer, Novari believes.

“The quality of the user interface and the accessibility to services are an obsession with us. One must be able to do new things with the same ease as those that you do already. The critical factor for competing is not only content but how you make the content available.”

With the 3 service, making a videomessage is already easier than typing an SMS, Novari noted. Being able to activate the video camera with only one key, the “take and send approach,” is a crucial factor for accelerating penetration of the service.

The entry of 3 (*Tre*) into the Italian market has been a remarkable success, he said.

“After only 150 days, 25% of the messages sent on our network were videomessages.”

Of the more than 300,000 customers who signed up in the first six months, 75% make at least one video call per week and in September alone customers downloaded 200,000 video goals.

Were it not for a handset shortage the figures would have been even higher, according to Novari. He noted ruefully that the flagship 3Store retail outlets had been out of stock for a while due to high demand but were still full of people wanting to know when the new handsets would arrive.

“A greater availability of handsets would allow us to exceed our objective of one million customers for Italy within the first year of operations,” he said.

In conclusion, Novari noted how, historically, “some things that at first have seemed small and irrelevant have changed the world by growing in an exponential way. The tendency in interpreting these phenomena has been to underestimate the important groundwork established in the initial start-up phase and to over-emphasise the phase of slow growth as the product reaches maturity,” he said.


To illustrate the point, Novari offered a quote from a leading newspaper:

A large part of the enthusiasm towards this new technology seems to be spent, and the launch of the service, originally planned for the autumn, is continually slipping ... the economy has fallen into a deep recession, the plans for the number of users has decreased and the need for massive investment has frightened many initial investors.

Surprisingly, this excerpt is not about the current 3G landscape but was published in the *Financial Times* in 1992, referring to the launch of GSM, or 2G, which today

has 1.3 billion users.

Novari believes that 3G is in the initial phase with potential for exponential growth while GSM has entered the slow-growth maturity phase.

“We can think of the future as something for which you wait or as something which you move towards. Those who invest with determination in 3G believe that the future is something that you move towards. I believe that in five years the winning companies will have doubled their value.” 

COLLECT CALL

Demonstrating its commitment to nurturing talent in the Telecoms industry, H3G was the lead sponsor of the Youth Forum at ITU Telecom World 2003, contributing 500,000 Swiss francs (approximately US\$380,000) to enable more than 300 university students from 189 member states to participate.

The Youth Forum focused on three main themes: Information and Communication Technologies (ICT) as an enabler of economic and social development; the policy and regulatory aspects of ICTs, and; strategies for investment and financing. The Youth Fellows also took part in a workshop on designing a business plan.

Speaking at the opening session, Agnes Nardi, MD of Hutchison Telecom (HK) and H3G HK, told delegates 3 is commit-

ted to educating the public, particularly young people, on the immense potential of ICTs.

“The young generation represents a critically important pool of human capital to the ICT sector,” she said. “They will shape the future of the industry.”

The massive adoption of ICTs into every aspect of daily life and the economy had connected people around the world, linked businesses at all times with their customers, employees, partners and suppliers, and supercharged the world’s trading activities.

*Hutchison
donated
US\$380,000
towards the
Youth Forum*

“In the public domain, ICTs also greatly improve access to health care, education, and public administration, fostering social and political progress,” she added. “We are fortunate to live in the era of an Information Economy with the free flow of an unprecedented amount of new knowledge and information.”

Ms Nardi said it was essential to tap into the energy, creativity and trend-setting vision of the younger generation.



“We are particularly enthusiastic about nurturing a pool of global talent who will advance the mobile frontier and contribute to our efforts to build a better, united and harmonised world through continuous innovation in the exciting world of information and communication technology.”

Following up on their experience, the Youth Fellows drafted a declaration of their vision of the information society for consideration at the first phase of the World Summit on the Information Society (WSIS) held in Geneva on 10-12 December 2003. The declaration calls for a Youth Action Plan to address key areas such as education, access to infrastructure, local action, regulation, and finance and investment.

