
Global Communications Newsletter

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A Romanian Way Toward Mobile Broadband: An Interview with Richard Moat, CEO, Orange Romania

Interviewed by Nicolae Oaca, Editor, March 8, 2005

Nicolae Oaca (NO): In late 2004 Orange Romania surprised many, announcing the launch of services based on Enhanced Data Rate for GSM Evolution (EDGE) technology after buying a third-generation (3G) license, while its main competitor MobiFon (Connex) intends to directly use Universal Mobile Telecommunications System (UMTS) technology. How do you comment?

Richard Moat (RM): Orange launched EDGE in four towns last year on October 15, before participating in the bidding for 3G licenses. The winners of the 3G licenses were announced by MCTI on November 12, 2004. At the end of 2003 Orange had decided to implement EDGE as an intermediate step to 3G in order to prepare the market for 3G services. EDGE will be a complementary technology to UMTS, focusing on geographical coverage while UMTS focuses on population coverage, enabling us to deliver higher-speed data services economically using the existing spectrum and infrastructure. Besides, there is only one element of 3G that EDGE cannot provide, and that is videophone services. Everything else can be delivered using EDGE technology, such as high-transfer-rate mobile data services and video streaming.

NO: What is Orange Romania's experience in mobile data transmission?

RM: We were the first mobile operator to offer (in May 1999) access to the Internet and email through Dialog Internet and email services. In January 2001 we started to offer Wireless Application Protocol (WAP), and in October 2001 we were the first operator to launch General Packet Radio Service (GPRS). In October 2004 Orange Romania launched EDGE, which was at that time a triple premiere: for Romania, for Southeastern Europe, and for the Orange Group. The EDGE launch led to a significant increase in the transfer rate of mobile data services and made possible the use of mobile phones to watch TV programs and videos or browse the web at three times higher speed than with GPRS. The launch of EDGE on the market was accompanied by the launch of an EDGE version of the Mobile Office Card that enabled clients to have direct mobile access to an intranet or the Internet without needing wires, Bluetooth, or infrared. Now we have around 140,000 customers using mobile data services over GPRS technology, and we expect 20 percent of them to migrate to EDGE technology by the end of 2005. Orange Romania was the first company not only in Romania but also



Richard Moat

in Europe to experiment with UMTS. In April 2002 at the CERF exhibition the first video call was made, and visitors could experience for the first time ultra-rapid access to mobile Internet, exchange of multimedia messages, and data transfer between mobile terminals at speeds of up to 2 Mb.

NO: Is UMTS a mature technology to be launched for mass market services? Why invest in a 3G network while 2G networks are still proving to be a "cash cow"?

RM: Orange has already launched 3G services in France and the United Kingdom, and for the time being the feeling is that the technology is not fully mature yet, and the range of 3G terminals is limited and still quite expensive for Romanians. Investing in a 3G network has proven to be the right decision for the development of future communication services. Any successful mobile

operator has to invest permanently in the latest technologies and offer its clients the possibility to communicate whenever and however they want.

NO: Is Romania ready for 3G? What are your estimates on 3G evolution in Romania?

RM: Looking at the experience of other countries that have launched 3G, we expect a slow takeoff of 3G users in Romania. Customers will have to exchange their handsets for more expensive devices, and also SIM cards. Regarding the services provided through UMTS, they are almost the same as those already delivered through EDGE. The only application that can be delivered on UMTS but not on EDGE is video calls. EDGE delivers video content and enables Internet access at speeds three times higher than through GPRS. For now, we are focused on EDGE technology as we want to increase the penetration and usage of data services in order to prepare the market for 3G. In this respect we are going to permanently enrich the video content that is already available through the WAP video portal, and will bring new attractive services and devices for business and private use.

NO: What are Orange Romania's financial results in 2004? What are the plans for 2005?

RM: Orange Romania's financial results on 2004 have been fantastic. With 48 percent of the market we are the market leader. In 2004, the customer base was up 49 percent, to 4,938,000 customers, compared to 3,317,000 at the end of 2003. The significant increase in customers led also to an increase of total revenues with 47 percent, from €424 million

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Trip Notes: South American DLT, September 2004

By Celia Desmond

In September 2004 I gave a Distinguished Lecture tour in South America, visiting three Chapters in Argentina, Uruguay, and Chile. On 19 September I left Canada at midnight, flying all night to arrive in Buenos Aires late afternoon on Monday the 20th. That evening I went with Jorge Hedderwick to visit Cisco, where Jorge works, where we met briefly with Sebastian Ballerini, Regional Manager for Argentina, Bolivia, Paraguay, and Uruguay. He was aware of the Communications Society because of the Industry Leader award presented to John Chambers. Sebastian noted that Cisco grew 70 percent in South America over the past year.

Since I was quite tired after flying all night, and Jorge had to host some other speakers, we decided not to plan any activities. I just got a small dinner on my own and caught up on some email.

I had free time early in the day on Tuesday so I took a tour from my hotel to see the Delta. This was very informative, and it was interesting to see the small summer houses near the water, even though this day was somewhat overcast. On the way back I stopped in Recoleta to see the church and the cemetery where Eva Peron is buried. Then I had to get ready to meet the active volunteers from the local Section.

On Tuesday evening I met with people from the local section, Raul Sabio, Jorge Hedderwick, Ricardo Veiga, and Luis Remez. We had a wonderful dinner in a restaurant facing the river. The local Chapter is very active, as is the Section, with many active volunteers working to increase membership, and convince members in other cities to start new Chapters. The economic crisis Argentina experienced a few years ago affected Section membership. Currently the Section has around 700 members and the Communications Chapter around 200. This represents about 35 percent of the total membership the Section had before the crisis. They have a large distribution list, which they use to inform people of their meetings and activities. This day was the first day of spring, which is a holiday in Buenos Aires, so there were schoolchildren all over the city. We discussed the situation in Argentina. There are still 250 elementary/high schools at this time that do not have electricity. Many people in the country still do not have jobs, and it is difficult for some to get an education, even though university education is free to residents.

On Wednesday I attended the ExpoComm show. This show had about 160 exhibitors; down from a few years ago, but still a good showing. The show floor was very vibrant. The IEEE runs the associated conference, and this year they introduced tutorials. They ran three or four tutorials a day for five days through the entire week. My four-hour tutorial on project management was on Wednesday afternoon. About 100 people attended, and all seemed to be quite interested in the topic. Afterward, Jorge invited me to his house for a wonderful dinner, and to meet his wife Amelia and his three sons.

Thursday I gave my Distinguished Lecture, which was the noon keynote for the conference. Again, about 100 people attended and seemed quite interested in the topic. After the talk I was requested to give a press interview. The material will be published in an online publication. It would be great if we could get more of this type of publicity for ComSoc in general at all of our conferences.

Immediately after the interview we went to the Buquebus, which took me to Uruguay by boat. At the boat I met Jadeep Srivastava and his colleague Ray Paul. Jadeep is a Distinguished Lecturer for the Computer Society. He gave talks in both Argentina and Uruguay as well. The boat was an

extremely pleasant way to travel, with comfortable seats, a table, and a cafeteria. Sitting with the Computer Society speakers I enjoyed some good conversation as well.

We were met in Montevideo by Gustavo Giannattasio, the Section Chair and previous ComSoc Chapter Chair, and Rafael Novales, the Computer Chapter Chair, who delivered us to the hotel and returned later to take us to dinner. At dinner we tried local food — mainly beef — which was as good as the food in Argentina.

Friday I gave my DL talk at the Antel location. About 100 people attended, and they seemed to enjoy the talk. Antel is housed in the newest and most expensive building in Montevideo, a beautiful building complex overlooking the harbour on one side and the city on the other side. Before the talk I was asked to give a TV interview for the news. I had the chance to describe to Channel 12 TV “Teledoce” of Montevideo the IEEE mission and some of the topics to be covered in the conference.

The first speaker was Jorge Henon, General Manager of Antel. He announced new availability for EDGE as well as new speed rates of asymmetric digital subscriber line (ADSL) services.

After the talk *Broadcaster Magazine* asked for another interview. Then Mr. Jorge Henon arranged for a tour of the tower, showing off the wonderful view from the top floor, followed by a visit with the Antel Project Management Office (PMO), since they knew that I was giving a Project Management talk in the afternoon. Then the Chapter Chair, Juan Pechiar, who also has a card giving the English version of his name, John Pechiar, took me to a typical restaurant for lunch. In the afternoon I gave the short talk on Project Management which was hosted by both the IEEE Section and PMI. This talk was in the Catholic University, a beautiful old building, in a room that is obviously also used as a church. In the evening I had dinner, at 10 p.m., with Gustavo and his wife Susana.

Saturday Gustavo and Susana took me on a trip along some of the over 300 km of beaches that run along the edge of the country. The weather was beautiful, and a few people were starting to open their beach homes for the summer season. Then Saturday evening we had dinner with Juan Carlos Miguez and his wife Sylvia. Juan Carlos is a previous Region 9 Director who lives about 500 km from Montevideo, but he happened to be in town on this Saturday.

Sunday Juan Carlos took me for a brief visit to a local shopping center which is built in a building that was once a prison. Later Gustavo left the party for his new granddaughter to take me to the airport.

Sunday evening I was met at the airport by the Chile Chapter Chair, Pedro Aguilera, and his friend Anita. We had an excellent seafood dinner.

Monday morning I gave my talk at the School of Engineering of the University of Chile in Santiago. Approximately 25 people attended, which was a good turnout for this new Chapter that Pedro has brought back to life over the past year.

Afterward we walked with a small group of IEEE volunteers, Eduardo Vera, Nestor Becerra, and Pedro Aguilera, to a local restaurant to try traditional Chilean sea bass for lunch.

The visit to Chile was extremely short, as I flew home that same afternoon.

Overall the trip was very interesting for me, and as always, it was wonderful to meet so many interesting people. It is rewarding to see the high levels of activity in these countries, and hopefully the talks brought some value to the members there.

Third MOST Summit in Bucharest

By Dr. Nicolae Oaca

On 30 October, 2004, in the Romanian Parliament, Bucharest, Romania, took place the 3rd Mobile Open Society through Wireless Telecommunications (MOST) Summit, "Mobile Technology for European Integration and Growth." The first MOST Summit took place in March 2002 in Warsaw, Poland, the second in May 2003 in Vilnius, Lithuania.

German mobile operator T-Mobile, Polish mobile operator Polska Telefonia Cyfrowa, and the Warsaw University of Technology established the MOST Programme during the CeBIT 2001 exhibition in Hanover, Germany. The rationale for launching the MOST Programme was to set up a community of people and organizations in Central and Eastern Europe seeking efficient ways and means of building a civic society, improving educational systems, supporting economic activities, and improving the functioning of the state and self-governmental administration by means of applying developed information technologies, in particular mobile ones. MOST, as is firmly stressed by its founders, is an initiative welcoming all those interested in its topic and goals.

The objectives of the MOST Programme include implementing an efficient mechanism to foster the flow of knowledge and knowhow, the exchange of experience and personnel between universities and telecommunication service providers, as well as media in the broad sense (publishers, magazines, television, radio, etc.). It also seeks to find solutions to concrete problems through joint technical or business projects (e.g., new business models in the field of m-Commerce), and undertakings of educational character (e.g., distance education) or sociological research.

The Think Tank, which is a branch of the MOST Programme, groups together distinguished managers, practitioners, and researchers in the field of mobile communications, including mobile services, education, media, governance, and



business. The Think Tank is a body that provides strategic advice on the scope, coverage, and implementation strategy of the MOST Programme according to the trends of the Information and Communications Technology (ICT) world scene.

The 3rd MOST Summit was organized by the Romanian Association for Electronic and Software Industry, ARIES (www.aries.ro) and the MOST Foundation (www.most-program.org), an entity aimed at setting up a regional mechanism to help organize coop-

eration between universities, mobile operators, and content providers.

Participants at the third MOST Summit were decision makers from the European Union, European Commission, Romanian industry, as well as countries where MOST has a point of presence. Among participants were Wilhelm Stuckemann, ERA director and MOST president; Bernard Barani, INFOS D/D2 director with the European Commission, who presented a European Union vision for mobile communications; Dr. Lutz Schade, T-Mobile vice president, who presented T-Mobile's vision for UMTS, answering a question on the Romanian telecommunications market and Romanian mobile operator CosmoRom, and confirmed Deutsche Telekom's interest in the Central and East European market. Cuneyt Turktan, Telemobil (a Romanian mobile operator using CDMA450 technology) chairman and CEO, presented an evolution of CDMA450 technology in Europe, while J. P. Cornthwaite from Wedlake Bell, United Kingdom, made an analysis of legal aspects of mobile telephony to be considered by the new entrants in the European Union.

During the 3rd MOST Summit, Professor Mieczyslaw Muraszkievicz, MOST vice president, made a presentation on the MOST Foundation and made recommendations on future activity, since the MOST Think Tank has been enlarged with new members.

Telecommunications Industry Launches eMobility Platform to Boost Research Investment

A call for action to step up industry investment in mobile and wireless technologies was issued by a group of 15 companies in Brussels on 18 March, 2004 on behalf of the Mobile and Wireless Communications Technology Platform (eMobility). This new industry initiative call was welcomed by the Information Society and Media Directorate General of the European Commission.

The Platform is designed to enhance cooperation among industry players, including the research community and public authorities. The overall objective of the Platform is to drive future technology development in mobile and wireless communications in the way that best serves Europe's citizens and the European economy.

"Mobile and wireless communications have created unprecedented possibilities for people to communicate and have been instrumental in generating economic growth. Europe has been leading this development, based on the timely initiative of administrations, the scale of

the EU market, a consistent regulatory approach, as well as considerable industrial and R&D investment," said Magnus Madfors, Chairman of the eMobility Steering Board.

Fifteen telecom equipment vendors, component makers, and operators — Alcatel, Deutsche Telekom, Ericsson, France Telecom, H3G, Lucent Technologies, Motorola, Nokia, Philips, Siemens, STMicroelectronics, Thales, TIM, Telefónica Móviles, S.A., and Vodafone — in collaboration with leading European academics have committed to create and maintain the required momentum for driving the activities forward.

The eMobility Technology Platform supports the renewed Lisbon Strategy for a competitive, knowledge-based society, and confirms the key role of scientific research and technological development for economic growth.

The Commission is currently finalizing its proposal for
(Continued on next page)

the seventh Research Framework Programme, and would like to see the current level of R&D funding doubled. In particular, funding for ICT research should be commensurate with its ability to stimulate overall economic growth and employment.

Industry-led technology platforms can play an important role in helping the European Commission to identify research priorities. The eMobility Technology Platform launched today by the industry includes Alcatel, Deutsche Telekom, Ericsson, France Telecom, Hutchison 3G Europe, Lucent Technologies, Motorola, Nokia, Philips, Siemens, STMicroelectronics, Telecom Italia Mobile, Telefónica Móviles España, Thales Communications, and Vodafone. The Platform, as such, will receive no direct EU research funding, but relevant projects put forward by the industry may be eligible for funding under the ICT component of the EU's Seventh Research Framework Programme (2007-2013).

The key objectives of the eMobility Technology Platform are:

- Development of a common mid- to long-term vision to maximize the benefit of mobile and wireless communications, thus enabling economic and social advance in the EU
- Formulation of the requirements and options for major leading-edge applications of common interest
- Identification of a set of generic applications for 2010-2020
- Formulation of an action plan and timetable for the key developments
- Investment in technology including R&D and human resources
- Evolution of a consistent policy, spectrum, and regulatory framework facilitating the long-term investments required

The resulting work will improve daily life of Europe's citizens and enterprise by overcoming technical challenges such as secured electronic payments, personal and business data

access anywhere at anytime, and seamless continuity of services between networks and devices.

The eMobility Technology Platform is open to all who share its views and are willing to contribute to the realization of a common vision.

For more information: <http://www.emobility.eu.org/>

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at the end of 2003 to €624 million in 2004. This is the combined result of a very dynamic commercial offer, launching new services and technologies, and a strong effort regarding investments: €145 million (US\$180 million) in 2004, with the total investment since we entered the market is US\$994 million.

For 2005 we would like to maintain the market leader position and first choice operator for customers. There are two main areas on which we are going to focus: acquisition of new subscribers and increasing usage, especially data usage. We want to become even more customer-centric and ensure that we provide the best customer experience and deliver customer satisfaction in 2005. In 2005 we want to maximize the advantages of EDGE and enrich the content of video services. We intend to further develop our integrated communications services for corporate customers: fixed and mobile voice, fixed and mobile data transfer, dedicated Internet access, and video applications.

The fact that we are part of an international group gives us advantages concerning access to new technologies, allowing us to deliver consistent business solutions and greater choice to our customers.

In 2005 we will invest over US\$200 million in extending the coverage of EDGE to 70 percent of the population, extending the capacity of the existing GSM network, implementation of universal service, and developing innovative communication solutions for our customers. We estimate for 2005 an increase of 45 percent in traffic. We will continue to extend our own retail network by opening five new Orange shops.

NO: What is your estimate of the Romanian mobile market in 2005?

RM: The Romanian telecommunication market is very dynamic, with a lot of potential for growth. At the end of 2004 there were about 10.2 million SIMs sold, a 47.5 percent penetration, while for 2005 we estimate 20 percent growth.

NO: What about competition in Romanian mobile telephony?

RM: Before coming to Romania I was CEO in Denmark, which is considered the most competitive market in Europe, if not in the world. There were 95 percent population penetration and five mobile operators. The huge focus was on price. The Romanian telecommunication market has good competition with a more rational balance between price and quality. Regarding CosmoRom I believe there is potential for growth with a good investor and precise positioning in the market, as they already have a network that can be further rolled out.

NO: More and more mobile virtual network operators (MVNOs) are becoming a real presence in the European mobile industry. What could be the impact of MVNOs on Romanian mobile telecommunications?

RM: A powerful MVNO on the Romanian market would probably bring more competition into the market and further choice possibilities for the customers. In order to compete with mobile or fixed operators, an MVNO should have a very strong commercial strategy and infrastructure: customer service, distribution network, billing capabilities, service development, and brand.

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