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## Telsyte: Mobile broadband prices halve, market doubles in 12 months

Mobile broadband has proven a safe bet in the economic downturn, becoming a billion-dollar breadwinner despite diving prices according to a new report. While the fortunes of handset makers are not predicted to ride on the success of mobile broadband, the latest 'Australian Mobile Services Market' report from analyst firm Telsyte points to a market which will continue to surge despite already hitting 110% penetration.

The Telsyte report said that while the average prices of mobile broadband have been cut in half over the past 12 months, the market has more than doubled to be worth \$1 billion. Average monthly user spend for all mobile services (not just broadband) grew by 5% in the period, with mobile service revenue up by 12%. According to Telsyte, market penetration of mobile services now stands at 110% – and is predicted to rise to 125% by 2013.

Research director Warren Chaisatien told CommsDay he expects the majority of new 3G use to come from machine-to-machine communications. "What we are expecting is fast emergence of M2M, non-human applications. For example, we expect most home surveillance systems to have a SIM card, as well as mobile devices like in-car GPS units enabled by SIMs" he said. Chaisatien believes anything from vending machines to trucks and taxis will communicate with central servers via 3G data networks in coming years. "Many rely on satellite or radio networks – a lot of this will be converted to 3G because it is much cheaper to operate," he said.

In fact, Telsyte even believes the 125% penetration estimate is fairly conservative.

"As we speak, European countries like the UK, Finland, Italy, all Scandinavian countries are at 125-130% already. We are apparently 4-5 years behind those countries," he said.

The Telsyte piece follows the latest Internet Industry Association 'Broadband Index' report, which found wireless broadband prices have dropped by as much as 67% in the last three years. Compiled by Venture Consulting, the report found 3G to be a true price-based competitor to fixed lines, even if speeds remained unequal.

"The decline in broadband wireless pricing has been striking," Venture Consulting director Justin Jameson, said.

"It has been driven by vigorous competition between the carriers for customers. The next twelve months will tell us if these prices are sustainable in the medium term."

But despite the surge in mobile usage, handset vendors are unlikely to see the same results as operators. "Because the economy will continue to slow, [consumers] tend to cut down on CAPEX... so the [handset] replacement cycle is prolonged," Telsyte's Chaisatien said. "The smartphone segment will continue to grow... the 'dumb phone' segment will bear the brunt."

