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## Tangled networks confuse issue

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THE Vodafone-Hutchison merger may not be as clean as it seems, as a tangle of network relationships could cause headaches and prevent proposed cost savings.

Vodafone, Hutchison, Optus and Telstra have a web of network-sharing deals that might be difficult to unravel.

"The existing relationships create a potential barrier for how quickly the new entity can generate savings," an Ovum analyst, Nathan Burley, said.

Telstra and Hutchison's joint venture, 3GIS, is used by Hutchison for all of its 3G mobile services in metropolitan areas. In a similar agreement, Vodafone and Optus partnered to build a 3G network, allowing them to share infrastructure costs.

A separate agreement allows Hutchison customers to roam onto Telstra's 2G network outside metro areas. From April this will be upgraded to allow Hutchison customers to roam onto Telstra's 3G network, Next G.

With the new VHA joint venture, a Telsyte analyst, Warren Chaisatien, said it would make sense for Hutchison to cease its relationships with Telstra and instead allow its customers to roam onto Vodafone's existing nationwide 2G network or its upcoming 3.5G network, which uses the 900 megahertz spectrum and has been designed to compete with Next G.

However, yesterday, Hutchison and Vodafone said existing network relationships would continue for the foreseeable future.

"I guess the reason is that obviously Telstra would not let Hutchison off the hook that easily," Mr Chaisatien said.

*This story was found at: <http://business.smh.com.au/business/tangled-networks-confuse-issue-20090209-82as.html>*

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