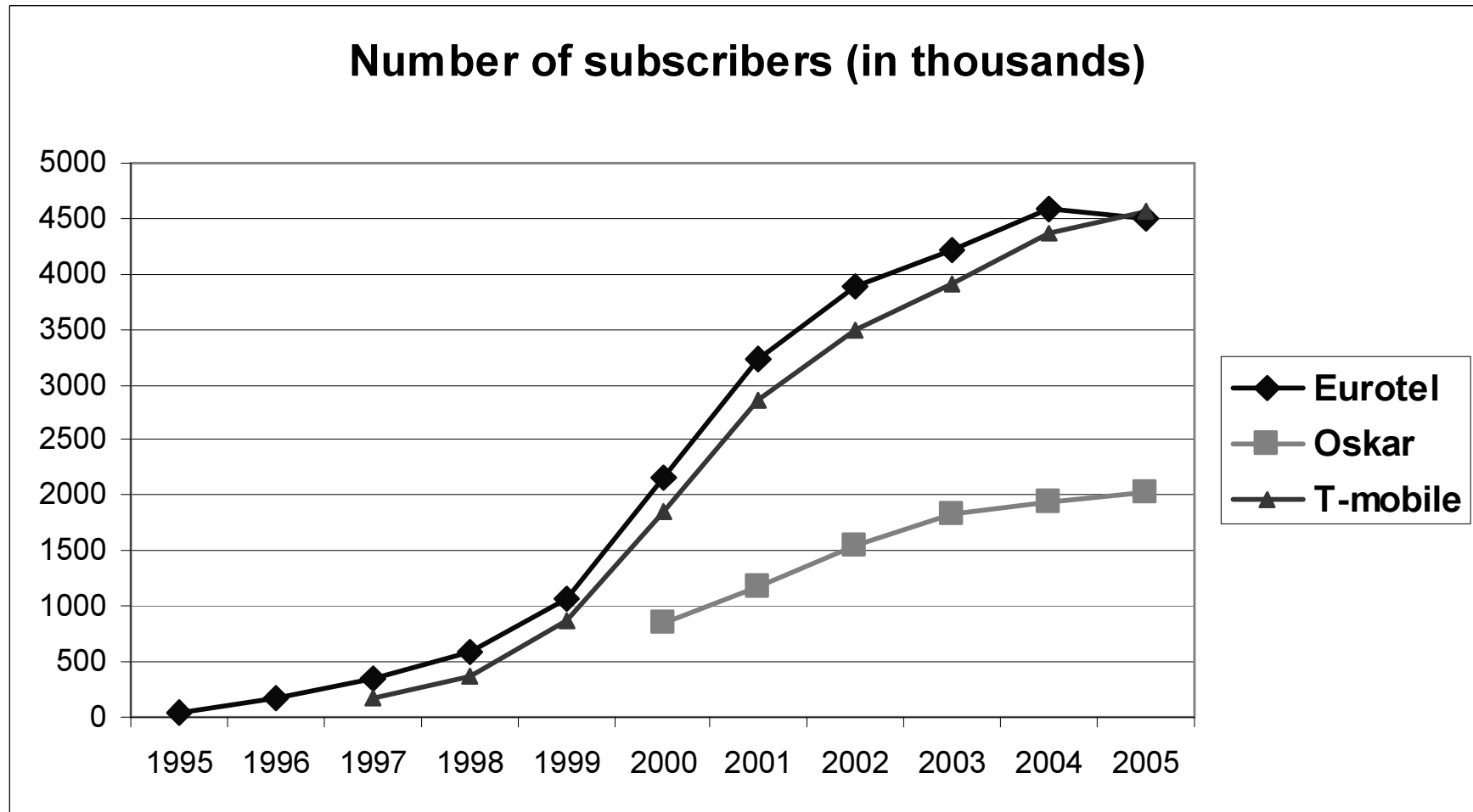
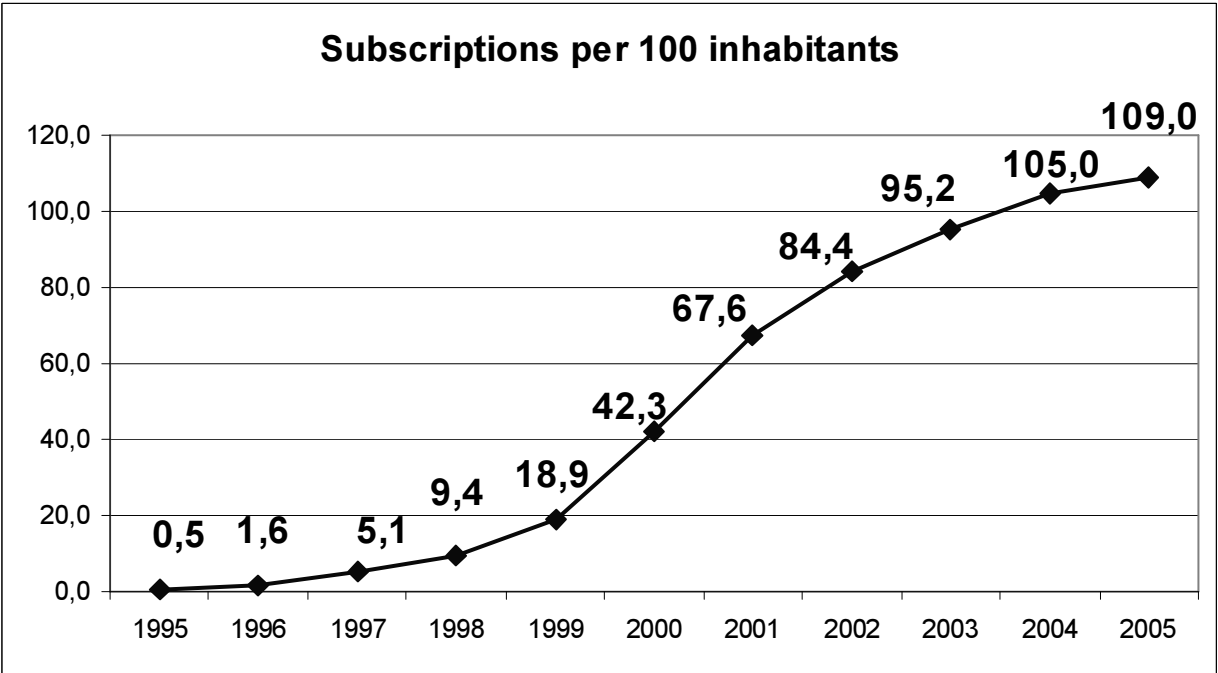
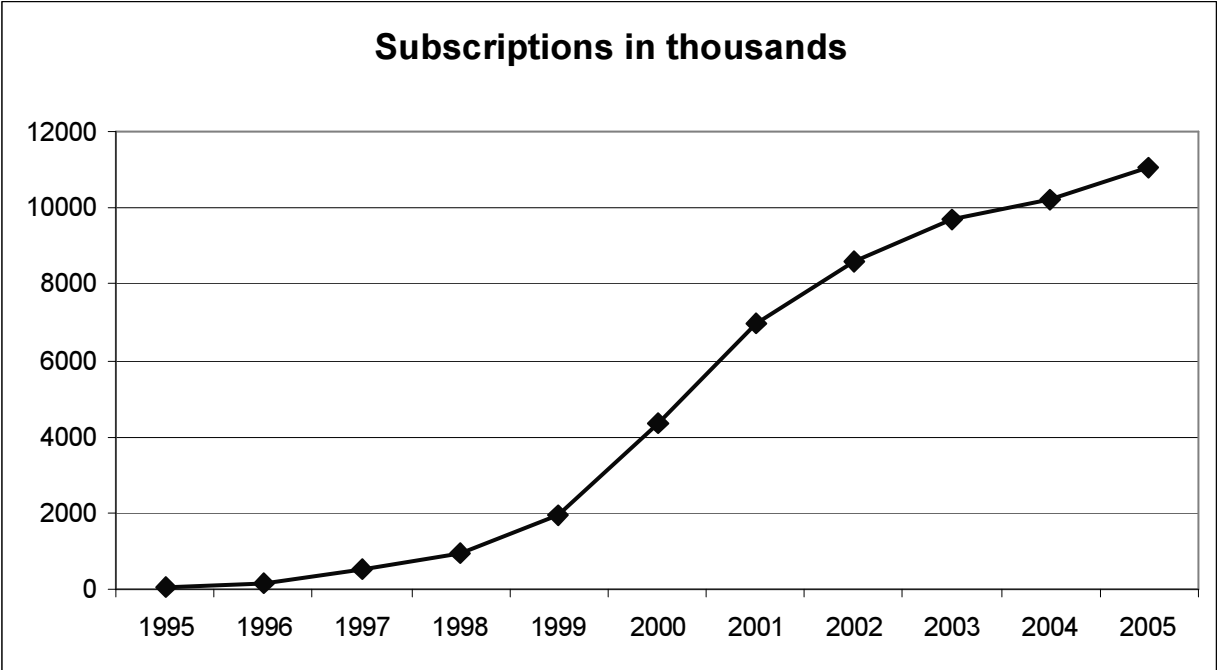


Mobile telecommunications in the Czech Republic

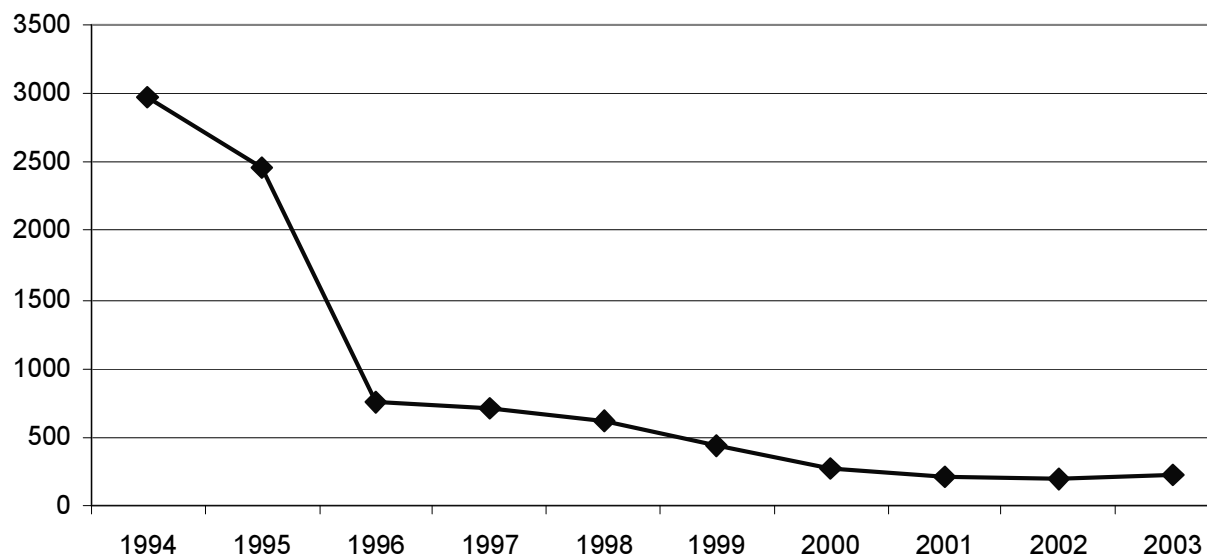
Ondřej Částek
castek@mail.muni.cz

History

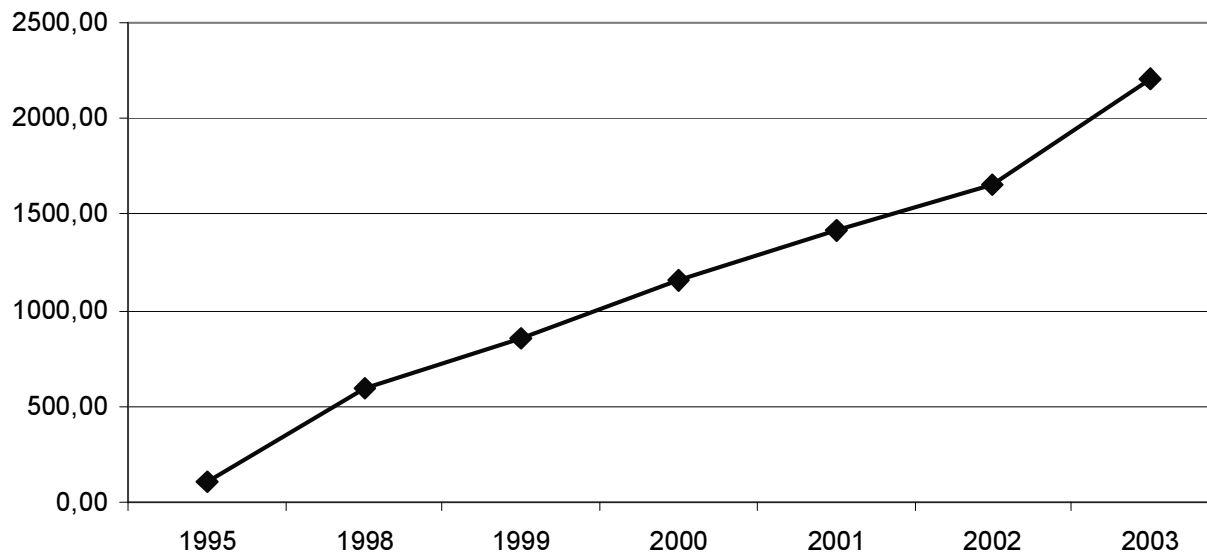




Yearly revenues per subscriber in Czech Republic in USD

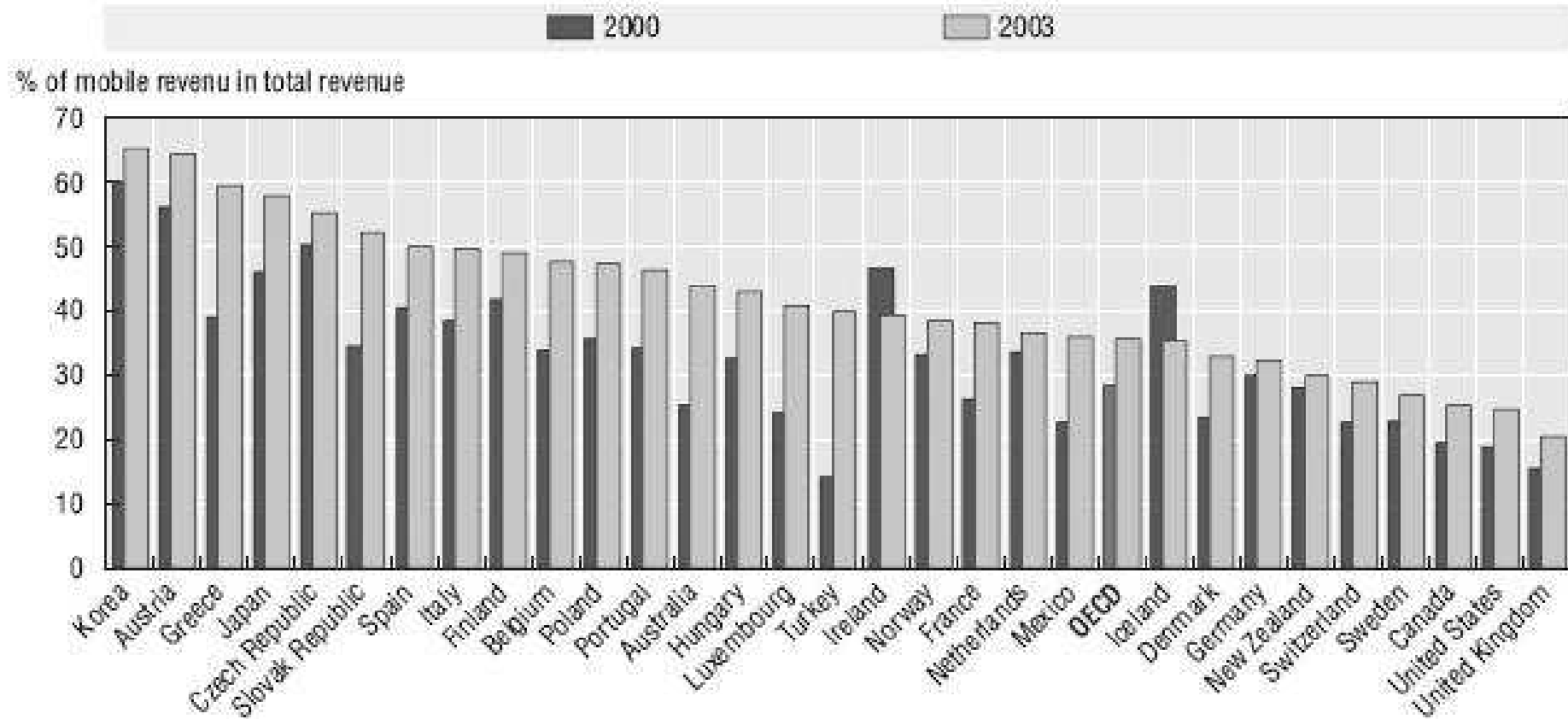


**Mobile telecommunication revenue in Czech Republic
in mil. USD**



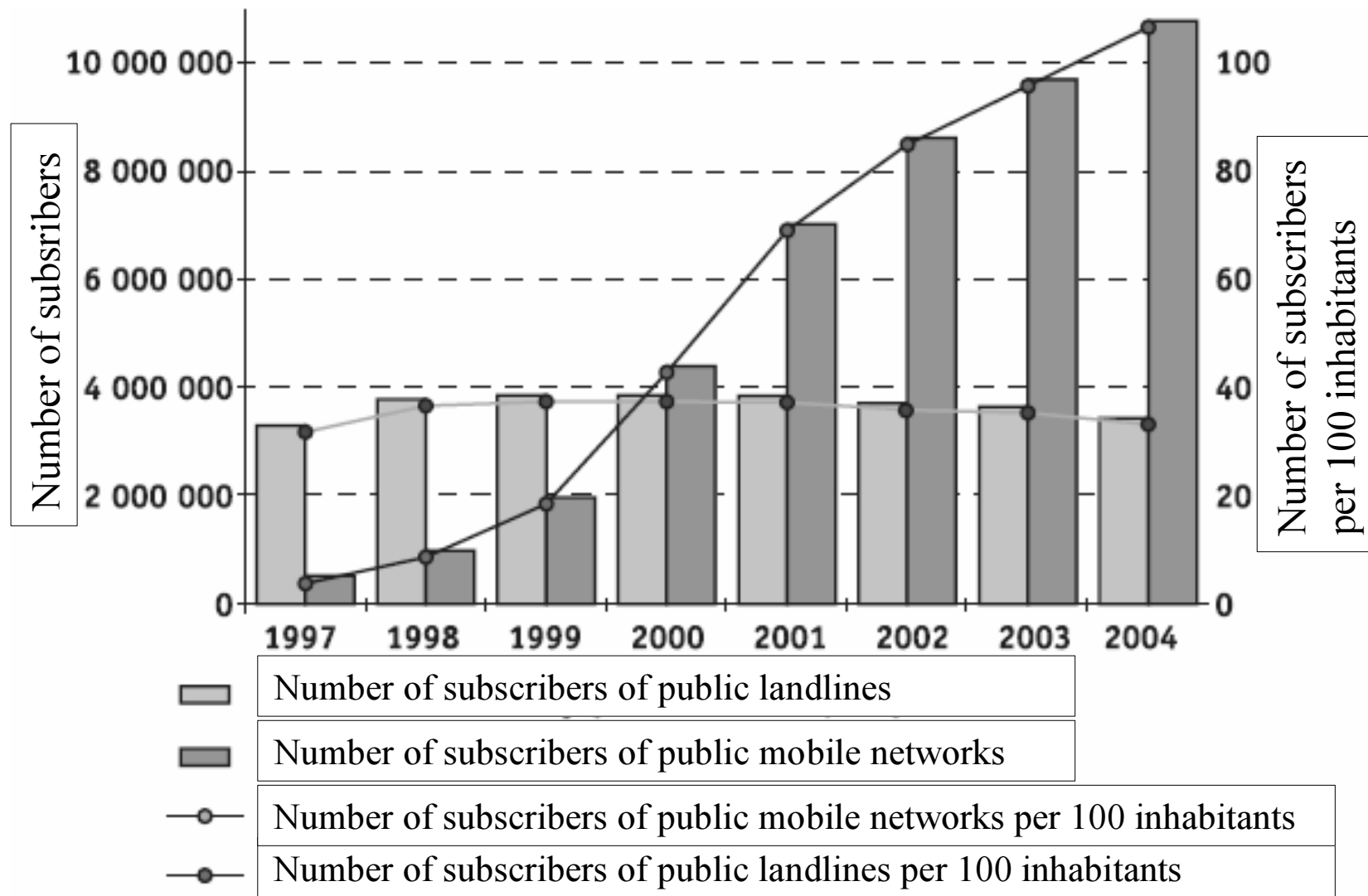
Country	1994	1999	2003	Country	1994	1999	2003
Australia	881	594	429	Luxembourg	960	387	359
Austria	..	515	646	Mexico	1570	199	197
Belgium	1932	502	460	Netherlands	1543	380	463
Canada	703	466	432	New Zealand	412	312	332
Czech Republic	2965	437	227	Norway	488	277	381
Denmark	462	378	371	Poland	..	363	208
Finland	2995	485	533	Portugal	1176	332	395
France	875	310	358	Slovak Republic	..	19	195
Germany	1129	701	353	Spain	842	423	384
Greece	215	402	392	Sweden	407	299	285
Hungary	1021	477	254	Switzerland	1007	546	535
Iceland	428	267	402	Turkey	353	86	114
Ireland	..	486	458	United Kingdom	0	328	319
Italy	886	292	331	United States	630	583	554
Japan	3132	1056	932	OECD	917	537	454
Korea	1232	311	396				

% of mobile revenue in total telecommunication revenue



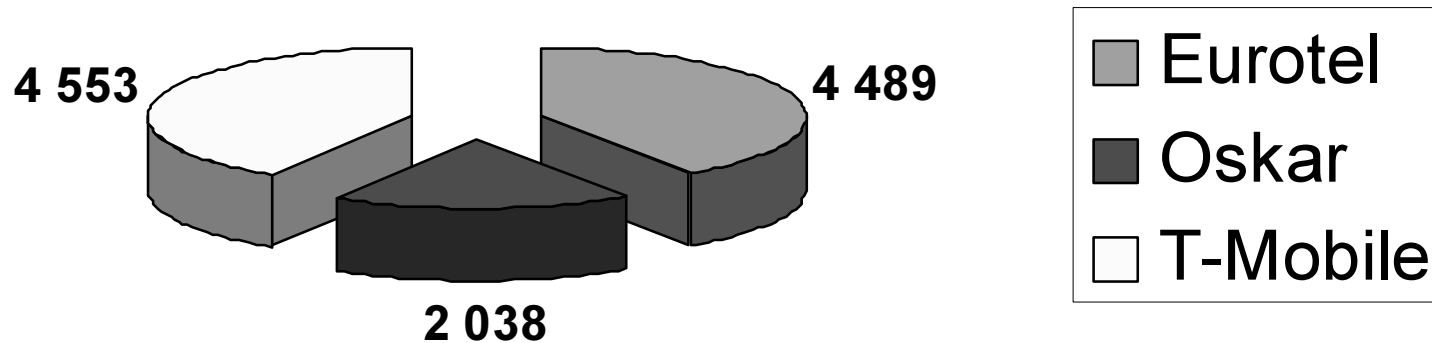
StatLink: <http://dx.doi.org/10.1787/478753665257>

Mobiles vs. Landlines



Today's stakes

**Number of active SIM cards
(in thousands)**



Today's stakes

Network Carrier	Number of active SIM cards	ARPU	EBITDA (billions CZK)	Coverage of population
Eurotel	4 489 000	533 (n/a)	10,4 (-2)	99 %
Vodafone	2 038 000	679 (+3)	-0,46 (-23,4)	98,4 %
T-Mobile	4 553 000	483 (-4)	9,67 (+8,3)	99%

Eurotel

- Wholly owned by Český Telecom
- Český Telecom now owned by Telefonica S.A.
- 1991 NMT
- 1996 GSM
- 2000 March HSCSD, October GPRS
- 2004 CDMA

Rebranding of Eurotel

First name was Česká správa Pošt a telekomunikací
(until 1992)

In 1992 was established new company called SPT
Telecom (monopoly in landlines) and Eurotel
(monopoly in mobiles), the marketing costs were
estimated to be more than 10 mil Kč

In 2000 was SPT Telecom renamed to Český Telecom,
the costs are believed to be about 250 mil Kč

Now was announced change of both names (Český
Telecom and Eurotel) to Telefónica O2 Czech
Republic, the rebranding costs are expected to be cca
500 mil Kč

T-Mobile

- 1996 Company named Radiomobil obtained GSM license
- 1996 Launched network called Paegas
= first ever competition on Czech telecommunication market
- 2002 Renamed to T-Mobile as approx. 60,6 % bought by T-Mobile, wholly owned by Deutsche Telecom AG

Rebranding of Paegas

Company Radiomobil had been operating network called Paegas

In 2002 T-mobile undertook a 3 months marketing campaign valued at 500 – 600 mil Kč

Vodafone

- License since October 1999, network launched in 2000
- 2001 and 2002 World Communication Award as World's best mobile network carrier
- 2005 Bought by Vodafone Group Plc.

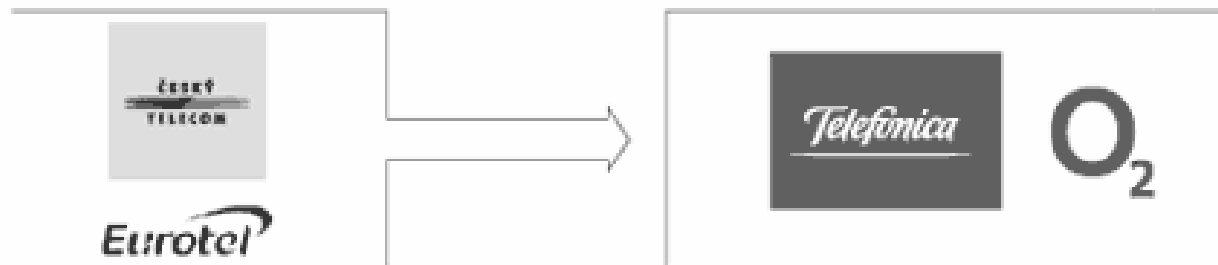
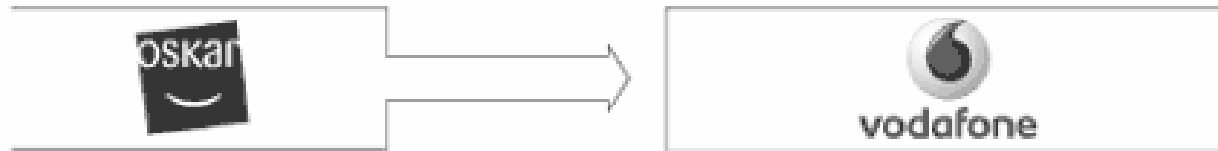
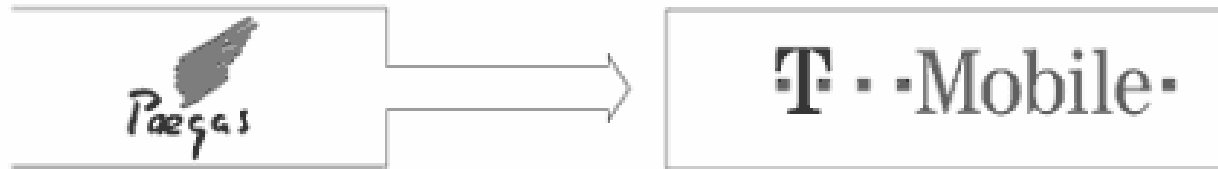
Rebranding of Oskar

As it was bought by Vodafone in 2005, it changed its name to Oskar Vodafone first and 1. 2. 2006 to Vodafone finally

The marketing campaign started in July 2005 and haven't finished until February 2006

Approximately 500 mil Kč was spent

How they were/are all changing



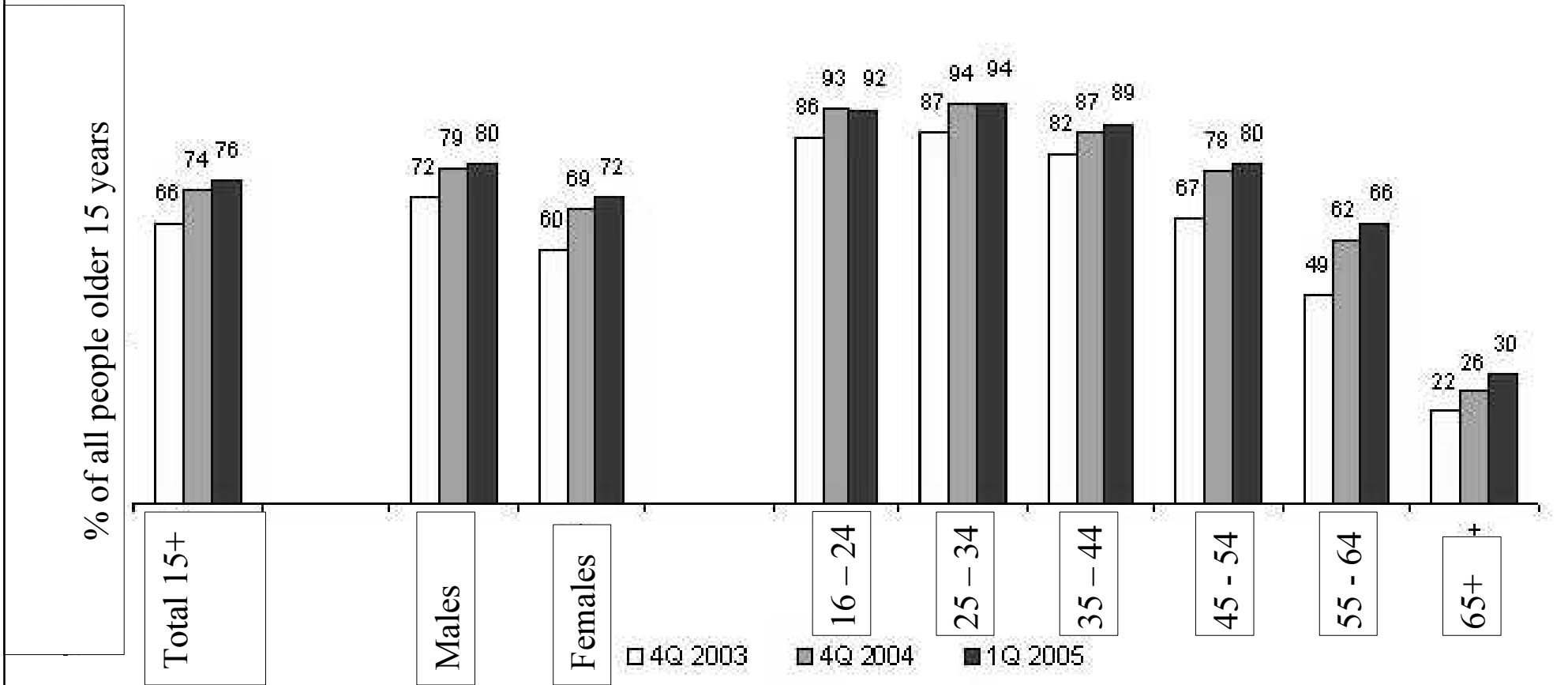
Technologies

Carrier	GSM	HSCSD	GPRS	EDGE	CDMA	UMTS
Eurotel	Yes	Yes	Yes	No	Yes	Yes
Vodafone	Yes	No	Yes	Yes	No	Coming soon
T-Mobile	Yes	No	Yes	Yes	No	Yes
Speed (kbps)	14,4	57,6	171,2	384	2048	1920

Competition nowadays at Czech mobile telecommunication market is strong because:

- The real penetration is about 85%
= providers fight for the rest
- The share of prepaid customers is high
= providers want post-paid
- UMTS is launching
= data services is a way to raise ARPU

Real penetration



How to get new customers while the real penetration is 85 %

- In some countries (Germany) start up of virtual providers focused on special segments (elders, low spending customers)
- Another way is a deal with resellers (Australia)
- The fastest and cheapest is to make new plans/tariffs. Its side effect is also that the prices are hard to compare, so the customer is not so price sensitive

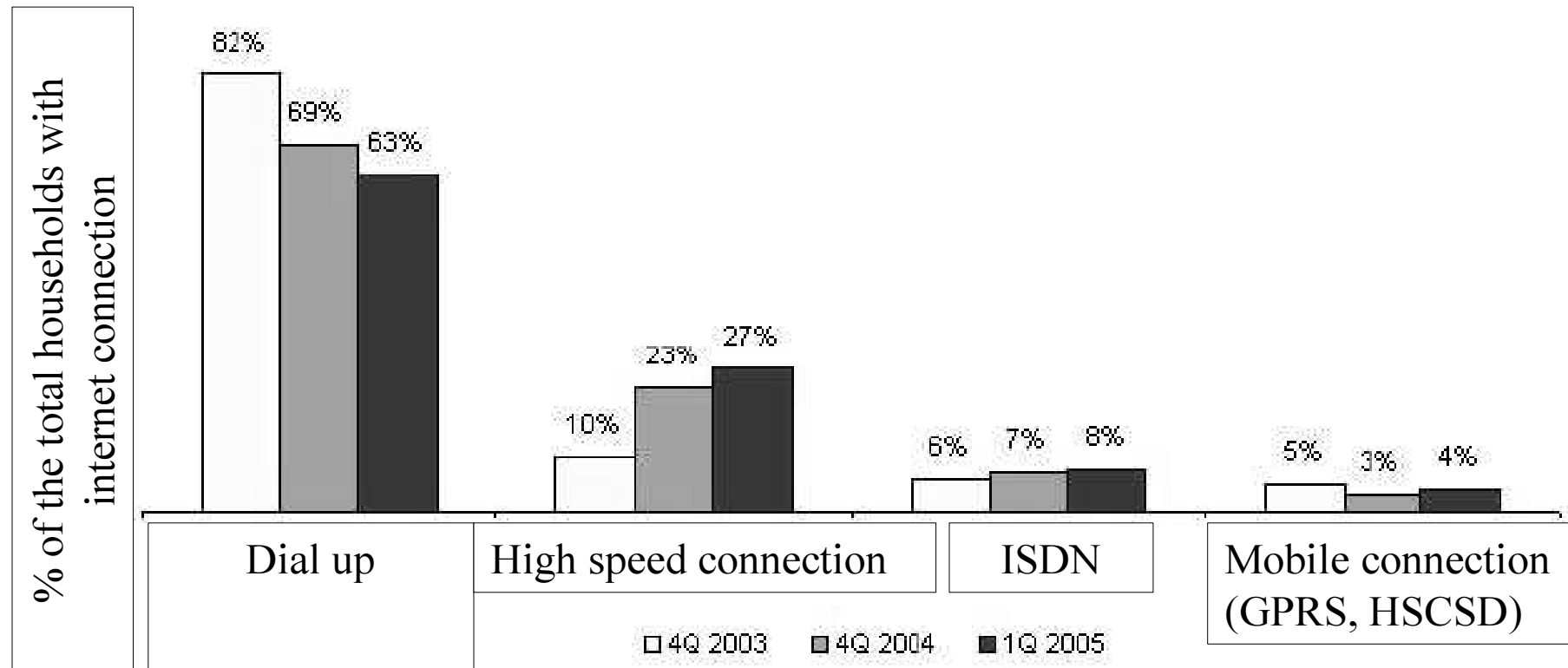
Prepaid vs. Postpaid

- Postpaid customers are much more profitable
 - Vodafone has about 50% customers on plans (= postpaid) and the ARPU of them is 966 CZK monthly. Compare to ARPU of prepaid customer 342 CZK
- Customers on plan will more likely to be loyal
 - That is important for full portability of phone numbers was just introduced

Data services

- Recent way, how to squeeze more money from mobile network users
- Faster data transmitting enables to provide new services
- Lack of competition on broadband internet connection

Means of internet connection in ČR



M-commerce

A definition:

1. Set of processes connected to realization of business transactions and executed via mobile technologies in real time (on-line)
2. A business transaction, in which is included mobile phone

M-commerce

- Content services (sending of messages, dictionaries, ...)
- Messaging – sending SMS/MMS to customers
- Remote Access/Mobile Office (access to company's intranet)
- Emergency Services (112, 911)
- Video and audio data – usually by 3G services
- Entertainment – games, competitions, ringtones
- Tailing – purchasing or reservation of tickets (Mobitickets)
- Financial Services – banking and broking
- Payment – m-payments
- Navigation – Global positioning system
- Telemetry – automatic sending of data between machines
- Marketing services – SMS inquiries, company's logos, collecting of loyalty bonuses via mobile phone

What services do you plan to use in next 12 months?

	Asia Pacific (%)	Europe (%)	North America (%)	South America (%)
Games	49	15	11	30
Ring tones	73	20	27	25
Music	55	15	13	28
News	31	15	15	23
Sports clips	29	12	10	13
Multimedia images (images, screen savers)	56	16	13	13
Video clips or movie previews	25	7	7	10
Full feature films	11	8	3	8

What are the most important factors for you, when you are downloading content to your mobile phone?

	Asia Pacific (%)	Europe (%)	North America (%)	South America (%)
Ease of payment	54	39	31	64
Quick to download	58	30	30	15
Immediate/timely content delivery	46	30	23	22
Able to share content with friends	60	44	17	38
Ability to store content on the network	25	12	14	24
Ability to store content on mobile phone	38	26	11	44

M-banking

Association for mobile payments (all three providers and 5 biggest banks in ČR)

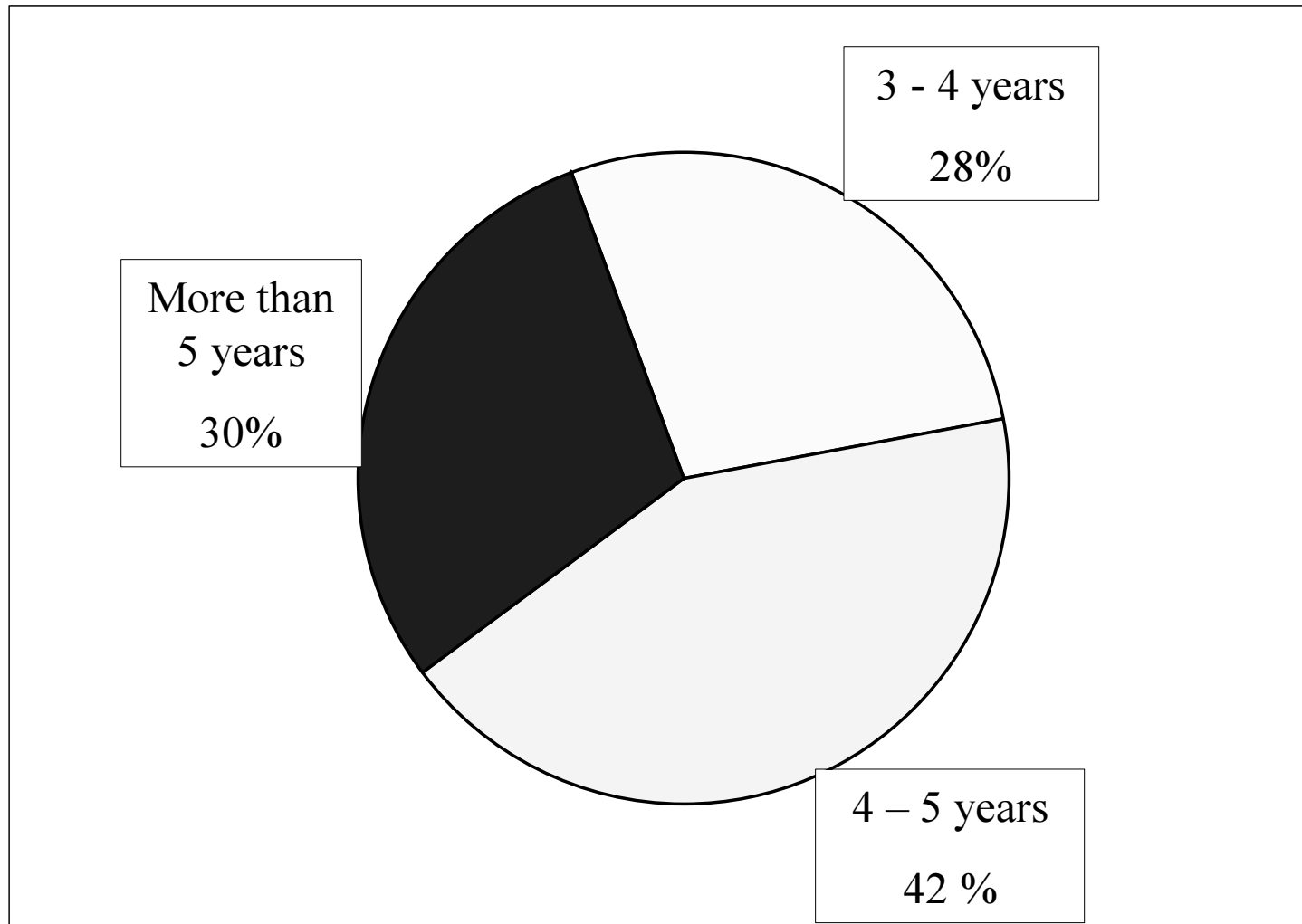
M-platba by T-mobile

Maintaining of bank accounts via mobiles

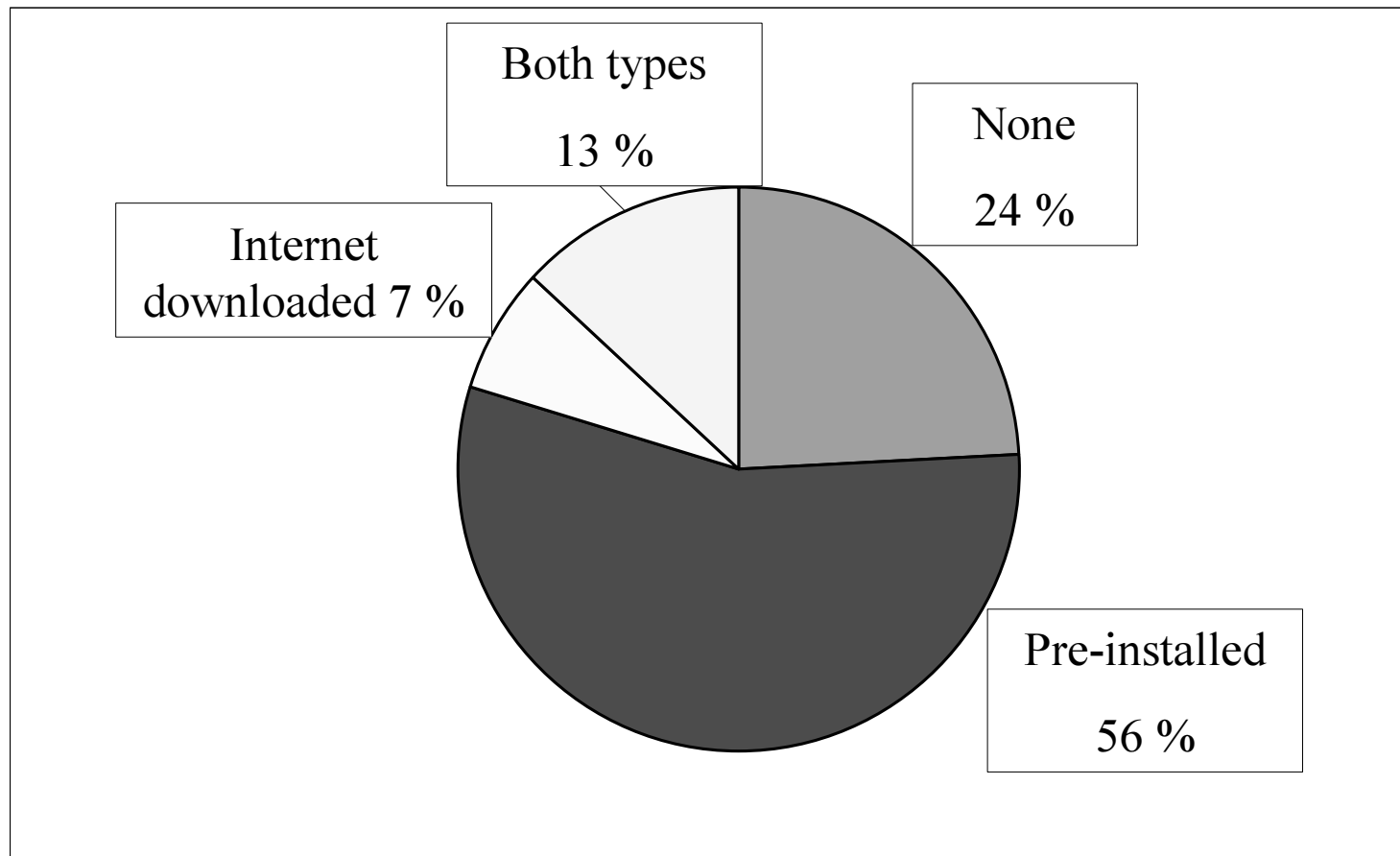
Favourite content today

Real tones:		Welcoming tones:	
Robbie Williams	Angels	Maroon 5	This love
Madonna	Hang up	Vyvolení	Znělka
Anastasia	Left outside alone	Chinaski	Tabáček
Vyvolení	Znělka	Přátelé zeleného údolí	
Polyphonic ringtones:		Java games:	
Chinaski	Tabáček	Asphalt	
Robbie Williams	Tripping	Yetisport 1 DC	
Europe	The final countdown	2005 Real Football	
Eamon	F... it	The Lord of The Rings	

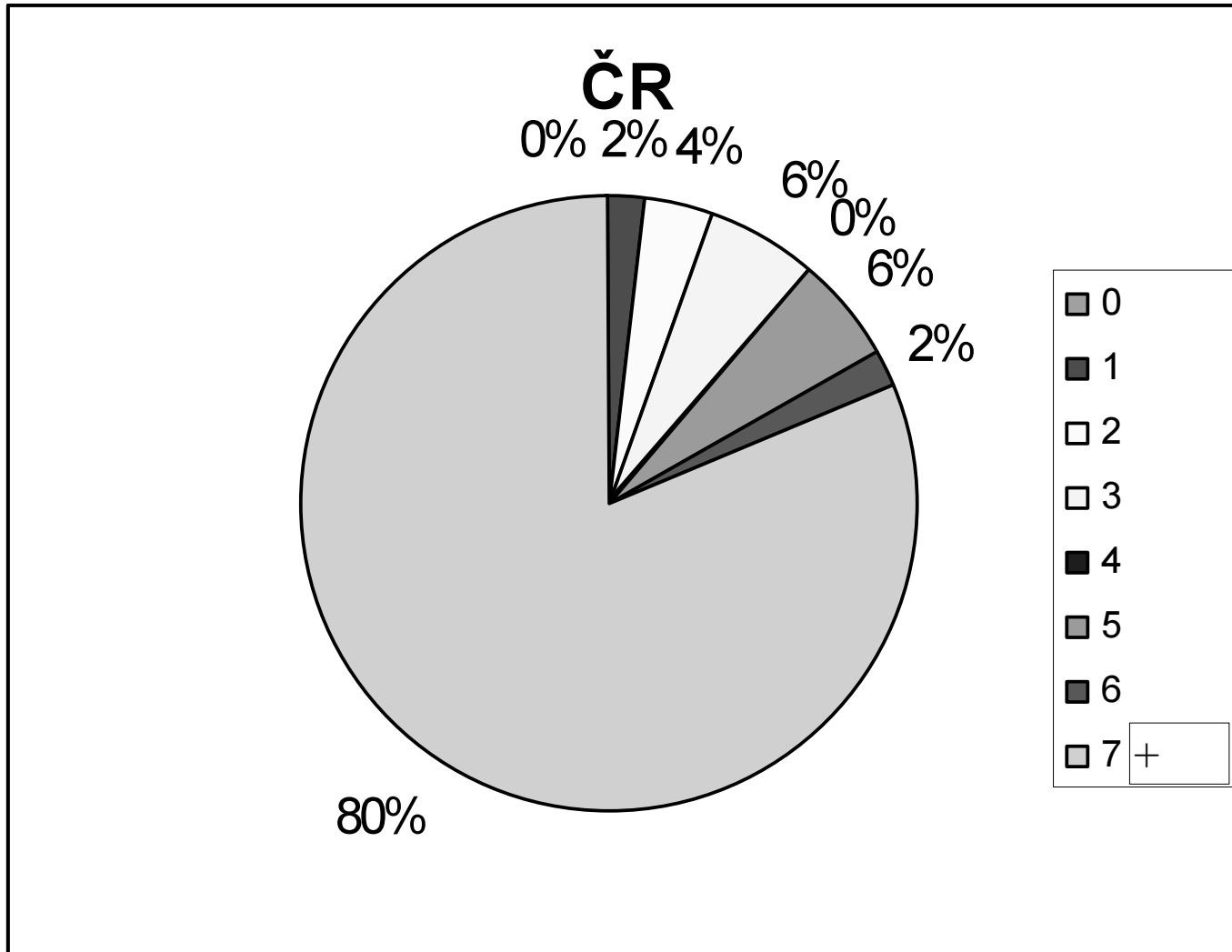
How long have you been using a cell phone? (Survey among Czech students, 2005)



Do you play games on mobile phone? (Survey among Czech students, 2005)



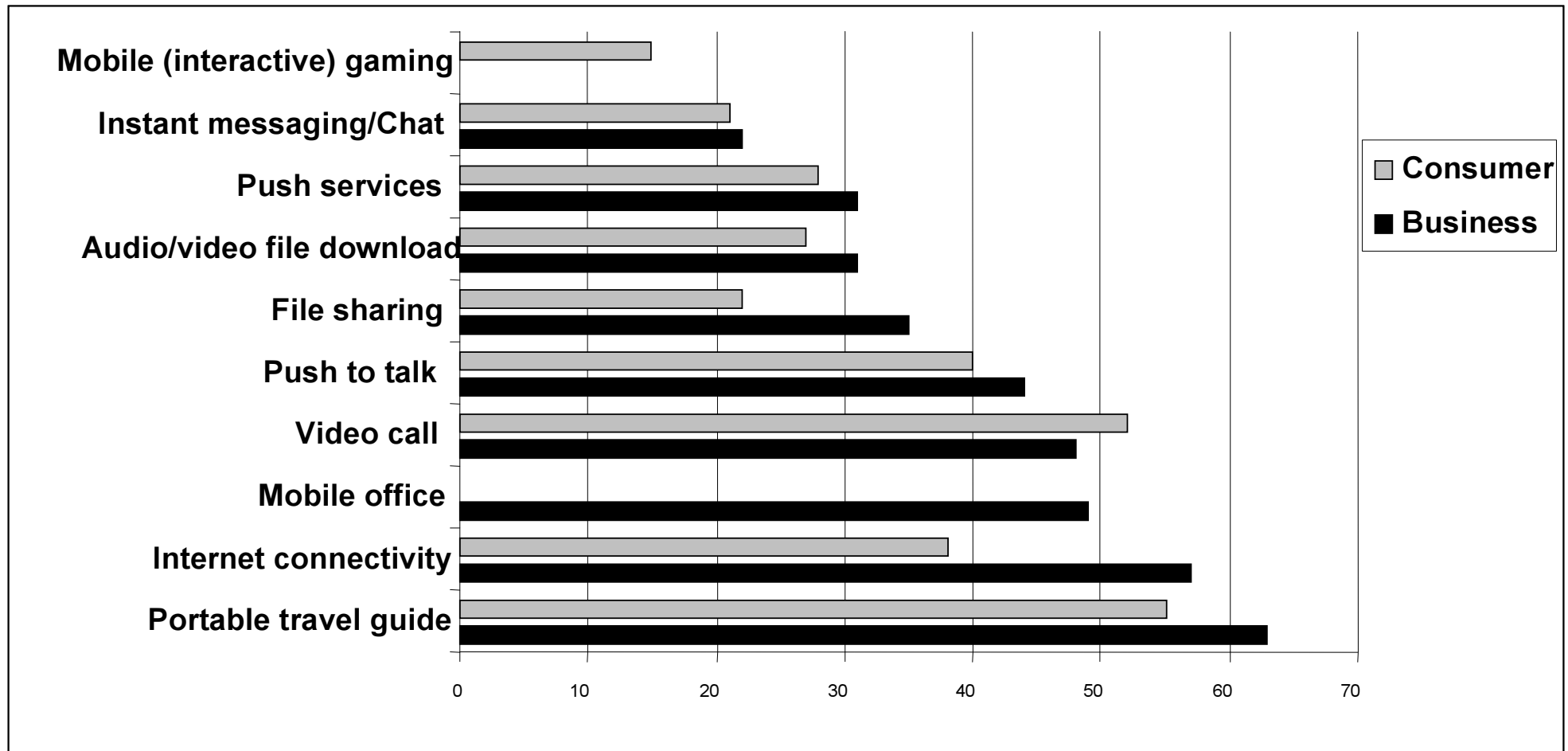
How often do you send SMS (per week)? (Survey among Czech students, 2005)



New content (offered since 12/2005 in ČR)

- Big brother type of entertainment
- TV news
- Traffic cameras
- Music downloads
- Online games

Expected services in 3G networks (Milvard Brown survey, ČR 2005)



People inquired claimed they would be spending approx. 480 CZK monthly
(for these new services)

Thank you for your attention