

The cost of LTE demands innovation says AIRCOM International

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AIRCOM International, the leading independent network planning and optimisation consultancy, today revealed the economic reality of LTE migration facing mobile operators around the world - as much as US\$1.78 billion for a tier one US operator in the first year. As the economic downturn puts pressure on credit markets, and mobile operators attempt to limit significant CAPEX commitments, AIRCOM believes that innovative approaches to LTE network roll out, network sharing for example, will be essential in ensuring the profitable delivery of future mobile services.

LTE investments vary by region, the legacy equipment operators have in place and the spectrum they have available. However, AIRCOM estimates the total CAPEX investment* facing a tier one mobile operator in the first year of roll out to be as follows:

Region	Estimated CAPEX investment
US	US \$1.78 billion
Europe	US \$880 million
Middle East	US \$337 million
Asia Pacific	US \$232 million

"LTE represents a major undertaking for mobile operators," said Margaret Rice-Jones, CEO at AIRCOM International. "With an all IP-based network infrastructure, LTE requires completely new thinking compared to previous mobile technologies. Mobile operators around the world face very different challenges in embracing LTE, which will have serious implications on the levels of finance they need to raise."

While raising capital in today's volatile global financial markets continues to prove difficult, operators and supporting infrastructure vendors are struggling to find the necessary credit to support the necessary enhancements to their radio network, backhaul and core network infrastructures.

Rice-Jones continues: "Very few operators have the available resources or shareholder freedom to meet these costs. This means that innovation within the mobile industry needs to be redefined. It

has been traditionally tied to finding the next "killer application". The economic reality of the mobile industry now means that true innovation is finding technology that will enable operators to deliver services more cost effectively."

AIRCOM believes mobile operators can embrace innovation in a variety of different ways. Most significantly, operators must accept that the techniques used to drive efficiencies and revenues with previous technologies will not be applicable to LTE. Mobile operators must therefore find new business models to monetise LTE, compared to subsidising handsets and offering free voice minutes in return for fixed-term contracts.

The significant investment required for LTE deployment could also see mobile operators globally embracing network sharing as a means of reducing CAPEX and OPEX. Other innovative ways of lowering costs include the automation of key optimisation processes through the roll out of self-organising networks (SON) and the deployment of femtocells within a network to cost-effectively provide macro network offload capabilities as well as indoor coverage solutions.

"Despite the financial commitment required, there can be no doubting the tremendous potential of LTE technology in taking mobile services to the next level," added Rice-Jones. "LTE represents a major evolution and mobile operators must take an intelligent approach to network migration. With careful planning however, LTE will deliver sufficient network capacity and data speeds to further enhance the delivery of high bandwidth services to consumers globally."

*AIRCOM International announces these figures to coincide with the launch of its new LTE Cost Calculator (http://www.aircominternational.com/lte_calculator). The calculations have been based on AIRCOM International's vast expertise and experience in helping mobile operators embrace new technologies (3G and HSPA) in the past. The figures are assessed according to the three most significant areas of CAPEX investment – building additional radio sites and supporting equipment, upgrading backhaul infrastructure and enhancing the core network.

About AIRCOM International

AIRCOM is an independent provider of network and data management tools and services. The company specialises in end-to-end network planning, sharing, outsourcing and OSS optimisation for IP and cellular networks.

Headquartered in the UK with offices in 16 countries, AIRCOM has more than 10 years' experience

across 135 countries for over half the world's mobile operators, including more than 4 million man hours working on 3G networks alone. Every day the 20 top global operators depend upon AIRCOM's tools and consultants to improve the coverage and customer experience for more than 1.1 billion subscribers.

AIRCOM continues to grow its customer base each year, offering advice, training and support services, backed by high performance tools designed to deliver real benefits for both subscribers and operators.

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