

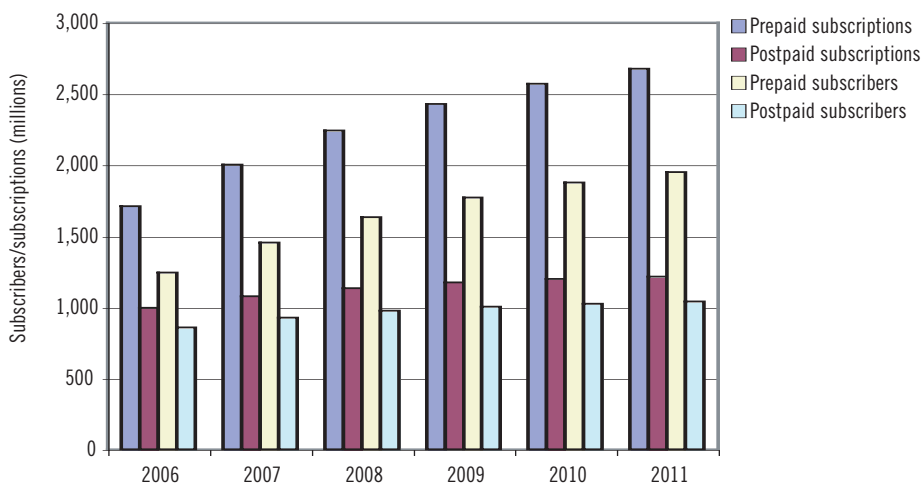
With many of the world’s mobile markets reaching maturity, the addressable market of subscribers taking up mobile services for the first time is set to increase at an even lower rate than that of mobile subscriptions. The number of unique subscribers is forecast to pass 2 billion before end-2006, up 18.8% year on year. Over the forecast period, this figure is set to increase 42.2%, but by 2011 the annual growth rate of new subscribers will have fallen to 3.03%. Nevertheless, the ratio of subscribers to subscriptions will continue to increase over the forecast period, rising from 1.289 at end-2006 to 1.303 at end-2011.

2.1.2 Prepaid vs. postpaid

The nature of the prepaid market makes it set to be the fastest-growing sector during the forecast period. By 2011, the number of prepaid subscriptions will have increased more than 50%, while the number of postpaid subscriptions will have grown only 22.2%.

Customers with prepaid subscriptions are far more likely to churn to other operators, simply switching SIM cards to take advantage of better tariffs. In addition, they will often have multiple SIM cards for different uses. They might, for example, use one operator for local calls and take advantage of another operator’s better rates for international calls. Furthermore, operators’ often report prepaid subscriptions even when the SIM has been inactive for several months. As a result, the same subscriber will be reported by two operators when, in fact, only one subscription is being used.

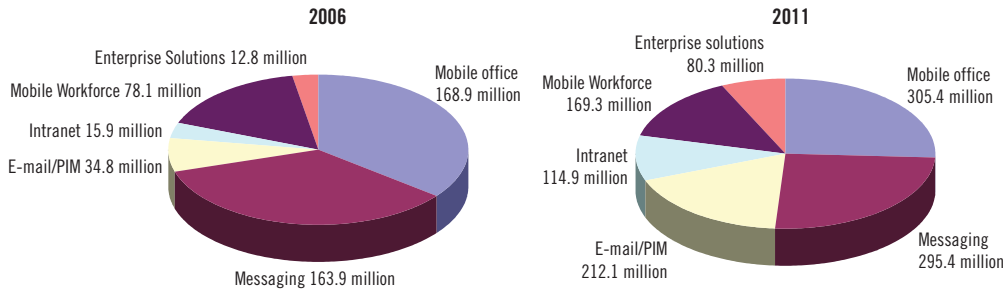
Figure 2.3: Global prepaid/postpaid subscribers



Source: Informa Telecoms & Media

Nevertheless, with the bulk of future subscriber growth coming from emerging markets – where access to credit is often poor and prepaid is the predominant method of subscription – the number of prepaid subscriptions will also increase at a significantly higher rate than

Figure 3.4: Mobile enterprise users by sector 2006/2011



Source: Informa Telecoms & Media

In 2006, mobile workforce applications are forecast to generate US\$20.8 billion in revenues, followed by mobile office services at US\$9.5 billion and mobile enterprise-level solutions at US\$3.6 billion. As a result of strong growth in enterprise-level-solution revenues, this segment will increase its share of total mobile enterprise revenues from 10.5% in 2006 to 28.5% in 2011.

Figure 3.5: Mobile enterprise users by sector (mil.), 2006-2011

	2006	2007	2008	2009	2010	2011
Mobile office	168.9	201.8	232.9	260.4	285.7	305.4
Messaging	163.9	196.2	226.6	253.9	277.3	295.4
E-mail/PIM	34.8	66.9	103.9	142.1	179.8	212.1
Intranet	15.9	29.2	46.6	70.8	94.7	114.9
Mobile workforce	78.1	104.3	127.5	146.9	160	169.3
Enterprise solutions	12.8	22.4	33.9	47.3	63.9	80.3

Source: Informa Telecoms & Media

Likewise, fueled by continuing year-on-year growth, mobile workforce applications will continue to command just over 50% of total mobile enterprise revenues throughout the period, though more-moderate growth in the mobile office sector means that this sector will see a slight reduction in its market share: from 28% in 2006 to 26% in 2011.

Overall, the distribution of revenues between each of the application segments will experience a growing gulf between workforce (at the top) and office (in second place). Enterprise-level solutions will start to close the gap on the office segment, taking over the No. 2 spot by 2011.

Figure 8.23: Japan's prepaid subs by operator

Operator	2001	2002	2003	2004	2005
KDDI					
Total subs (000s)	15,849	17,317	19,647	22,359	24,695
Prepaid users (000s)	806	1,038	1,071	1,030	951
Prepaid as % of total	5.09	5.99	5.45	4.61	3.85
NTT DoCoMo					
Total subs (000s)	39,849	43,134	45,735	47,914	50,366
Prepaid users (000s)	20	11	7	6	5
Prepaid as % of total	0.05	0.02	0.02	0.01	0.01
Vodafone					
Total subs (000s)	11,617	13,323	14,774	15,211	15,117
Prepaid users (000s)	0	0	0	0	0
Prepaid as % of total	0	0	0	0	0

Source: Informa Telecoms & Media

DoCoMo had only 4,540 prepaid users, or 0.01% of its subscriber base. Vodafone, now owned by 3G licensee Softbank, carried no prepaid users at all.

8.5.1.2 Market shares

DoCoMo continues to dominate the market with more than 55% market share at end-2005, with 50.36 million subs. KDDI had 24.69 million and Vodafone only 15.12 million.

The situation has remained fairly constant over the past five years, even though DoCoMo's market share has fallen from 59.02% in 2001 to 55.85%. Over the same period, KDDI's share has grown from 23.54% to 27.39%.

DoCoMo and KDDI together control 83.24% of the market, with Vodafone a distant third, claiming just 16.76%. Moreover, Vodafone's market share has been falling since 2003, when it reached a high of 18.43%

Figure 8.24: Japanese subscribers by operator

Operator	2001	2002	2003	2004	2005
KDDI					
Total subs (000s)	15,849	17,317	19,647	22,359	24,695
Market share (%)	23.54	23.47	24.51	26.16	27.39
NTT DoCoMo					
Total subs (000s)	39,849	43,134	45,735	47,914	50,366
Market share (%)	59.2	58.47	57.06	56.05	55.85
Vodafone					
Total subs (000s)	11,617	13,323	14,774	15,211	15,117
Market share (%)	17.26	18.06	18.43	17.79	16.76
Japan Total					
Total subs (000s)	67,315	73,774	80,156	85,484	90,178
Market share (%)	100	100	100	100	100

Source: Informa Telecoms & Media

Prepaid subscriptions will continue to dominate the Romanian market, growing from 9.91 million at end-2006 to 12.54 million at end-2011. The ratio of prepaid to postpaid subscriptions is set to remain the same throughout the forecast period. The number of postpaid subscriptions is expected to rise from 5.74 million to 7.13 million.

Although GSM will dominate, unlike in many Eastern European countries, Romania will see CDMA subscriptions continue to grow for several years. The country is expected to have 651,00 CDMA subscriptions by end-2011, including CDMA1xEV-DO. GSM technology will peak at 9.97 million subscribers in 2009, with GPRS/EDGE subscriptions continuing to grow until 2010. WCDMA subscriptions are expected to roughly double in each of the forecast years, reaching 9.34 million subscriptions in 2011, equal to the number of GSM, GPRS and EDGE subscriptions combined.

Figure 9.15: Romania's forecasts

	2006	2007	2008	2009	2010	2011
Total subscriptions (000s)	15,657	17,302	18,351	18,999	19,375	19,584
Total subscribers (000s)	10,326	11,403	12,087	12,506	12,746	12,875
Prepaid subscriptions (000s)	9,914	10,965	11,639	12,061	12,310	12,453
Postpaid subscriptions (000s)	5,743	6,337	6,712	6,938	7,065	7,131
Prepaid subscribers (000s)	5,894	6,515	6,911	7,158	7,301	7,382
Postpaid subscribers (000s)	4,432	4,889	5,176	5,349	5,445	5,493
Ratio	1.52	1.52	1.52	1.52	1.52	1.52
Total population (000s)	22,304	22,276	22,247	22,215	22,181	22,144
Subscription penetration (%)	70.20	77.67	82.49	85.52	87.35	88.44
Subscriber penetration (%)	46.30	51.19	54.33	56.30	57.46	58.14

Source: Informa Telecoms & Media

9.5 Russia

Figure 9.16: Russia's market overview

	2001	2002	2003	2004	2005
Subscribers (000s)	8,187	18,234	37,203	74,679	126,264
Growth (%)	129	123	104	101	69
Net additions (000s)	4,620	10,046	18,970	37,475	51,585
Penetration (%)	5.6	12.6	25.8	51.9	88.3

Source: Informa Telecoms & Media

9.5.1 Market overview

Although Russia has a large number of regional operators, its mobile market is dominated by the leading three operators: Mobile TeleSystems (MTS), VimpelCom and MegaFon. At end-2005, these three accounted for 87% of the country's 126.2 million mobile subscribers.

Subscriber growth increased steadily during 2005, from 11.4 net adds in 1Q05 to 14.0 million net adds in 4Q05. While much of the growth spurt in the final quarter of 2005 can be attributed to seasonal promotions and the main operators' increased competition for