

MOBILE AND BROADBAND

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UN chief warns 'new cold war' looms over the internet

A new cold war is brewing between Europe and other northern countries and the rest of the world over internet access, threatening to block talks on cyber security and data protection, the chief of the United Nations' telecommunications authority said. EurActiv reports from the GSMA conference in Barcelona.

"By creating a new cold war, we are making everyone a loser, it is a no-win situation. The best way to win a war is to avoid it in the first place," said Hamadoun Touré, secretary-general of the International Telecommunication Union (ITU).

He was referring to a stalemate last December, when 193 countries debated changes to the International Telecommunications Regulations in Dubai. Touré was among the speakers at this week's Mobile World Congress in Barcelona.

The ITU organised a 12-day conference in December to revise a communications treaty last overhauled in 1988, but the EU joined the United States



and Canada in refusing to sign up to the treaty changes, creating a divide with the rest of the world.

Dubai saw argument about 'over-the-top' providers

The new treaty was supposed to help nations coordinate efforts against spam and widen access to the internet. But discussions focused on the controversial issue of whether or not countries should have equal rights to the development of the internet's technical foundations.

The US was concerned that references to the internet in the treaty might be used to legitimise censorship and – more controversially – enable commercial

negotiations between telecom networks and so-called 'over-the-top providers', especially large internet content providers such as Google and Microsoft.

That could open the way for search and social media companies to be charged levies for their use of broadband capacity.

The development caused quarrels in the telecommunications and internet industries, exposing highly political global trade and commercial strains, instead of paving the way for clearer global standards.

"Unfortunately in Dubai I have noticed a new cold war. We have to work hard together to make sure that it doesn't happen," Touré said in a speech

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at the Broader Way Forum, organised in Barcelona by Huawei, the China-headquartered tech company.

Rare public outburst by UN chief

“I have seen also a new war north-south, which is unfortunate. Is it the financial crisis in the northern countries that is making them lose their soul?” Touré asked.

In an unusual public outpouring, the UN chief lamented that the Dubai stalemate crystallised after a rare vote, which highlighted disagreement between the US and EU, and most other states, and also contravened the UN body’s

conventions.

The ITU usually agrees matters by consensus without putting issues to a show of hands amongst its member states.

“We do not vote on real issues and that culture is embedded and we are proud of it, and I don’t want to see the [ITU] losing that,” Touré said.

He highlighted the dangers of hostilities breaking out over internet topics at a time when sensitive issues surrounding cyber security and data protection are being debated around the world.

“And that’s why we need to talk about some real issues: security, cyber security, is a real problem that is touching our governments, our institutions, our companies and our children. We need to

talk about them,” Touré explained.

European industry seeks solution

“The discussion in Dubai was very complex and difficult, with several layers of discussion,” Luigi Gambardella, the chairman of the federation representing the key European telecommunications network operators, ETNO, told EurActiv at the Mobile World Congress.

“We would like to work in a way in which the entire [telecoms and internet] ecosystem can flourish, and everyone can benefit in a situation in which the different players can continue to invest and make their proposals to their customers in a very positive way,” Gambardella said.

Kroes pushes telecoms single market to handle ‘spaghetti spectrum’

Europe’s Commissioner for the digital agenda, Neelie Kroes, called yesterday (26 February) for a true single market in telecommunications to overcome sluggish spectrum sales by EU member states and to prevent governments pocketing the cash proceeds. EurActiv reports from the GSMA conference in Barcelona.

In a speech to Barcelona’s Global Mobile Congress – the world’s largest telecoms sector conference – Kroes said the 27 EU states needed to align their approach on mobile spectrum and fibre broadband, creating a genuine single market.

Speaking to journalists afterwards,



Kroes described Europe’s poor efforts to release broadband spectrum as resembling “a bowl of spaghetti”, adding that countries risked an “ACTA-times-ten” backlash.

Kroes was referring to the controversial Anti-Counterfeiting Trade Agreement, which met with strong public opposition.

Unallocated broadband spectrum is ‘inexcusable’

The EU has authorised 1,200 megahertz of spectrum for wireless broadband, but on average European member states have only granted 65% of it.

Kroes described this as an “inexcusable waste” and said that the

Commission was prepared to use treaty powers to bring actions for infringement against member states dragging their feet. She also condemned EU governments for auctioning broadband spectrum without any intention of spending the proceeds of such auctions on digital services.

Kroes said that Europe was “shooting itself in the foot”, since spectrum revenues were needed to invest in 5th generation broadband networks.

Governments failing to invest spectrum proceeds properly cause networks to deteriorate they “will face defeat at the ballot box” as a result, Kroes said, adding: “The opposition will be like ACTA times ten if they do not do this.”

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Spectrum is politically sensitive

Kroes's call for a single market will be most politically sensitive insofar as it suggests a single regulator could replace the national authorities, which jealously guard their right to preserve spectrum as a sovereign asset, often for defence and security purposes.

Kroes has not publicly called for the creation of a single regulator, but she told journalists that it was possible that in the future the EU could be solely responsible for auctioning European spectrum.

France, Germany and Britain are known to oppose ceding power to Brussels on telecommunications regulation, especially if it means losing control of spectrum auctions that bring billions into public coffers.

Need for consolidation in telecommunications market

The industry broadly welcomed Kroes' announcement. "We back in principle the idea to have a much more integrated European telecoms market but we see a real need to have a real consolidation because there are too many markets and too many players," said Luigi Gambardella, the chairman of the European Telecommunications Network Operators' Association (ETNO), which represents 37 companies.

Europe has about 100 mobile operators, set against six in the United States and three in China, making for a much more fragmented market. European companies have also been struggling to pay off debts and build 4G and fibre broadband.

Consolidation to reduce the number of mobile operators has been viewed with suspicion by antitrust regulators in Brussels over fears that it leads to higher prices. Gambardella said he believed they now understood that a more consolidated market would be vital for a genuine single market.

Policymakers mull privacy wake-up call for app companies

Up to 15,000 representatives of the world's leading app makers who begin meeting in Barcelona today (25 February) face a "wake up call" when European policymakers come up with proposals to strengthen privacy rules in the sector later this week.

The new rules are being put together by the European Commission's data protection task force – the Article 29 Working Party – made up of representatives from national EU data protection authorities.

In October, the working party said that it would publish guidance this year in light of the rapid increase in the use of smartphones, the amount of downloaded apps worldwide and the existence of many small-sized app-developers.

The issue is on the agenda of the group's meeting later in the week, scheduled for 26-27 February in Brussels.

Simultaneously app producers will be joining their counterparts in the smartphone sector at the week-long Barcelona congress – organised by the mobile operators' global representative body, the GSMA – have conflicting views on the issue.

App makers want no 'big brother'

The issue of geolocation is central to the debate, with many apps designed to establish the whereabouts of their user, even if this is based on anonymous data.

In a recent interview with EurActiv, Harri Koponen, chief operations officer of Rovio said that most games



app manufacturers rely on geolocation functions to improve their services. – Rovio produces the popular Angry Birds game app.

"Our interest is ensuring that they [users] get the best service, we are not selling their data," Koponen said, adding: "We do not use the location of the equipment to sell anything to the user, but to guarantee a minimum downloading speed."

Geolocation helps to identify where there might be a problem with the functioning of the app service, he explained. "If there is too low a speed, then the bandwidth might not be enough, if the service is going to be seamless then it is really necessary for us to use this data."

Koponen reflects the concerns of other smaller games app makers who fear that new rules might force them to hire extra staff to deal with additional data management.

"It is completely unnecessary and an unwanted process, kind of 'big brother is watching you'," said Koponen.

Operators want level playing field

The mobile operators meanwhile feel

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aggrieved that proposed rules on privacy affecting their businesses are bypassing the internet-based app industry because the rules do not apply to the internet.

"We shouldn't expect users to understand that different rules apply to functionally equivalent services delivered via different technologies," said Martin Whitehead, a director of GSMA Europe.

"Consistency in privacy experiences will help raise people's awareness that an app or service has privacy implications and that they need to make choices. Consistency in law will also make it easier for business to meet users' privacy interests as well as their legal obligations," Whitehead added.

In January, a number of European mobile operators signed up to a new Accountability Framework, created by GSMA, designed to tighten up app privacy for users. Under the new framework, the operators committed to hold app providers responsible for vigilance and transparency in respect of users' data.

"The framework will help us, as well as the developer community, to create exciting applications and provide greater transparency and security with mobile apps," said Hannes Ametsreiter, chief executive of Telekom Austria Group.

"This is especially important for social networks and cloud services where we observe a growing concern among users regarding their personal data."

Mobile World Congress to showcase mobile as catalyst

The issue has already occupied policymakers in the United States, the Netherlands and Canada. In December, the California attorney general sued Delta Air Lines for its failure to include a privacy policy within its mobile app, and the US Federal Trade Commission (FTC) launched a report on children's data collection through mobile apps. Canadian and Dutch regulatory authorities have also recently published new guidelines on app privacy.

Any new guidelines will be keenly watched by Europe's app manufacturers. "I am expecting strong 'wake-up call' on privacy for the app makers to emerge from the Article 29 committee this week," one leading network operator representative told EurActiv on condition of anonymity.

Entertainment and apps businesses are highly competitive, with the Nordic region representing a hub for apps companies. The app market is worth billions of euros and represented 15,000 delegates to the Barcelona conference last year. At least that many are expected to attend this year.

The Mobile World Congress will also focus on a series of events designed to showcase connected cities, which will be designed to demonstrate the extent to which developments in mobile are driving innovations across other sectors such as automobile and energy. The telecoms industry wants to use the Congress to showcase its ability to act as a catalyst for the economy at large.

Smartphone exec: Tapping design to tackle the competition

Chinese smartphone maker and broadband provider Huawei moved into third place globally as a phone distributor at the end of last year. Joining giants Apple and Samsung in the product markets brings new challenges for design and branding, says Shao Yang, the company's chief marketing officer for device.

Shao Yang spoke to EurActiv's Jeremy Fleming at the Mobile World Congress, in Barcelona.

**Why has your strategy changed in relation to design?**

We are making big changes, and starting our brand building journey. Last year we underwent some significant strategic changes from a business-to-

business to a consumer focus from original design manufacturing to original equipment manufacturing, and from low-end value to mid and high-end markets. This transformation is not so easy, but we are glad we increased our revenues last year, with healthy profits and in shipments we have moved to number three in the world for smart phones.

As number three in a market where you are competing with Apple, presumably design now has to play a stronger role in your product development.

Design is something we need to do much better and we aim to be number one in the world for design. That's why we have been building consumer centres in a number of locations and we have made a major hire, not yet announced, on design. We are going to be releasing some great designs.

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Is there a problem with devising global branding and design?

It is definitely less developed in China and Apple are leading now, but the history of Huawei shows its attitude has been right. This was seen in our entry into the business-to-business sector. It was harder to get into the network business than the consumer business. There were the seven big players in that market when I joined Huawei in 1988. At that time if we looked at them and asked ourselves “how can we win?”, I would say it would have been hard. But our attitude instead was “maybe we can co-exist”. That was a tough time for us to do our wireless business. There were seven big players, you might say “mountains”, in the business then: Ericsson, Nokia, Siemens, Motorola, Alcatel, Nortel and Lucent.

In this industry people like to be superheroes, so Ericsson’s slogan was “Take you forward”, that means: “I’m smart, I’m a teacher, I can teach you.” Nokia’s was ‘Connecting people’. But our attitude is that the customer is more important than ourselves. So we have some slogans such

as ‘We hear you’, ‘Innovation for you’, ‘Realise your potential’, so you see the customer is more important than us and that makes us different in the industry.

Apple is really like a superman and everyone admires it and the machine is maybe more important than the people themselves, and people are not proud so much of themselves but of the products they are using. Huawei does not agree with this philosophy and thinks people are more important than the technology.

You talk about consumer led design, usually this involves surveys and so on, how do you find out what the consumer wants?

The problem is not finding out what people want, but how to listen to them. Apple is really good, but they define things and then the consumer has to follow, if I want to change the card, you must follow, if I want to change the interface, you must follow, if I want to define the system like this you must follow. There is too much control.

How important is European Market for your strategy?

There are always two important markets for Huawei: China, a big market and our homeland, and Europe. In the beginning for us Europe was a very small part of our market but it has always been very important. This is because Europe is a critical market, and the challenge is innovation. Europeans only want to use the best products. So by focusing on the requirements of Europe we can make our products better. The target for us is that if we want to make the best product we need to meet the requirements of Europe. That’s why Europe is important for us

Issues of trade and politics are coming to the fore in the technology markets. How do you keep brand and design apart from media political debates into which Huawei gets involved?

The good news is that people get more and more information now. Our slogan is “enrich people’s lives through communication”, and we are doing the right thing to let people have information – good and bad – and we therefore let them have the information that they can base their judgment about us on.



Connected cities to cause data explosion, but standards still lacking

By 2018, mobile operators will take more revenue globally from pure data than from their traditional voice services as the world moves towards hyper-connected cities, industry analysts predict. But technological standards remain scarce, EurActiv reports from the the GSMA conference in Barcelona.

A new industry report, published yesterday (25 February) at the Global Mobile Congress in Barcelona, predicts that mobile services will revolutionise people's lives over the next five years.

The mobile data explosion is being driven by a surge in demand for connected devices and machine-to-machine communications in health, education, energy metering, and carbon emissions, according to the report by GSMA, the global mobile operators association, and developed in collaboration with consultants PwC.

The GSMA is showcasing examples of the mobile services at a dedicated Connected City exhibit at Mobile World Congress this week.

Educational robots and medical tracking devices

Innovations include features such as robots which teach children languages through stories using video images of themselves, and domestic features such as remote lockable doors and automated pet-feeding machines.

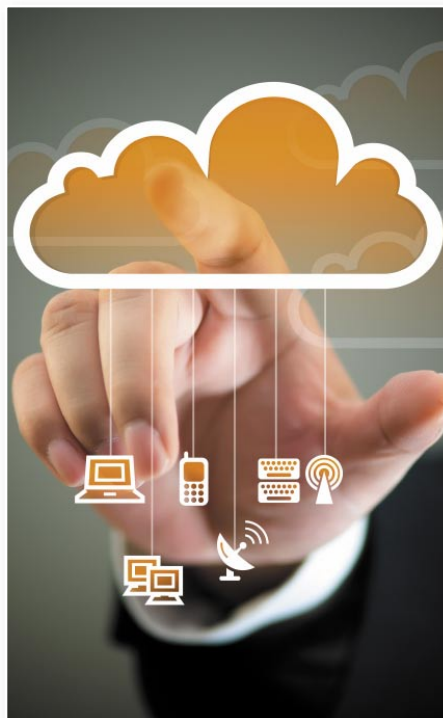
Health remedies could save €305

billion in healthcare costs in countries belonging to the Organisation for Economic Co-operation and Development, according to the report.

One Barcelona exhibit demonstrated how diabetics could monitor their blood sugar levels through a digital device loosely attached to the skin.

Costs of treating diabetics can be high because their blood sugar levels are hard to predict. A real-time monitor would create a fixed data stream that could curtail unnecessary medical attention.

According to the report, by 2018 data such as this will account for \$559 billion of total mobile revenue, relegating voice to second place for the first time, since it is forecast by the report to earn the mobile companies \$547 billion by then.



Developing world to reap benefits from connectivity

This increase in mobile operator data revenues is a global trend across both developed and emerging markets, the report said. In 2012, Japan became the first country where data revenues exceeded voice revenues, due largely to the availability of advanced mobile broadband networks and a higher adoption of the latest smartphones, tablets and connected

devices.

This year, Argentina's data revenues will exceed voice revenues, attaining this milestone ahead of the United States and Britain, which will reach this point in 2014. Kenya will experience this shift in 2016, with other emerging economies expected to follow as mobile broadband continues to thrive, the report says.

Its findings suggest an explosion of broadband connectivity will have a profound effect on the world's developing regions.

"In the fight against malaria, TB, HIV and perinatal conditions, greater use of mobile connectivity could save more than one million lives in sub-Saharan Africa between now and 2017," it said.

Standardisation remains a problem

There are doubts, however, about the extent to which such 'connected cities' will truly consist of inter-communicating devices, rather than new but isolated services.

A senior mobile strategy executive told EurActiv that "the applications are currently extremely fragmented, because there is no clear standardisation method."

"There are several standards bodies that are starting to work on smart city standards, but this work is at a very early stage, such as identifying use cases, and identifying exact requirements for interoperability," said Svetlana Grant, director of smart cities with GSMA's Connected Living Programme.

Last July the European Commission announced a €365-million-a-year innovation partnership scheme aimed at boosting the development of 'smart' technologies in cities.

This year, €365 million was earmarked for the development of urban technology.

Examples of projects include silent electric city buses that use digital technology, satellite technology aimed at improving traffic flow, a smartphone application for reserving alternative fuel rental vehicles, and fast-charging mechanisms for electric vehicles.

Mobile giants step up preparations for e-payments boom

The world's largest technology companies have announced new partnerships in mobile payments and image changes, as they seek to maintain dominance in the fast-shifting technology market. EurActiv reports from the GSMA Mobile World Congress in Barcelona.



Two key partnerships were announced in the mobile payments sector pushing the issue to the forefront of industry strategy and suggesting such payments will become more prevalent over the next months.

South-Korean electronics giant Samsung announced an agreement that will see it introduce Visa's payment technology on its next generation of handsets, and speed the growth of near field communication (NFC) payments worldwide.

NFC-enabled mobile payments are forecast to be available on two billion devices by 2017, and the Samsung-Visa partnership is likely to speed that process up.

Meanwhile Canadian handset maker BlackBerry announced its instant-messaging service, BBM, will have

person-to-person payments added to its capabilities in a pilot that the handset maker is launching in Indonesia in collaboration with PT Bank Permata and Monitise, a mobile-money-platform provider.

Mobile Payments succeeding in Africa

The pilot is designed to enable users to create and access a mobile-money account from their BlackBerry devices and make real-time payments to other people who are also signed up to the service. They will also be able to use the account to buy airtime credit and transfer money to bank accounts.

A second annual Global Mobile Money Adoption Survey – published at the Barcelona conference – revealed that mobile payments are fast gaining traction in developing countries.

The majority of registered mobile payments customers, 56.9 million, are in sub-Saharan Africa, where 34 out of 47 countries have live deployments, and where 37% of the 166 mobile operator networks have launched services.

In addition, there are more mobile money accounts than bank accounts in Kenya, Madagascar, Tanzania and Uganda, and more mobile money agent outlets, 520,000, than bank branches in at least 28 African countries.

That outlook is at variance with Europe, where the European Commission moved last year to further integrate the 27-nation market for card, internet and mobile payments and stave off a lack of competition in the business.

Internal Market Commissioner Michel Barnier and Competition Commissioner Joaquín Almunia, jointly published a consultation paper aiming to boost transparency, innovation and security in the single market.

Chinese companies moving up the ladder

Of the €59-billion worth of total retail

payments made in the eurozone during 2009, there was very little integration across member states and platforms of payment, the Commission claimed.

The EU executive wants to rationalise the market and increase the playing field for new entrants.

Another key revelation from the Barcelona Congress were figures showing Chinese-based companies now chasing behind Samsung, Apple and Sony in the smartphone markets.

Huawei, which sold 32 million smartphones in 2012, up 60% on 2011, came third in smartphone sales in the final quarter of 2012, according to research firm IDC, with Chinese ZTE in fifth place and Sony sandwiched in between.

Samsung and Apple, however, were far in front and continue to share half the market between them. In an interview with EurActiv, Shao Yang, Huawei's chief brand marketer said that the company would now focus on design to take on its rivals, and was hiring some of the best talent to enable it to build brand identity.

"Design is something we need to do much better and we aim to be number one in the world for design," said Yang.

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