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CMAI Association of India
Communication Multimedia
And Infrastructure

India ~Korea ~ICT Cooperation an outlook of Indian telecom market

Presentation

At

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by

N K GOYAL

President, CMAI Association of India, CMAI

Chairman Emeritus, TEMA

Director, National Fertilizers Ltd. (Government of India Undertaking)

nkgoyals@yahoo.co.in +91 98 111 29879

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2009 International CES, 2009 being inaugurated and ribbon cutting at Las Vegas on 8th January, 2009 by NK Goyal with Sir Howard Stringer, Chairman & CEO of Sony Corporation, Mr. Tom Hanks, the American movie star, Mr. Gary Yacoubian, Chairman CEA & President of Myer-Emco AudioVideo, Mr. Gary Saprio, Vice President of CEA, Ms. Qu., Presixdent, CECC China, Mr. Patrick Lavelle, President and CEO of Audiovox, Mr. Peter Lesser, President and CEO of X-10 (USA) Inc, Mr. Loyd Ivey, Chairman and CEO of MiTek Electronics and Communications, Mr. Jay McLellan, President and CEO of Home Automation, Inc. (HAI), Mr. Mike Mohr, President of Celluphone, Mr. Grant Russell, President of Kleen Concepts



Global Telecom Base

- Global mobile connections are expected to be 7.4 bn. by 2015, with revenues over \$1,000 bn.
- Global mobile connections will reach 5.3 billion in 2010. This will be powered by growth in emerging markets, particularly China, India, and Indonesia. However, Africa will be the next region to see rapid mobile growth.
- Worldwide revenues from the provision of telco TV services increased to nearly US\$ 12bn in 2009 and will rise to almost US\$ 17bn during 2010. (ABI Research)
- LTE is expected to reach 300 million connections by 2015. Mobile WiMAX will only reach 80 million connections in 2015, despite its time to market advantage. However, HSPA will be the dominant data-centric technology, with connections reaching 1.86 billion in 2015. (Ovum)



Telecom in Asia

- Asia is a region of superlatives in the ICT arena with over two billion telephones, including 1.4 billion mobile subscribers, and 42 per cent of the world's Internet users
- Asia is also the world's largest broadband market with a 39 per cent share of the world's total at the end of 2007. (ITU's 2008 Asia Pacific Telecommunications and ICT Indicators Report)
- Telco TV service revenue in the Asia-Pacific region is expected to reach US\$ 8bn by the end of 2014, representing a CAGR of 45.5% between 2009 and 2014



Advantage India

- GDP crossed USD 1 Trillion Mark
- 4th largest economy in world when adjusted for purchasing power parity
- Growing well in excess of 8% per annum for last three years
- USD 380 Bn. Projected infrastructure investment in next 5 years.



Korean Economy

- Samsung Electronics and other top units of family- owned industrial groups or Chaebol, such as Hyundai and LG are feeding an already thriving South Korean economy.
- The Koreans have an industrial ecosystem that is geared toward being very productive.
- Korea has been able to take market share from other countries successfully.



Korea Samsung example

- South Korea's electronic giant Samsung Electronics has rocketed past Sony as the largest maker of flat-panel TVs.
- It has edged out Hewlett Packard in color laser printers that scan, fax and copy.
- It's also the biggest in other technology-dependent areas such as liquid-crystal-display TVs and computer monitors.
- No. 2 in mobile phones, Samsung is pushing the Galaxy Smartphone to challenge Apple's iPhone and narrow the gap with leader Nokia Oyj.
- Aims to more than triple revenue to \$400 billion by 2020



Priorities for World

- **Global Poverty & inequality**
- In spite of quite phenomenal growth during last decade
- Almost half of the world's population lives below the poverty line
- The lower 50% possess less than 1% of the world's wealth
- Over a billion people suffer from chronic malnutrition
- Three billion do not have access to clean water or proper sanitation
- Along with poverty, inequality has risen dramatically and dangerously
- The Millennium Development Goals (MDGs), adopted in 2000, were meant to solve these issues by 2015. Not much hope to achieve that.
- **Climate Change... A SERIOUS ISSUE**
- While climate change has been described as the greatest challenge (and threat) mankind has ever had to face, it could also be the greatest opportunity. It will ultimately stand out as the test of whether humanity can engage in collaborative survival or is doomed to conflictual destruction.
- Sustainable and inclusive development is possible. Are we ready to work for it?



Some issues confronting Asian Telecom Sector

- Driving 3G and beyond
- Dynamics of Telecom during slowdown
- ICT at BOP – where lies the Buck?
- VAS –Bypassing Operators!
- Telecom – Going Green
- Political Economy of Telecom in Asia
- Incumbents Vs Operators!
- Mobile Social Networking
- Some Country specific case studies



India's Electronics Potential

- Current India market size about US \$ 34 Bill. out of which production \$16.1 Bill. Ranked 26th in the world in sales, 29th in production
- Demand growing 25% CAGR, from 4% of GDP to 12% by 2015 i.e.. 320 Bill. Total production may go up to \$ 150 Bill. with employment potential of 21 mill.
- Indian ICT spending is expected to grow at 19% from \$ 29.5 Bill. During 2004 to \$54.8 Bill by 2008
- Consumer Electronics (CE) is the largest segment of the Electronics sector. It contributes 33% to the Electronics production in the Country. The total production of Consumer Electronics is estimated \$5625 million during 2007-08 registering a growth of 12.5%



Indian Telecom

- World's fastest Growing Telecom Market – 10-15 Million plus subscriber addition per month
- Second largest in the world after China
- 650 Mn. subscribers, 620 Mn. wireless
- 281 state-of-the art Networks (GSM+CDMA)
- 24 National Long Distance & 19 ILD Licensees
- Lowest tariff but highest profitability.
- Lowest Call Rates in the World
- India ranks highest in Mobile monthly Minutes of Usages per subscriber in Asia Pacific Region and second to USA in the world....500 minutes per month
- Innovative approach of doing business at lowest operation costs.
- Innovative value added concepts...missed calls, rural applications, lowest prepaid charge



Indian Entertainment Business

- Television is the largest segment of India's entertainment industry, with revenues of 257 billion rupees (\$5.6 billion) in 2009 — nearly three times what the much-hyped Bollywood film industry pulled in, according to KPMG.
- KPMG says India's TV audience has grown to 500 million viewers — still just 60 percent of households — and the number of channels has mushroomed from 120 in 2003 to over 460 in 2009.



CONTINUED WIRELESS GROWTH EXPECTED DUE TO

- Booming economy, rising income, increasing available disposable surplus
- Continued big demand, rural potential
- Introduction of Number Portability by mid 2009
- New Operators bringing in competition, spread and cheaper tariffs
- Introduction of 3G, Wimax technologies
- Operators allowed intra service roaming
- Operators scouting cheaper handsets eg. Spice with IDH Media Tek, Taiwan for \$15 handest. Also no screen sets being considered.



Opportunities Ahead

- World's second largest market after China, growing highest per month.
- 3G & Broadband wireless Auctions completed.
- MVNO to be allowed shortly
- ISPs, NLD, ILD licenses available
- FDI 74% in operations and 100% fro manufacturing
- Rural Telecom, Broadband, VAS market
- New Innovative services, Mobile payments, location based services



Telecom challenges worldwide

- Health and environmental concerns resulting in several law suits, myths and alarms.
- Consumer concerns on quality, tariff and after sale service issues.
- Use of telecom network by terrorists, ant social activities
- Technology misuse in all sorts of crime ranging from credit card fraud to data theft to simple defamation. Regulatory means for this and also to avoid unsecured wireless networks.
- Increasing awareness of restrictions sought for use of mobiles in schools, public areas, while driving, offices etc. For ex.
- New York banning cell phones in schools and Indian Parliament Committee examining need for reasonable restrictions in use of mobile.



Opportunities/ Potential Areas for Korean companies in India

- 3G and Broadband Wireless Access and applications
- Triple Play Services
- Next Generation network and services
- Cell phones , 2G & 3G : Fastest growing Cell phone market.
- FTTH (Fiber To The Home) -Passive Optical Networks
- Value added services in Mobile segment
- Transition from Ipv4 to Ipv6 in Indian Network
- Voice on IP protocol (VOIP) and Internet Telephony
- Security Equipment for IP networks (Internet, NLD ILD)



TRIPLE PLAY SERVICES

- Broadband Triple play converged services (data/video/telephone) permitted for UASL Licensees.
- IPTV holds a promising future for India.
- Target of achieving 20 million broadband by 2010 could also be helped by IP TV
- Major service providers are planning roll out of triple play including IP TV



Next Generation Network and Services

- Major Telecom Players have started switching towards IP based Next Generation Networks
- Korean companies can venture with Indian companies to offer NGN Networks /equipments
- Some of the NGN services that will find very good market in the country are Real Time voice and video conversational services, Audio video and Text conferencing, content delivery services such as radio / video streaming, Video on demand , broadcast IPTV, messaging etc



Cell phones , 2G & 3G and CPE for BWA



- Korean companies have significant market share in cell phone handsets.
- India expects 500 million cell phones by 2010
- The launch of 3G holds a promise for good business in this segment



Passive Optical Networks and FTTH



- Leading new technology for broadband access promising bandwidth for new generation applications such as HDTV , interactive gaming etc
- Korean companies have expertise of deployment in their country . It has gained reputation for high performance, low cost and exceptional stability
- Indian Telecom Service Providers have plans for its deployment in the country e.g. Reliance in Mumbai



Value added services in Mobile segment

The following services are popular in India

- Personalized service like ringtone download
- SMS based services
- Mobile TV
- Video on demand
- games



Voice on Internet Protocol(VOIP) and Internet Telephony

- Voice on IP permitted to NLD/ILD for transportation of traffic within their networks.
- Phone to phone internet telephony permitted to UASL licensees.
- Restricted internet telephony permitted to ISPS.
- Proposals under consideration to further liberalize internet telephony.
- Internet Telephony and voice hold a promising future for companies and players in this segment.



SECURITY APPLICATIONS

- More and more IP networks are being introduced in the Indian telecom network there is a good requirement of security applications from the service provider, security agencies
- To name a few those required by ISPS / NLDs/ ILDs for their IP operations.



BRIDGING THE DIGITAL DIVIDE

- A major chunk of Indian Population resides in rural areas
- It has thrown a challenge to provide rural connectivity for voice, video and data.
- The telecom companies are encashing this opportunity and the rural India has started giving them good revenues and profitability
- There is lot left for businesses in rural India and telecom has a major share left into it
- Korea can venture to offer a technology suiting to rural India



CMAI Association of India
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- CMAI Association of India is a professional registered association for promotion of Indian IT and Telecom Sector. CMAI is the only Integrated Association in India for IT and Telecom Sector having all stake holders as its members.
- It is an apex premier body with MOU partners and representatives all over the world. It is involved in policy formulations along with Government and other stakeholders for Technology Innovations, Indigenous Manufacturing, Research and Development etc. It assists manufacturers to maximize competitiveness in the domestic and international markets.
- The CMAI is currently developing scientific knowledge and practical means for protecting human ecology and environment from the harmful effects of environmental hazards like e-waste, radiation etc.
- **Vision:** To facilitate inclusive growth of the communications sector in India through participation of all stake holders including Service providers, Operators, Infrastructure providers and Vendors.
- **Mission:** To create a platform, where all stake holders of Telecom/ IT Industry, Policy Makers and International Associations can work together in creating value for the Indian Telecom/IT Sector and in providing Quality yet Affordable Products and Services to the Indian consumers.



THANKS

www.cmai.asia

www.nkgoyals.com

+ 91 98 111 29879