



**EQUIPMENT
MAKERS:
GEARING UP
FOR GROWTH**



International telecommunication equipment makers are strengthening their India presence, as they eye the billions of dollars in orders for new equipment expected to emerge with the roll-out of 3G services and enhancement of existing capacities, says **N.B. Rao**.

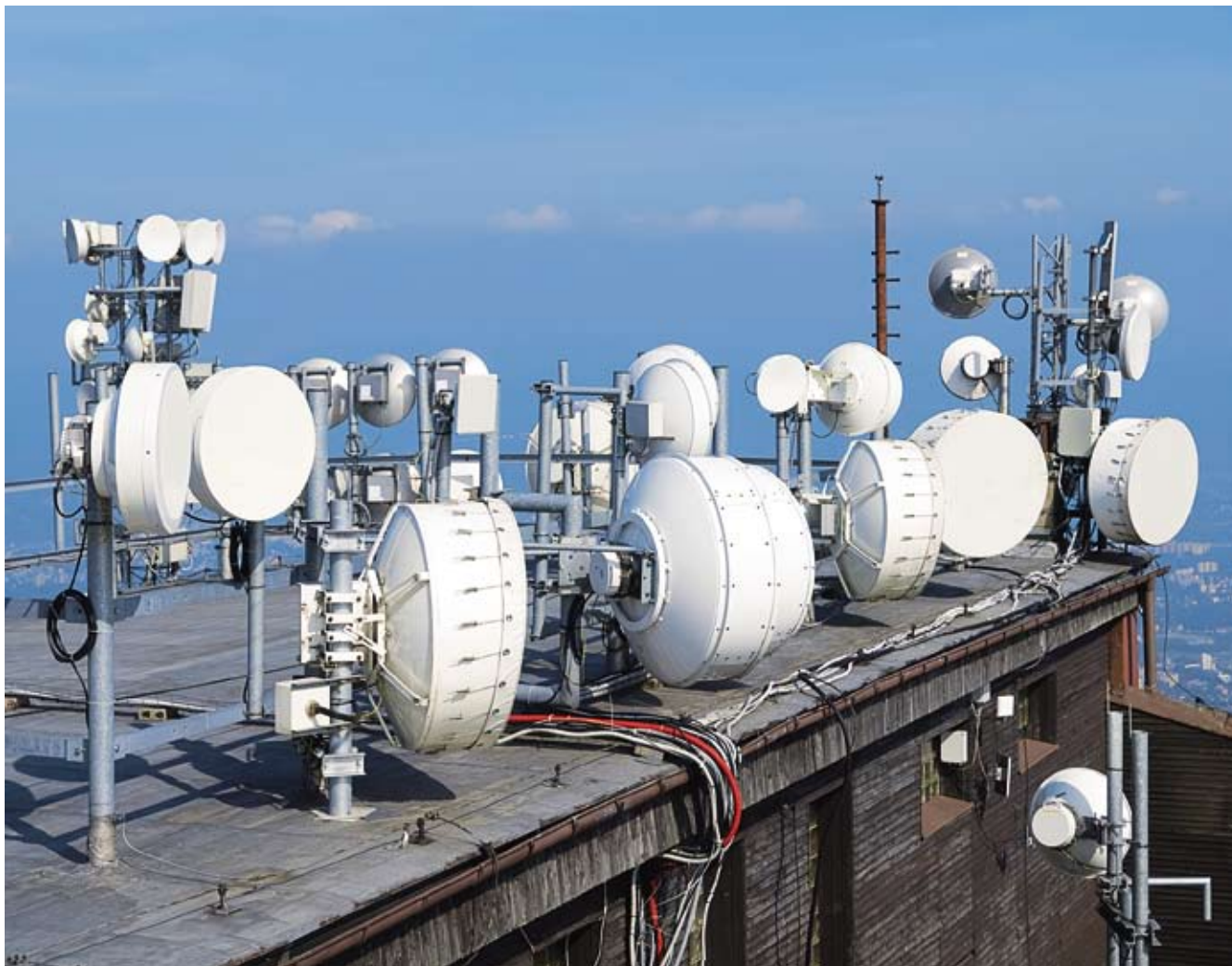
INDIA'S buoyant telecommunications market is driving the growth of the global telecommunications equipment business, with all leading manufacturers strengthening their presence in the country.

The world's top telecom equipment makers, including Ericsson, Nokia Siemens Networks (NSN) and Alcatel-Lucent, are beefing up operations in India in order to garner a larger share of the rapidly expanding telecom sector in India.

The country's telecommunications sector is the fastest-growing in the world.

In December 2009, yet another record was broken, when the total number of mobile phone subscribers breached the 500-million-mark. India is today the fastest-growing telecom market in the world, with the addition of 12-14 million subscribers every month during 2009. Interestingly, more than 40 per cent of these new subscribers were from rural areas. Analysts expect an even faster growth for the telecommunications sector in 2010.

International telecom equipment majors are looking forward to the auction of spectrum for third-generation (3G)



telecom services and broadband wireless access services, due to be held soon. The introduction of 3G and broadband wireless access services is expected to further accelerate growth in the sector.

The Swedish telecom equipment vendor, Ericsson, which has a 40 per cent market share in India, a country that features among its top-five global markets, plans to expand its presence in the country.

“With the entrance of new players and 3G auctions expected to happen soon, there is going to be a massive 3G roll-out in India,” says Ulf Ewaldsson, vice-president and global head, product area radio, Ericsson. “We are gearing up huge competency in this market and are working around the business, like introducing new applications, platforms, payment systems and other initiatives

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Prasanto K Roy,
chief editor, *Voice&Data*

towards the operator market. We see huge opportunities developing in this market in the next five years.”

Jan Frykhammar, cfo, Ericsson, points out that India – which currently accounts for 7 per cent of its revenues – is among the most crucial markets for the Swedish giant, next only to the US, China and Sweden. “We are making India one of our global competence hubs and over the next few years Ericsson will have four large employee bases around the world, of which one will be based here.”

Ericsson has an R&D centre, a manufacturing hub and a global network operating centre in India, which support operations in 23 markets globally. Frykhammar maintains that Ericsson is here to stay for good and also grow a strong local presence.

With managed services emerging as a major component of its business, Ericsson is also growing its consulting and system integration practices. The Swedish

TELECOM EQUIPMENT SECTOR SAW 20 PER CENT GROWTH IN 2008-09

THE Indian telecommunications equipment industry saw revenues climb by 20 per cent to US\$ 24 billion during financial year 2008-09, according to the annual survey by *Voice&Data*, an industry journal brought out by CyberMedia.

Of the three components of the telecom equipment business, the carrier equipment segment grew the fastest at 27 per cent, followed by enterprise equipment (15.4 per cent) and the phones category (6 per cent).

"We have seen this before: in a downturn, telecom gains as businesses

deploy cost-saving technology," says Prasanto K Roy, chief editor, *Voice&Data*. "In the last downturn, IP telephony got a boost. This time, it is video-conferencing, including high-spend areas such as telepresence."

The journal ranked Finnish mobile and equipment manufacturer, Nokia, at the top of the ranking of telecom equipment players (in terms of revenues), followed by Ericsson, Nokia Siemens Networks and Alcatel-Lucent. Two Chinese vendors, Huawei and ZTE, also featured in the top rankings of telecom equipment players.

company, which manages the networks of more than 350 mobile service providers around the world, handles networks of Bharti Airtel, Idea Cellular, state-owned BSNL and Aircel in India.

Frykhammar notes that while Ericsson is not hiring people in Europe, it is doing so in India, which has a strong talent pool. "India is the biggest hub for Ericsson globally for services in terms of number of people," he adds.

The Swedish telecom giant is also launching innovative solutions in India. It plans to shortly introduce 'boomer cells' that will improve coverage and ensure seamless connectivity, besides reducing the number of base station sites. It also plans to develop hybrid power solutions at base transceiver stations to save energy costs.

Ericsson's European rival, Alcatel-Lu-



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Ulf Ewaldsson,
vice-president and global head, product area radio, Ericsson

cent, recently launched a state-of-the-art IP transformation centre (IPTC) in Chennai. The first centre of its kind in the sub-continent, the IPTC will develop, integrate and test end-to-end IP networking solutions for Alcatel-Lucent's Indian and global customers as they migrate to next generation architectures.

To survive in a hyper-competitive environment, service providers need to introduce new services.

Vivek Mohan

managing director, Alcatel-Lucent India

MOBILE PHONE BASE CROSSES HALF-A-BILLION MARK

INDIA'S buoyant telecommunications sector crossed another landmark in December 2009, when the total number of mobile phone subscribers crossed the 500-million-mark. India is now the only other country besides China with more than half-a-billion mobile phone users.

According to the Telecom Regulatory Authority of India (TRAI), October 2009 saw the addition of a record 16.67 million mobile subscribers, the highest-ever monthly growth witnessed

anywhere in the world. Total wireless connections touched 488.4 million in October, and crossed the half-a-billion mark in December.

With a total of nearly 550 million subscribers for fixed-line and wireless, India's tele-density has touched 45 per cent. For urban areas, however, it has crossed 96 per cent. Broadband penetration is also growing rapidly; according to the TRAI, it went up by almost 2.5 per cent in October, touching the 7.5-million-mark.



The IPTC enables service providers to design, test and integrate their solutions in a risk-free environment, as if it were their own network. It helps them shorten the IP transformation trajectory and the time-to-market, while allowing them to keep costs under control and focus on serving customers. The IPTC at Chennai hosts about 50 technologies.

The Chennai centre is networked with Alcatel-Lucent's existing IPTCs and

network integration centres in Antwerp, Belgium; Singapore; Murray Hill, Naperville and Plano in the US, as well as with multiple R&D labs worldwide, including India.

"To survive in a hyper-competitive environment, service providers need to rapidly introduce new services, reduce operational costs and enhance the customer experience," says Vivek Mohan, managing director, Alcatel-Lucent

India. The Chennai IPTC "will help service providers achieve these goals and shorten their IP transformation process, while mitigating potential risks in areas such as network design, end-to-end integration, process re-engineering and customer migration," adds Mohan.

In India, Alcatel-Lucent's R&D facilities employ 2,700 engineers and scientists working in 100,000 sq ft of laboratory space. It has established a Bell Labs



research centre in Bengaluru, and has major software development centres at Gurgaon, Noida, Chennai, Bengaluru and Hyderabad.

Alcatel-Lucent also has a joint venture with the Centre for Development of Telematics (C-DOT), a government backed institution, for the development of broadband wireless access solutions such as Worldwide Interoperability for Microwave Access (WiMAX).

Another European manufacturer, Radio Frequency Systems (RFS), plans to build its second manufacturing unit in India to meet the growing demand for base station antennas. RFS, a global designer and manufacturer of cable, antenna and tower systems, provides total package solutions for wireless infrastructure. It has

a manufacturing unit in Kolkata for microwave antenna with a capacity for 100,000 antennas.

“Our production facility in Kolkata and our logistics centres strategically located in all four geographical regions of India allow RFS to quickly and efficiently handle all countrywide logistical requirements,” points out Kuldeep Tikoo, managing director, RFS India. “For these reasons, RFS is ideally positioned to achieve significant growth in the Indian wireless infrastructure market in 2010.”

NSN, another leading international telecom equipment player, is also focusing its attention on India, which has emerged as the nerve centre of its global business. India hosts two of its three global network solutions centres (GNSC)

– in Noida and in Chennai – and the company also relocated its global services business unit headquarters to Noida from Munich. NSN, which is investing US\$ 100 million in India, also has a development centre in Bengaluru and a manufacturing unit in Chennai.

The setting up of a central hub at Noida is part of its strategy to develop its presence in India.

NSN has won a string of contracts in India recently. These include a new GSM network roll-out contract for Uninor, the joint venture between Unitech Wireless and Norway’s Telenor; deploying a general packet radio service (GPRS) network for Uninor; upgradation of Idea Cellular’s network across India; and building infrastructure for Vodafone Essar



3G AUCTION TO FETCH A MINIMUM OF US\$ 5.4 BILLION

THE Indian government expects to raise at least US\$ 5.4 billion following the auction of third-generation (3G) spectrum and Worldwide Interoperability for Microwave Access (WiMAX) wireless broadband. The reserve price for each of the 22 telecommunication circles (or service areas) has been fixed at US\$ 750 million for 3G bandwidth and US\$ 380 million for WiMAX. Each of the circles will have three to four operators, depending on the availability of spectrum.

The government expects to complete the auction process by March 2010. The introduction of 3G mobile services is expected to boost the telecommunications sector, enabling the doubling of the mobile phone base to about a billion within four years. Successful bidders would be able to offer 3G mobile services, enabling subscribers to access high-speed Internet, video downloads and other advanced services on their handsets.



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in seven circles.

NSN sees huge opportunities in India for infrastructure management and maintenance work, with telecom service providers increasingly outsourcing these activities. BSNL is the latest to announce plans to outsource the management and maintenance of its passive infrastructure, including its optical fibre cable network and telecom towers.

Leading telecom players want to focus on their core activity and are increasingly outsourcing infrastructure management to telecom equipment majors. The country's top mobile phone service provider, Bharti Airtel, for instance, has outsourced much of its infrastructure and network management and maintenance services to companies such as Alcatel-Lucent and NSN.

Another major opportunity that is coming up for international telecom equipment vendors is the US\$ 2.15 billion project to build an alternate optical fibre cable (OFC) network for the defence services, which are vacating two 3G



spectrum bands to enable the roll-out of commercial services.

BSNL will be developing the OFC network for the defence services. As part of the contract, BSNL will insist that successful bidders ensure transfer of technology and manufacture major items in India in collaboration with domestic firms.

As India's burgeoning telecom sector continues to expand at a vibrant pace, telecom equipment manufacturers see tremendous opportunities.

B K Syngal, a telecoms expert and senior principal, Dua Consulting, estimates that the next two years could generate business worth nearly US\$ 30 billion for telecom equipment manufacturers.

Considering the enormous opportunities, it is not surprising that all the top executives of the world's leading equipment vendors are heading for India, eyeing the potential in the world's fastest-growing telecom market. 🌈