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Portland, Oregon –Revenues are flat, at best, among service providers in North America and Europe, their focus has turned to reducing operating costs, after reducing capital spending (capex) drastically in 2001-2. Carriers in Asia-Pacific (AP), however, have kept profit margins high due to solid revenue growth, lower staffing expenses, a smaller capex “bubble”, more limited competition, government policies favoring a stable telecom sector, good economic growth, and some smart strategic decisions on the part of carriers. AP carriers reduced capex in 2002-3, but operating costs (excluding depreciation) have not yet been attacked aggressively. As revenue growth slows in the years ahead, carriers in AP must diligently reduce opex burdens in order to keep profit margins high, and continue to attract investors.

While some of the operating cost “excess” is related to heavy customer acquisition costs, advertising/marketing, and inefficient corporate structures, much more is related to operating and maintaining the network. The staff needed for these tasks often cost less, on average, than their peers in North America and Europe, but cutting opex may require smart staffing reductions. Carriers must choose or migrate to products that offer real opex efficiencies. Ideally, this will mean improvements in overall “life cycle costs”, including the initial capex costs. They also should find ways to turn up, monitor and repair service more efficiently (possibly through new control planes

- Section 1: Executive Summary provides a concise review of the report’s analysis.
- Section 2: Service Provider Results – 2001-3 presents aggregate measures of 2001-3 performance, for 20 large Asian carriers¹, plus regional breakdowns and analysis.
- Section 3: Opex Segmentation presents two views of how best to segment opex, from the ITU and the US FCC.
- Section 4: Leading AP Carriers: examines trends at a few of the best performing service providers in Asia-Pacific.
- Section 5: Opex Reduction Strategies addresses some of the common methods of reducing opex and their effectiveness.
- Section 6: Recommendations provides targeted advice for technology suppliers.

“Overcoming the Opex Obstacle to Telecom Profitability in Asia-Pacific” addresses a central issue driving financial results and strategic moves at Asia’s telecom service providers. This report arms Asian carriers, their partners, and their suppliers with the insight needed to address opex intelligently as top-line growth slows in the region.

ABOUT TELECOM THINKTANK, Inc.

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