



Latin America Mobile Observatory

Matias Fernandez Diaz | Regulatory Manager GSMA LA | Asuncion, 14 March 2012

About the GSMA



Represents the interests of the worldwide mobile communications industry

- Over 800 mobile operators
- Over 200 associate members
- Across 219 countries
- +5 Billion wireless connections

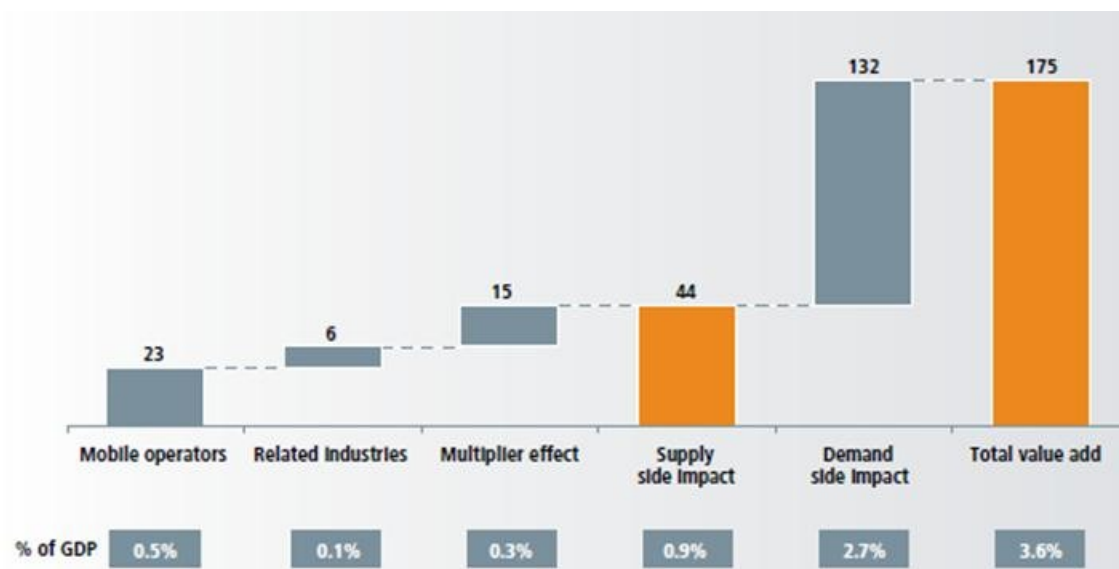
Remit is to innovate, incubate and deliver new opportunities for our members, with the goal of driving the growth of the mobile communications industry and its benefits to society

GSMA REPRESENTS MORE THAN 5,000 MILLION SUBSCRIBERS

Total mobile ecosystem contributes US\$175 billion to the region's economy

Mobile ecosystem value add in LatAm 20 (US\$ bn)

- In total, the **direct and indirect economic contribution** of the mobile ecosystem amounted to an estimated US\$175 billion, or **3.6% of regional GDP**



Source: GSMA, A. T. Kearney

The overall contribution of the mobile ecosystem is 2 times greater than the direct contribution of the mobile operators



The direct and potential indirect contribution of mobile operators to GDP

Raising mobile penetration rates in LatAm countries to 100% could result in a GDP increase of US\$36 billion, an aggregate of 0.6% of LatAm GDP.

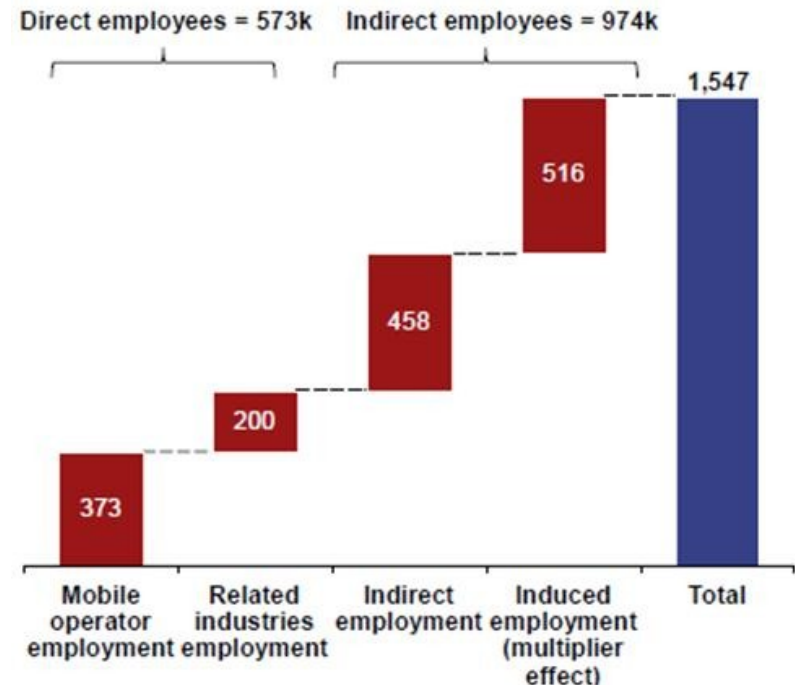


Source: Wireless Intelligence; EIU; Qiang 2008; A.T. Kearney research and analysis

The mobile industry employed over 1.5m people in 2010

- **573,000 employed directly** by mobile operators and their suppliers, of which 373,000 were directly employed by mobile operators
- **458,000 employed indirectly** through support service companies and the ecosystem's contribution to public funding.
- **516,000 jobs from direct and indirect employee spending** (derived using the multiplier effect)

Mobile Industry Employment (2010, million)



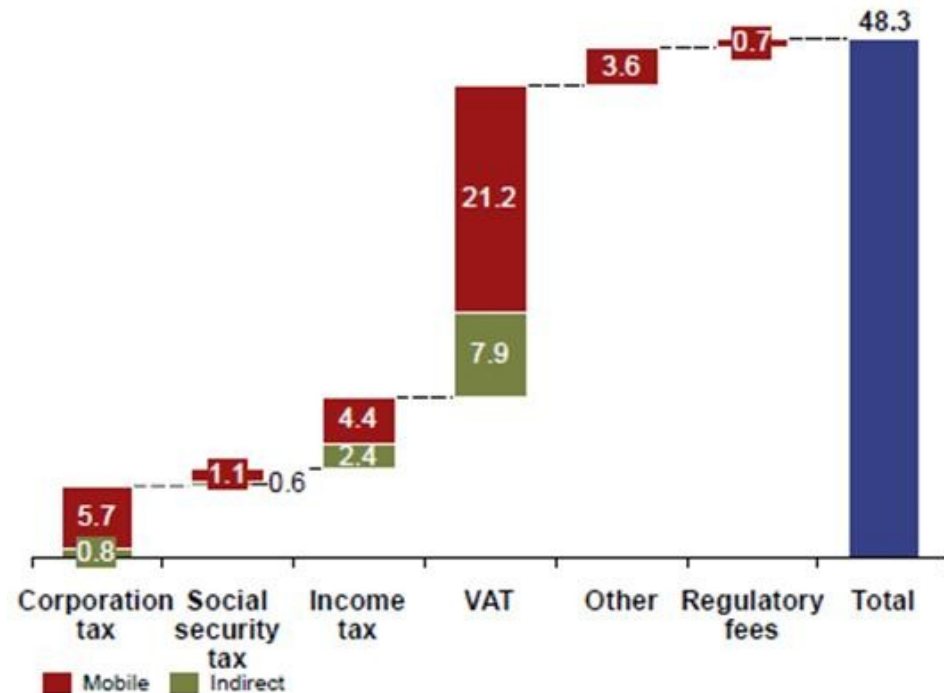
Source: GSMA, A. T. Kearney



Mobile ecosystem's total contribution to public funding in 2010 amounted USD 48 billion

- The mobile ecosystem makes a major contribution to the Latam public finances through **various levers including VAT/indirect tax, corporate tax on profits, social security taxes, etc.**
- **Mobile operators contribute to approximately three quarters (USD 40 Bn) of the total public funding contribution.**
- Over 60% of the total contribution to public funding (USD 29 billion) was from net VAT contribution

Contribution to Public Funding (2010, Bn)



Source: GSMA, A. T. Kearney

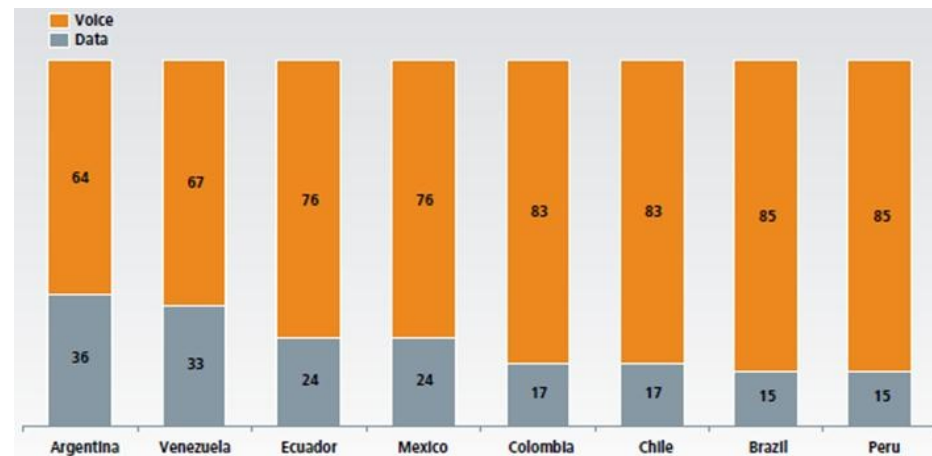


MBB is expected to become a significant driver for the mobile industry in Latin America

Mobile data traffic in LatAm and per capita, (Pb per month)



Data as a % of total service revenues

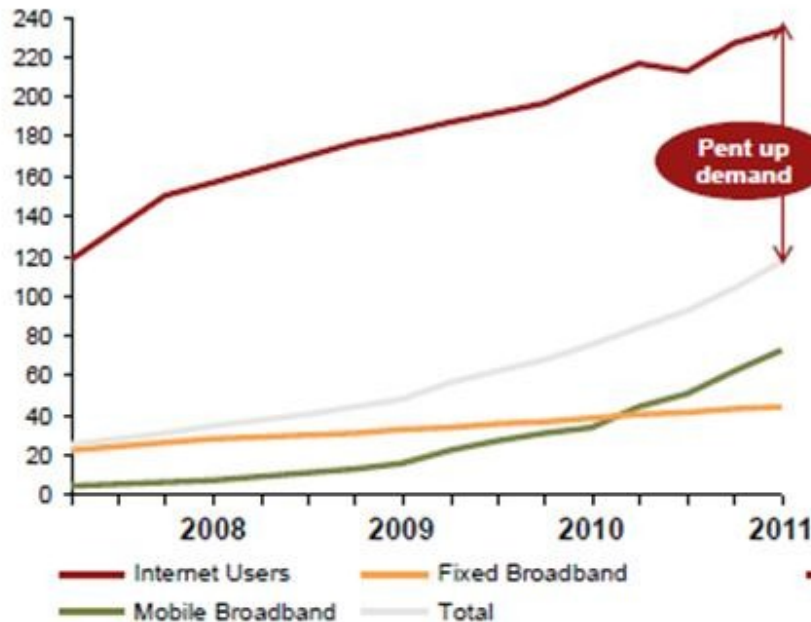


Source: GSMA, A. T. Kearney

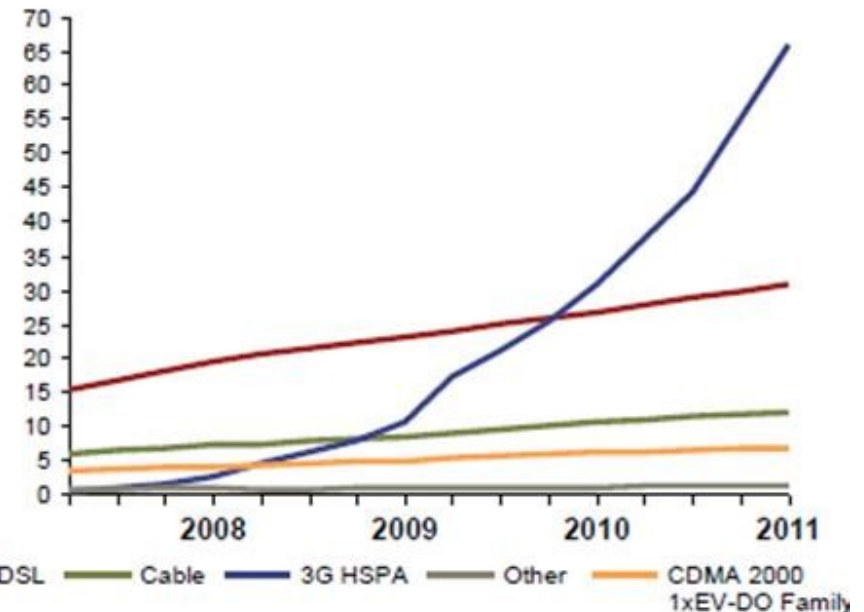
In addition to increasing rural coverage, mobile operators are enabling the uptake of mobile broadband services through the introduction of low-cost price plans

With a significant opportunity for growth as there is an unsatisfied pent up demand for internet services

Broadband vs Internet connections (Millions)



Broadband technology by connections (Millions)



Source: GSMA, A. T. Kearney

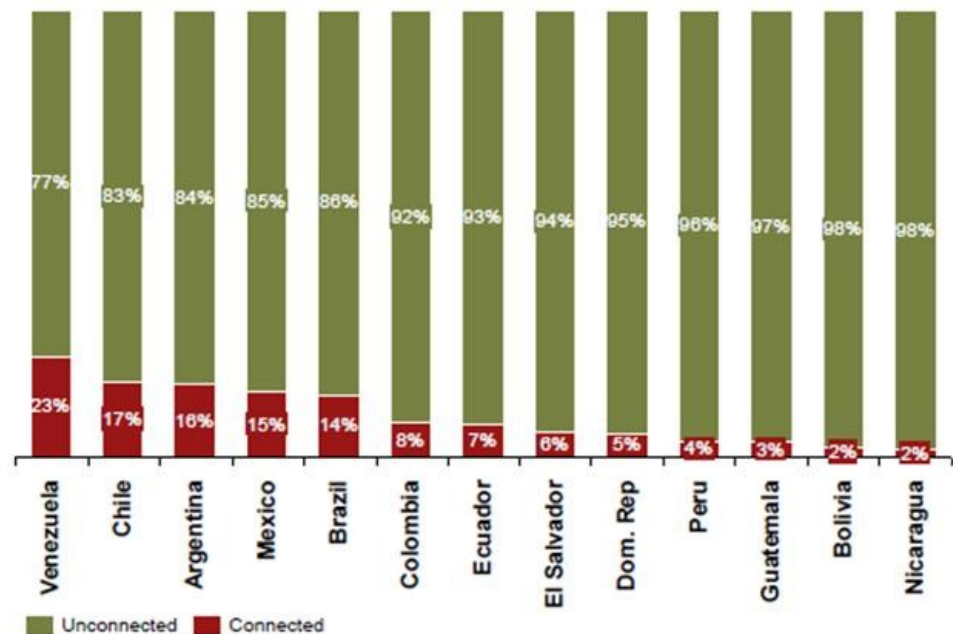
The number of MBB connections has recently overtaking the number of fixed BB, a trend that is expected to further accentuate in the future



Particularly as the size of the “unconnected” population is still very substantial

- MBB now offers a way to provide many **Latin Americans with their first experience** of personal internet access and thus to **bridge the Digital Divide**.
- The increasing availability of 3G mobile devices and prepaid offers allows mobile to provide **a lower entry cost option versus fixed broadband for the low income** and “bottom-of-the-pyramid” customer segments

Total broadband (fixed and mobile) connected vs. unconnected

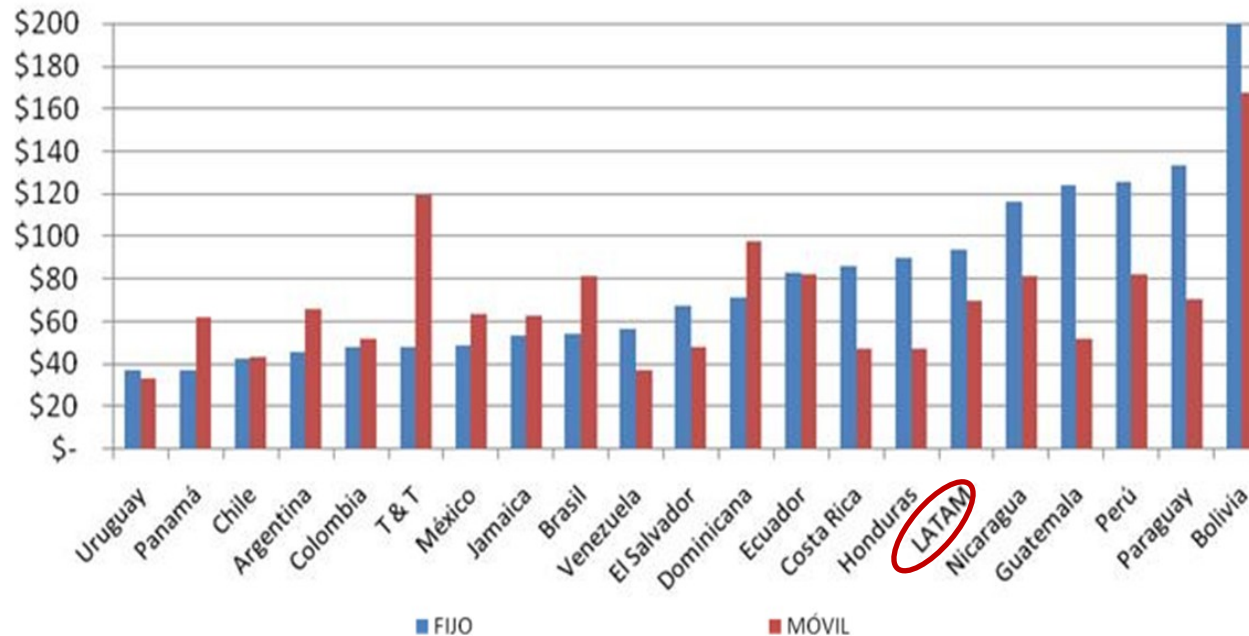


Source: GSMA, A. T. Kearney



MBB services are 25% cheaper than equivalent fixed broadband services

Fixed broadband vs. mobile broadband monthly cost in US\$ PPP, Q2 2011



Source: Broadband tariffs in Latin America and the Caribbean: Benchmarking and trends. Hernan Galperin, University of San Andrés (Argentina).

How mobile broadband can help governments achieve their ICT development goals

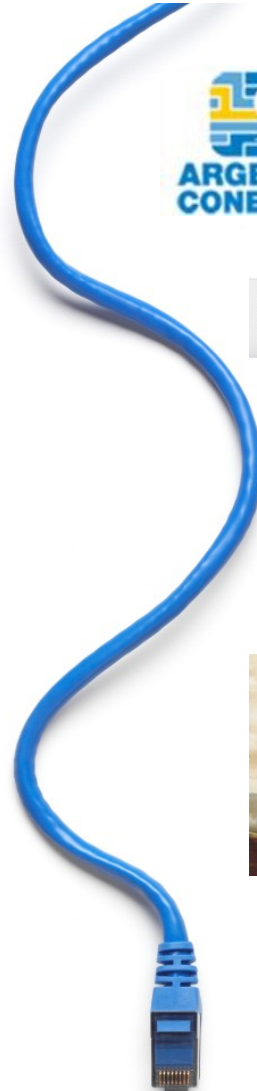
- **Economic growth:** strengthening of industries with high transaction costs, consumer surplus, saving of transportation time.
- **Employment:** generated by development of ICT industries, enhancement of the self-employed workforce, and enhancement of the radius of telecommuting – allowing additional labour pools to be tapped and new firms/services to be created.
- **Productivity:** labour productivity in both ICT intensive and non-intensive industries, in supply chain and distribution functions.



Source: Katz, 2011

However, most of their ICT development plans are much more focused on fiber than on MBB

- There is a common recognition that **broadband internet access is key for social and economic development** and to reduce the digital divide.
- These plans are combined with “**one-laptop-per-child**” type of programs and with public schools/offices connectivity plans through fiber.
- **Only a few recognize the role that Mobile Broadband** will have to make broadband access something massive.
- Moreover, there are a few that consider spectrum as a critical resource to realize those plans. **There is a need of a clear roadmap of spectrum allocation.**



Estrategia Integral de Conectividad



Uso Educativo de las TIC

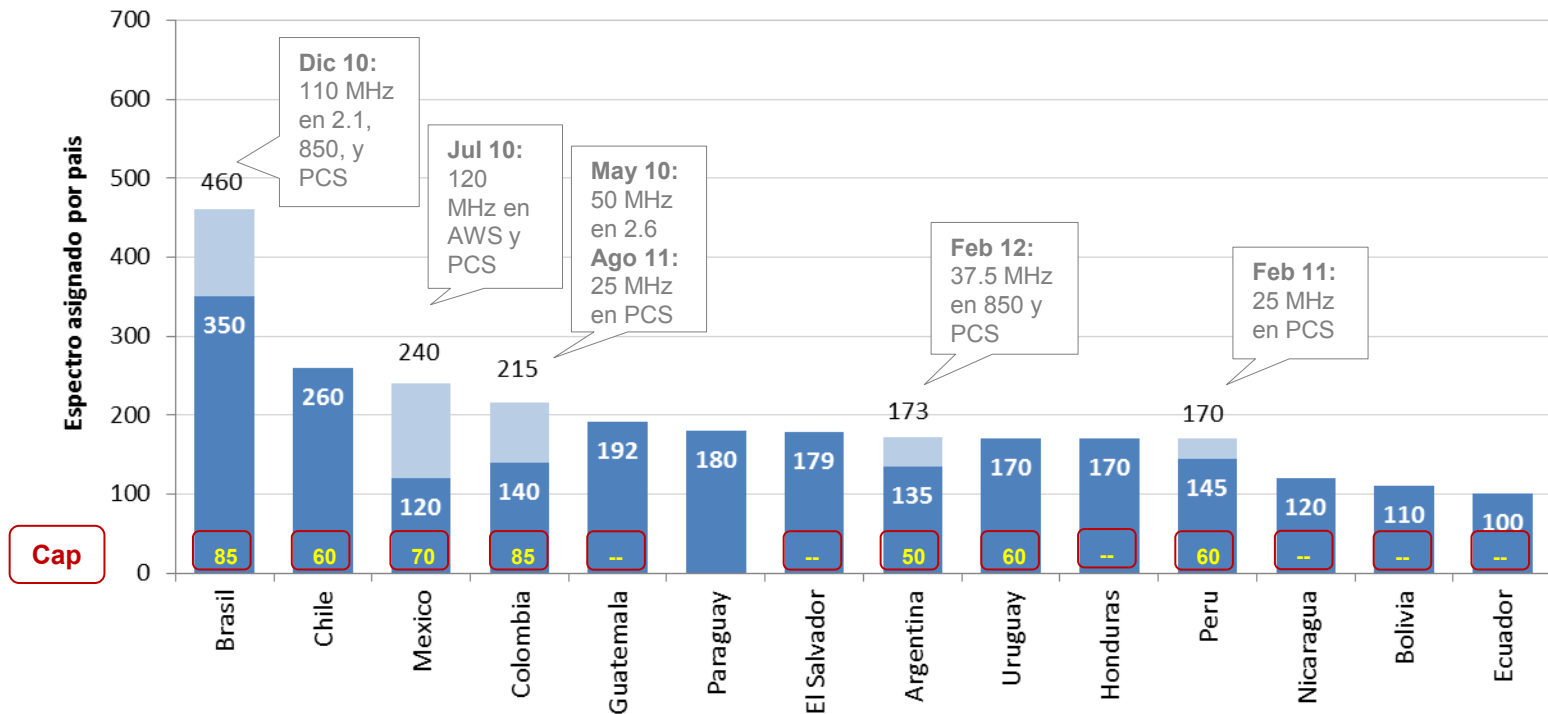


vive digital Colombia



El Movimiento de las Asignaciones de Espectro en América Latina

Espectro Asignado a Servicios Móviles

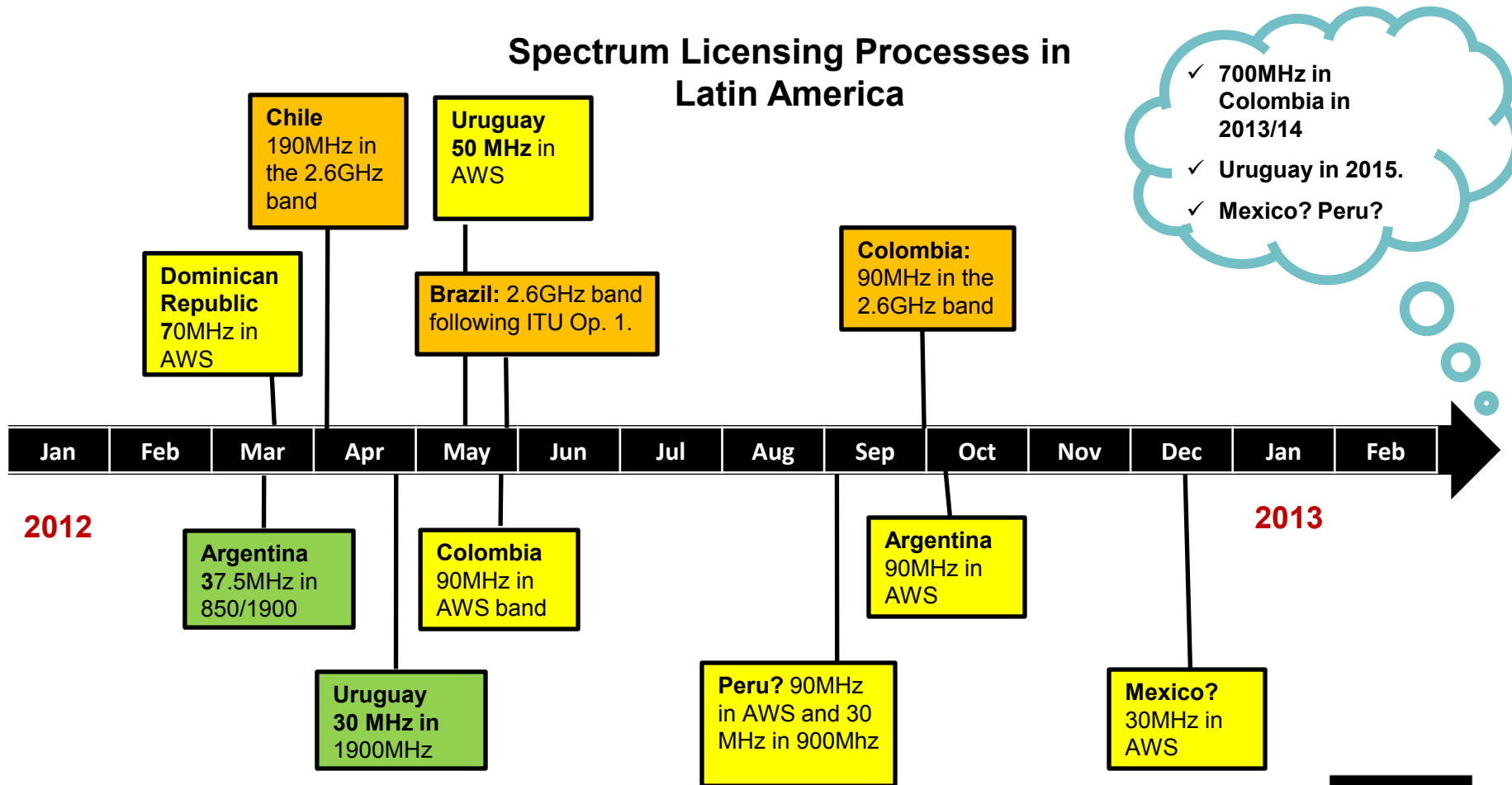


+360 MHz han sido asignados desde Mayo de 2010



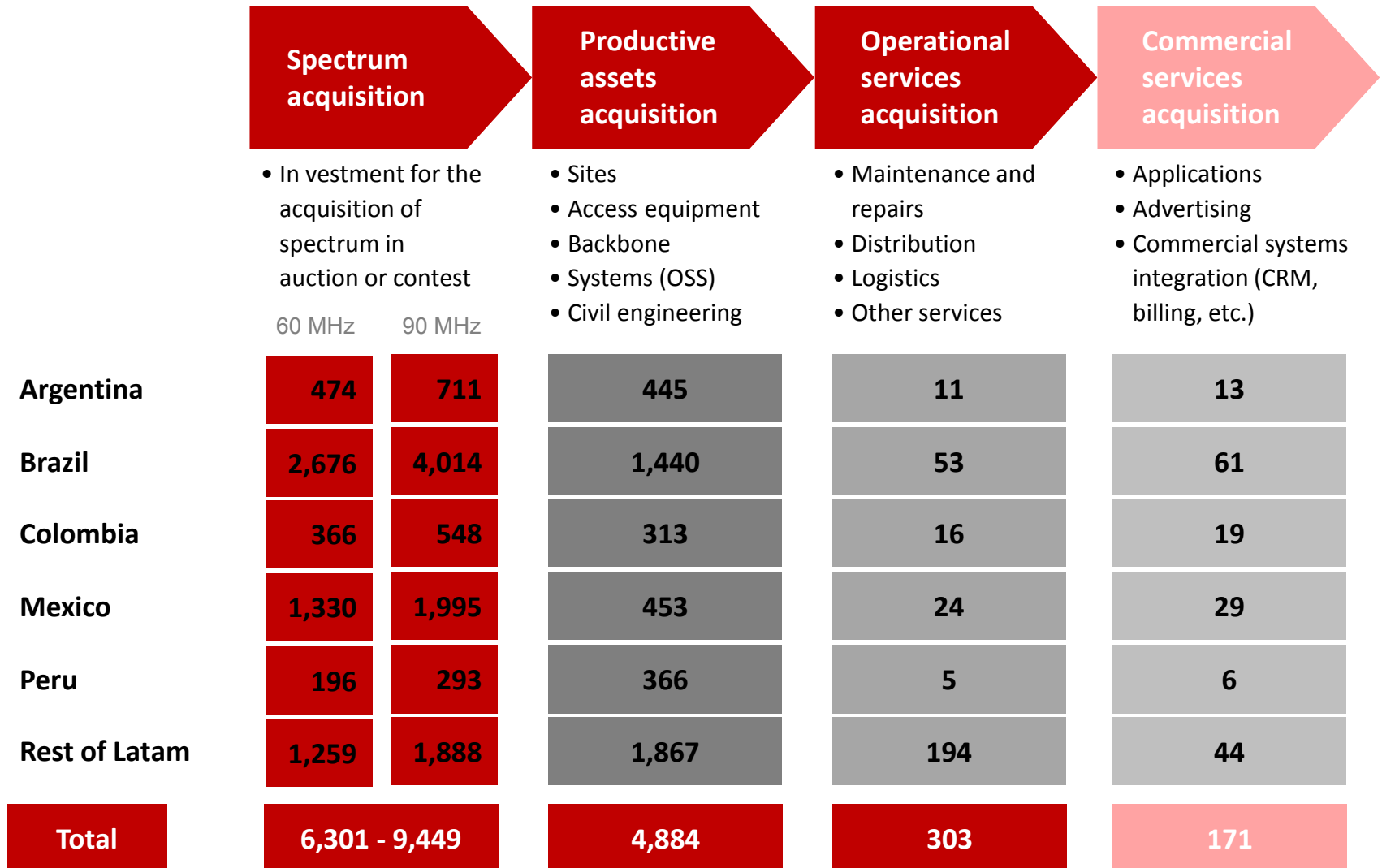
Upcoming Spectrum Licensing in Latin America

Spectrum Licensing Processes in Latin America



There were 380MHz allocated since May 2010 and there will likely be around 700MHz in the next 12 months

The importance of the Digital Dividend in the productivity chain of Mobile Industry





MUCHAS GRACIAS

Para mas información ver www.gsmworld.com