

ECONOMICS OF TRANSITION TO IMT-2000

In general, there exist many different migration possibilities. Any decision concerning the most suitable solution for a certain operator requires a thorough analysis. Additionally, the overall market situation has to be taken into account, because mobile telecommunication systems are not isolated systems per country or per operator. In particular, worldwide interconnectivity, i.e. roaming, has to be provided to subscribers.

A key step in the process of finalizing a transition path toward IMT-2000 network deployment is evaluating the network economics. Specifically, operators should consider choosing the transition path that yields the most economic value, including revenues, spectrum license acquisition costs, where appropriate, capital expenditures (CAPEX), and operating expenditures (OPEX) over the economic life of the system. Economic evaluation may have to be based on assumptions about the evolution of demand and service penetration as well as tariff trends and policies.

To implement a financial model where all of the described aspects are properly taken into account, specially designed tools are normally used. This implies a sequence of steps to go through to associate values to the input parameters and to acquire the network engineering rules.

The presentation will discuss one approach in preparing business plan taking into account the year traffic demand, estimation of the potential user population; estimation of the service penetration, OPEX (Operational Expenses including network and non-network related, handset subsidies, marketing and sales, etc.);