Three after 3G
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The alliance between the mobile phone subsidiaries of Telefónica, Deustche Telekom and Telecom Italy is a defensive movement against the mobile operator leader in Europe, Vodafone, and the only one able to operate on a global scale. With this alliance, the clients of the three former monopolies will be able to use the services contracted in their original countries in the countries party to the agreement.

Although it is true that the accord can run into a conflict of interest in some area, or come under the scrutiny of Brussels, more than likely the rest of the incumbents will join this alliance. Telecoms like Orange can hardly compete, not only against Vodafone, but against the new alliance as well. The reality is that there is little space for global actors. The only opportunity to operate globally is through consolidation or alliances that take advantage of different synergies. The latter seems more plausible simply because it’s not the moment for mega mergers or excessive purchases, at least in the short and mid term, as the main aim of telecom companies is to reduce debt.

In this way, the agreement is an opportunity to create a 3G market. Multi-million euro investments that operators have assigned to the purchase of licenses and the deployment of UMTS networks could come to nothing if there aren’t any services that stimulate people to use them, or devices that allow access to them.

On the other hand, both content creation and device procurement are far from the core business of operators that are then forced to strike up pacts with outsourcers. The 110 million users Vodafone has make it easy for the firm to sign contracts with very attractive terms with content providers, applications developers or mobile phone makers. These are contracts that Telefónica Móviles, T-Mobile or TIM would never be in a position to sign separately.

This alliance allows the three telecoms total 162 million clients, giving it a power of negotiation even greater than Vodaphone, the European mobile giant. In short, the agreement between these three great operators should become a springboard to make the use of 3G services popular.