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Mobile World Congress 2013 Opening Address
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Ladies and gentlemen, distinguished guests, it is my greatest pleasure to welcome you to Barcelona, the Mobile World Capital and to the 2013 GSMA Mobile World Congress. I would like to take this opportunity to welcome you to our new home here at Fira Gran Via. We have an outstanding line up of speakers, our biggest exhibition with the latest and greatest mobile products and services, many specialised programmes, partner meetings and seminars, and much, much more. I hope you all find the next four days to be stimulating, informative and productive.

Before exploring the opportunities and challenges facing the mobile industry, let us see where we stand today. With nearly 7 billion mobile connections globally, and 3.2 billion mobile subscribers, mobile continues to expand its reach. We're seeing significant acceleration in the adoption of mobile broadband with more than 1.6 billion connections, of which 62 million are LTE. The mobile infrastructure supports nearly 1 exabyte of data traffic per month that is equivalent of 300 billion MP3 songs running over our networks every month. Clearly, mobile is the technology connecting the world's population to the Internet: to its content, information and services.

Over the next five years, mobile will continue to grow at a very substantial rate across all of these key metrics. By the end of 2017, we expect to see an installed base of 9.7 billion mobile connections and nearly 4 billion subscribers. Mobile broadband will be a major contributor to this expansion, increasing from 1.6 billion connections today to 5.1 billion at the end of 2017, with LTE growing to nearly 1 billion connections in that time. And according to the latest figures from Cisco, the data traffic shared on the world's mobile networks will grow at an annual rate of 66% to 11.2 exabytes per month.

2012 has seen more mobile data traffic than all of the preceding years combined. The challenges this exponential growth entails are enormous. Our industry, as a whole, has the delicate responsibility of addressing them in order to maximise the potential of the opportunity ahead of us. Three issues must be high on our agenda: spectrum, privacy and investments.

Spectrum: it is not only critical that we acquire additional spectrum, but we must focus on reducing the fragmentation across technologies and bands, and we must also ensure that allocation is undertaken in an economically viable way.

Identity and privacy: as we move towards the digitalization of everyday tools such as money, keys, identities, tickets, and so on, the safeguard of digital information becomes increasingly important. Operators have a pivotal role to play in ensuring identity and privacy protection

And finally investments: we must ensure the optimisation of the investments we are making, technology must be more efficient, we must leverage industry standards to ensure economies of scale, and competition must strike the balance between fostering innovation and stifling growth.

Let me spend a few moments on each of these very important points.

The future of mobile depends on operators having timely and reasonable access to the necessary spectrum resource. The GSMA is working with operator members, regulators and policy makers to accelerate the availability of spectrum bands, on a globally harmonised basis. And as we move to LTE, we clearly require more spectrum than with other technologies. LTE relies on 2x5 MHz at minimum, but the full potential of LTE is obtained when operations run on 2x10 MHz.

That is a very important point, but it's not just about having the *right* amount of spectrum, it's critical that this spectrum is harmonised on a global basis. Spectrum harmonisation enables cost efficiencies in both network technology and devices, and ultimately will make mobile services more accessible and affordable for consumers.

Spectrum harmonisation also ensures that handsets will work across geographies and users will be confident they will have service as they roam from country to country. The launch of the iPhone 5 made this point visible to many, as in Europe, this device only supports three different LTE spectrum bands, which means LTE is only enabled in certain countries and for certain operators.

We are quickly entering a world where everything becomes digitized and also becomes connected via mobile. By 2017, it is expected that nearly half of mobile connections will be connecting objects rather than people. At the same time, smartphones will be able to carry wallets, identities, keys, music, books, photos, tickets, loyalty cards, mail, itinerary and the list goes on.

As these smart devices become the most powerful and important items in our lives, we should ask ourselves: are we doing everything possible to ensure the safety and privacy of our data?

We need a very high standard of security. The mobile operators provide that security through the SIM card, which is certified and standardised, and provides the same level of security that banks do. The SIM can support multiple services and most importantly, it is the only solution that can be securely updated over the air, in order for services to be terminated in case of theft or loss. Momentum is growing: it's expected for instance that 1 billion SIM-based NFC handsets will be sold by 2016.

Let us not forget interoperability and portability of services. In a global world and economy, it would be very impractical if your identity documents, for example, could not be securely transferred from one phone to another when we change phone, or that your identity not be recognized when travelling abroad. The mobile industry has always been committed to the principles of interoperability and portability. When it comes to managing and storing confidential information and services, customers need to have a high level of trust and confidence in the entity looking after their data. Mobile operators deliver that level of trust and relationship.

This leads me to the issue of mobile identity. The creation, management and use of digital identity have become critical issues over the past two decades. As a growing percentage of the world's population makes ever-greater use of online and digital services, the notion of identity has become exponentially more complex and multidimensional. At the same time, identity theft and associated fraud have become an increasing burden on society and businesses.

Today a typical consumer has around 26 different online user names, but only 5 different passwords. Worldwide, it is estimated that some 148,000 computers are compromised by hackers and malicious code every day. The annual cost to businesses has been estimated at over US$350 billion and that figure continues to rise.

This situation represents a very substantial opportunity for mobile operators, for whom the provision of secure, authenticated services backed by diligent fraud prevention measures is an established part of daily business. By offering their customers more direct control over the management of their identities, while giving other service providers the opportunity to enrich their offerings to consumers, mobile operators can become central players in the management of safe transactions and secure identity verification.

Mobile identity services unlock a new range of opportunities from secure access to personal data and financial and eGovernment services to secure NFC transactions, digital voting and life events registration, such as births and weddings.

When we talk of 4G we think of it being the evolution of 3G. But we must not forget that LTE, which is at the basis of 4G, introduces an unprecedented discontinuity with respect to all the technological evolutions that have taken place since the beginning of GSM more than 20 years ago. We can compare it to the change from analogue to digital. Operators have invested gradually to build their networks and scale to the mobile penetration we have today. There is now an expectation that a massive technological step-up takes place to enable the forecast explosion of traffic.

The optimization of these investments depends on 3 factors: economies of scale, a foreseeable business ecosystem, and an up-to-date regulatory environment.

Historically, our industry has been built upon standards that enabled the economies of scale and these, in turn, ensured the success of mobile through interoperability and accessibility. As an

industry, we strongly believe in this practice also for current and future evolutions. We are committed to standards to ensure this, through work in programmes around NFC, LTE, Voice over LTE, in Network APIs, among others.

Nevertheless one of the biggest challenges facing our industry is creating economically viable competition. In this increasingly complex ecosystem, we can see realities where a couple of players dominate the market, stifling competition as others struggle to develop a significant customer base, but also regions where excess competition is depressing the market.

We see this clearly in Europe where heavy regulation has led to the creation of more than 190 mobile operators and 710 MVNOs. Mobile operators and most markets are suffering from too much competition.

Regulation and taxation today are still based on the principle of mobile being a luxury industry with increasingly high margins. But things have dramatically changed over these past years and this is no longer true. The mobile industry is still burdened by a dated regulation and taxation regime, while struggling to compete in an increasingly challenging ecosystem.

We need all stakeholders to work together to find the tradeoff that will propel our industry forward, for the benefit of all players, bearing in mind that change is sometimes hindered by an overestimate of the value of the current situation and an underestimate of the value of what may be gained.

Mobile is a transformative technology that is connecting the world's population to the Internet. The mobile industry contributes to the development of society through the provision and enablement of services that improve people's lives. Examples of such services include Connected Living, which will see nearly everything, and everyone connected via mobile; Mobile Commerce services such as NFC and mobile money; and Future Communications, such as Rich Communication Services, Joyn and voice over LTE.

And of course, you'll have the opportunity to experience many of these first-hand this week here in Barcelona. The Connected City builds upon the Connected House we have had here for the past couple of years and goes far beyond. The Connected City is a real city street, complete with a car showroom, office, town hall, department store, mobile shop, apartment, electrical store, hotel and café, showcasing cutting-edge connected solutions from AT&T, Deutsche Telekom, KT, Telenor and Vodafone.

We have built an NFC Experience, an interactive experience through which attendees, exhibitors and vendors will use mobile Near Field Communication technology to exchange information and conduct transactions. Attendees with NFC-enabled handsets will be able to take advantage of NFC technology at locations throughout the Fira Gran Via and in Barcelona. Visit the NFC Centre in Congress Square for demonstrations of NFC handsets and services and take part in the NFC Experience.

Our industry is in a period of unprecedented transformation. Technology is enabling a massive number of new services that will greatly improve the well-being of everybody. At the same time, however, the central role of mobile network operators is being challenged by the emergence of new players coming from the software and from the hardware world. Moreover, mobile network operators are called to make an exceptional investment effort to upgrade their networks in order to accommodate the growing amount of data traffic. This coincides with a time in which revenues are not growing at the same speed as in the past.

All this calls for change in the regulatory and public policy environment in which mobile network operators are working:

- Telecom regulators should adopt a light touch approach, letting market forces operate more freely
- Anti-trust authorities, while protecting the market against any abuse, should allow the industry to reorganize itself in order to cope with the new competitive environment
- Governments should avoid imposing excessive burdens on the industry in the form of specific taxes and spectrum charges.

We are all living in a New World: operators, ecosystem players and public authorities. A world which is full of opportunities but which is still largely unexplored in terms of the impact on each one of the players of this new ecosystem. We need to find the right equilibrium across the entire mobile value chain. The sooner we find this equilibrium, the sooner we will be able to concentrate on delivering rather than only promising the new connected world. A world that will create immense opportunities for everybody and were nobody will be left behind.

As the Chairman of the GSMA, I am calling on all to step-up to this challenging task and take the necessary steps each one of us has to in order to build the new Mobile Economy.

Thank you.