

Case Study Series

Zain, Kuwait



Key Facts

Kuwait

Population: 2,700,000 million

Area: 17,818 square kilometres

Population density: 151.53 persons per sq km

GDP per capita (PPP): US\$54,304

Mobile penetration: 139.9%

Internet penetration: 34.26%

Broadband penetration: 1.37%

2G connections: 2.95 million

3G connections (including WCDMA and HSPA): 0.85 million

Sources: CIA, Telegeography, Wireless Intelligence & the International Telecommunication Union

HSPA+ - Bridging the Broadband Gulf

By Mohammad J. Al-Shehab, CCO, Zain Kuwait

The rate of growth of HSPA Mobile Broadband continues to increase globally. Already heralded as the fastest growing mobile technology of all time, HSPA Mobile Broadband now boasts more than 214 million connections worldwide with more than 9 million new HSPA connections being added globally every month.

As a key HSPA growth region, the Middle East experiences 447,000 new connections per month. The growing popularity of Mobile Broadband, in both developed and high growth markets, is one of the key drivers behind the regions' growth in global mobile data revenue.

The launch and ongoing rise of HSPA+ technology across the Middle East is expected to further transform the Internet market and open endless doors for innovation. HSPA+ is a rising phenomenon in the Middle East, capable of delivering peak download speeds in excess of 21 Mbps and providing an even more viable alternative to fixed line broadband. The Middle East after all has an under-developed fixed line

infrastructure but millions of residents and businesses desperate for fast, reliable broadband connectivity. These factors will combine to position the Middle East region as a global leader in terms of Mobile Broadband adoption per head of population and HSPA+ as an important enabling technology.

There are now six commercially live HSPA+ networks across the Middle East region. Zain was one of the first mobile operators to deploy the technology. We started our HSPA+ deployment in Kuwait in order to drive Mobile Broadband network performance and establish clear competitive advantage over existing fixed line players.

Delivering HSPA+ in Kuwait

The Gulf has become one of the world's most exciting and rapidly developing regions, embracing the latest developments in technology and engineering. The same is true with Mobile Broadband: in Kuwait, we have launched HSPA+ technology to bring fast and abundant broadband services to homes and businesses.

As a multinational mobile group with operations in across the Middle East and Africa, Zain serves many countries where telecoms service provision is generally poor. In many of our key operating markets there has been a long-term lack of investment in fixed networks, meaning the quality of services provided to consumer and business customers is lacking, creating an ideal opportunity for mobile voice and data technologies to fill the gaps.

Zain launched HSPA+ technology in Kuwait during 2009, in order to provide our customers with a realistic alternative to the underdeveloped fixed-line network, which has failed to meet demand for broadband connectivity. While Kuwait has a competitive mobile space, its fixed-line market has not benefited from the same level of innovation, which has been reflected in the products available to customers.

Our HSPA+ network in Kuwait, offers peak speeds of up to 21.6 Mbps, meaning that the services delivered are genuinely comparable with fixed-line alternatives. While internet access is the most popular use of our HSPA+ network, it can also support multimedia and video applications. For products and services which were designed for mobile from the outset, including mobile browsing from handsets, existing 3G and HSPA networks provide adequate connection speeds.

HSPA+ - Exceeding Customer Expectations in Kuwait

We became quickly aware that with users in Kuwait already dissatisfied with poor fixed broadband services, we would have only one chance to make a good impression with our Mobile Broadband services by offering high-quality, high-speed connectivity to our user base.

But speed alone is not enough to satisfy the demanding Kuwaiti customer base; a clear and competitive pricing strategy is also crucial. We have opted to offer flat-rate bundles for customers, including the use of tiered packages differentiated by connection speed.

An important aspect of our flat-rate packages is transparency with regard to “fair use” restrictions, so that customers do not find themselves subject to additional — and unexpected — charges or service limitations.

The Mobile Broadband business growth largely depends on the devices as well as prices. Thus, we have been ensuring that our customers are enjoying the best experience through a carefully selected and a wide range of broadband devices like USB modems and routers.

We have been very successful in meeting differentiating consumer and business needs through best devices for Mobile Broadband as well as pricing plans.

HSPA+ Deployment Beyond Kuwait

Zain has networks across the Middle East and Africa.

We are taking a measured approach to rolling out HSPA+ elsewhere in the group, with our decisions based on a careful market analysis, considering criteria such as the competitive environment, market dynamics (such as availability of suitable spectrum and fibre backhaul), and customer profiles. The need to access and drive backhaul capacity is a priority for Zain when planning the launch of new services, especially because it may not be immediately apparent how much data our customers will consume.

Africa may indeed prove a lucrative HSPA+ hunting ground for Zain, because of the lack of existing broadband solutions in many markets. In markets where we already have 3G networks and suitable spectrum allocations, an HSPA+ rollout is a relatively straightforward proposition, being an evolution of our existing operations rather than involving a fresh rollout of completely new technologies. We have committed to deploying HSPA+ in the Kingdom of Saudi Arabia, and continue to evaluate the suitability of the technology for other markets.

All Roads Lead to LTE

Zain has also announced its commitment to LTE, and we are set to make a US\$25m investment in a network in Bahrain, which is being deployed during 2010 — this will be an LTE showcase for all Zain group operations. We also intend to rollout LTE in Kuwait to follow HSPA+, although this is not an immediate priority.

A clear upgrade path to LTE is another clear advantage that HSPA+ offers over competitive technologies. With HSPA, HSPA+ and LTE all forming part of the GSM family of technologies, all mobile operators and subsequently mobile consumers can benefit from the vast economies of scale, choice of devices and roaming relationships that the supporting GSM ecosystem delivers. With 86 mobile operators publically committing to LTE technology, it is clear that it will become the de-facto 4G technology. As we have demonstrated however, HSPA+ is a capable of delivering impressive performance through a wide range of devices today, enabling us to seize maximum possible market share over the fixed line competition before the spectrum arrives for LTE deployment.



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