



# Latin American Mobile Observatory

## Executive Summary



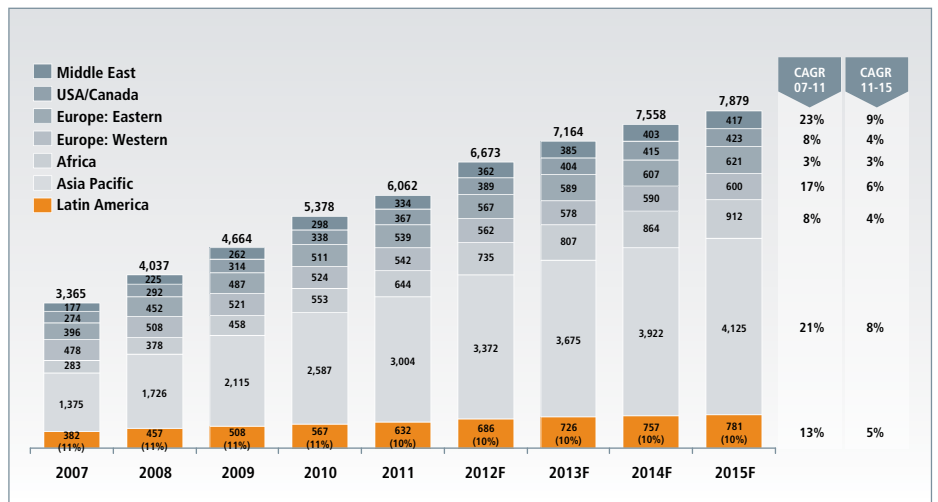
# Driving Economic and Social Development through Mobile Broadband

This is the first Latin American edition of the GSMA Mobile Observatory and provides a comprehensive review of the Latin American mobile communications industry. This Observatory collates the latest statistics and market developments, providing a reference point for participants in the mobile industry, policy makers and other interested stakeholders. It covers the state of the industry, including the evolution of competition, innovation in new products, services and technologies and the industry's contribution to social and economic development in Latin America.

## Executive Summary

**Latin America is the world's third largest mobile market by volume after Asia Pacific and Africa with over 630m connections as of Q4 2011.** Growth over the past 4 years has been rapid at 13% per year, driven by increasing accessibility and affordability of mobile services boosted by the improved prosperity of the region and the relative shortage of the fixed line infrastructure. As the market matures in the next 4 years and penetration across the region exceeds 130%, growth is expected to slow to 5% per year. Taking this into account, the region is expected to have three-quarters of a billion connections by 2015.

Figure A: Global Mobile Connections<sup>i</sup>



Source: Wireless Intelligence



**In 2011 Mobile Broadband has overtaken fixed broadband as the first choice to access the Internet in Latin America.** Mobile Broadband subscriptions have grown at 127% per year for the last five years and are predicted to continue growing at 50% per year for the next five years.<sup>ii</sup> By 2015, Latin America is expected to have almost a third of a billion Mobile Broadband connections.

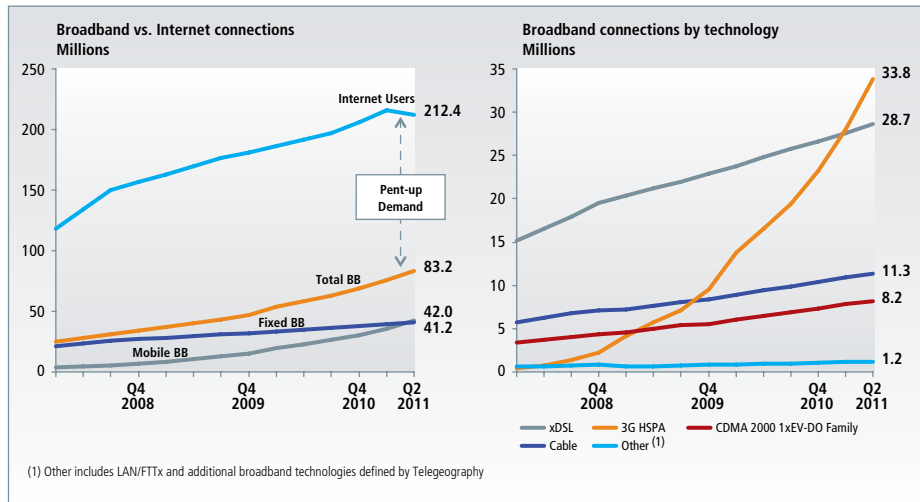
**Mobile Broadband services will drive innovation and growth, as voice services begin to reach saturation.** With clear limitations to the growth of fixed-line broadband, mobile technology is set to play a leading role in fulfilling government objectives of bringing high-speed internet services to Latin Americans.

**Smartphones penetration and LTE.** Smartphone penetration in Latin America is increasing rapidly and is forecast to more than treble from 9% in 2010 to 33% in 2014. By 2013 Latin America is expected to have closed the gap with the global average. Smartphone penetration in Latin America has been tracking the USA's historical trend, suggesting that by 2018 smartphone penetration in Latin America could reach almost 60%. At the end of 2011 there were 35 LTE commitments, 7 LTE trials completed and 4 commercial LTE networks launched.

**The demand for broadband is clear.** With over 210m internet users in Latin America, but only 83m combined fixed and Mobile Broadband subscriptions there is clear pent-up demand for broadband services. Whilst the demand for broadband services is common across the region, there are large variations between Latin American states in terms of their Mobile Broadband readiness with some countries approaching maturity whilst others are still in a very nascent state of development.

<sup>i</sup> Technologies included in Total Connections are CDMAOne, CDMA2000 1X, CDMA2000 1xEVDO, CDMA2000 1xEVDO Rev. A, CDMA2000 1xEV-DO Rev. B, GSM, WCDMA, WCDMA HSPA, TD-SCDMA, LTE, TD-LTE, WiMAX, TDMA, PDC, PHS, iDEN, Analog  
<sup>ii</sup> Estimates of the number of mobile broadband connections in Latin America vary widely even among reliable sources. This is often a result of differing definitions of mobile broadband. This report considers both W-CDMA HSPA as well as CDMA2000 EV-DO technologies to be "broadband", and also considers both smartphone and datacard/dongle subscriptions

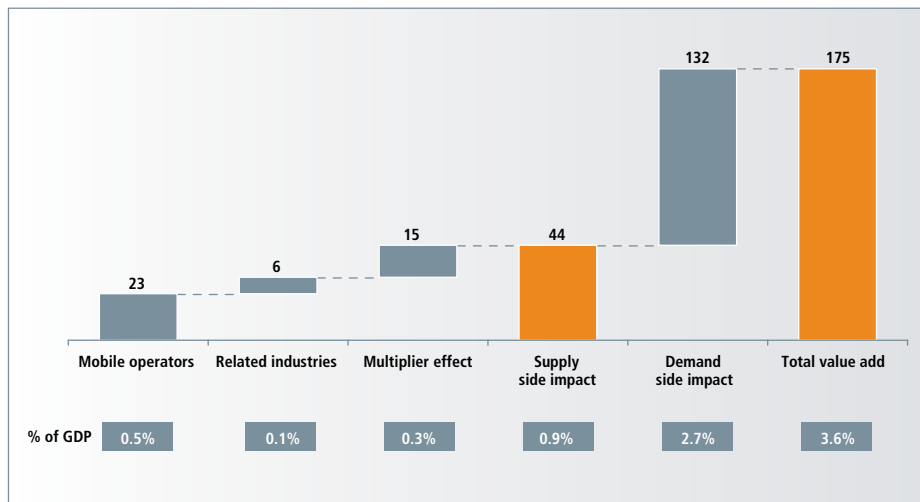
**Figure B: Broadband growth in Latin America by Technology**



Source: GSMA

**Economically the industry continues to punch above its weight.** Analysis demonstrates that the total mobile ecosystem contributes US\$175 billion to the region’s economy, which equates to 3.6% of regional GDP. In terms of contribution to public finances, the mobile sector is estimated to have contributed US\$48 billion during 2010 – generated through corporate taxes, social security, income taxes, net VAT and regulatory fees.

**Figure C: Mobile ecosystem value add in LatAm 20 (US\$ bn)**



Source: Wireless Intelligence; EIU; Qiang 2008; ML Global Wireless Matrix; KPMG Corporate and Indirect Tax Survey; Annual Reports; Deloitte-Telenor Study; A.T. Kearney research and analysis

**Mobile Broadband technologies are connecting the many unconnected Latin Americans, and acting as a catalyst for further development and innovation across the continent.** With further growth in fixed broadband penetration limited (especially in rural areas), Mobile Broadband offers a way to provide many Latin Americans with their first experience of personal internet access and to bridge the Digital Divide.<sup>iii</sup>

The industry continues to invest in social initiatives that are improving the quality of life for all Latin Americans, especially around improving the delivery of public sector services like natural disaster assistance, mobile education programmes, mobile health and mobile banking. In addition, the mobile industry is playing its part in reducing greenhouse gas emissions by directly improving its own energy-efficiency, and by indirectly supporting reduction of emissions in other sectors through technological innovation.



<sup>iii</sup> The gap between individuals, households, businesses and geographic areas at different socio-economic levels; with regard to their opportunities to access information and communications technologies and to their use of internet for a wide variety of activities

Regulatory policies in Latin America are key to driving sustained growth in the industry. Mobile Broadband will be critical for democratizing internet access and helping governments achieve their ICT development plans. Crucially, if spectrum from the Digital Dividend is used for Mobile Broadband it would allow larger coverage of rural and low population density areas at lower costs, thus contributing to a reduction in the Digital Divide.

The industry must continue to grow in order to meet customer aspirations and thus contribute to further economic and societal change across Latin America. Effective regulatory policy-making is potentially the most important influencer of growth. Discussions with several players within the ecosystem identified four key regulatory themes that need addressing within a Latin American context:

- The need for a transparent, predictable, consultative and aligned regulatory regime;
- Reducing ineffective taxation to enable increased mobile penetration;
- Incentives to drive universal access, rather than universal service obligations/funds;
- The importance of a clear roadmap of spectrum allocation

The GSMA's experience is that progressive regulatory bodies that instigate and shape policy are most effective when they look at the industry through a 'wide angle-lens'. By addressing the wider mobile ecosystem and ensuring fair and appropriate policies, the industry generates value and drives social development and economic growth. The GSMA and its members look forward to such engagement within Latin America and hope that the Observatory provides a useful basis for discussions on how much the industry does and will continue to contribute.



To find out more contact the GSMA Press team at [press@gsm.org](mailto:press@gsm.org) or to read the full Latin America Mobile Observatory with in-depth analysis and detailed examples visit [www.gsma.com/MO](http://www.gsma.com/MO)



For further information please contact: [info@gsm.org](mailto:info@gsm.org)  
GSMA London Office  
T +44 (0) 20 7356 0600  
[www.gsmworld.com](http://www.gsmworld.com)  
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A.T. Kearney Ltd.  
Lansdowne House  
Berkeley Square  
London W1J 6ER  
United Kingdom  
[www.atkearney.com](http://www.atkearney.com)

Authors:  
Mark Page, Partner, Communications,  
Media and High-Tech Practice  
[mark.page@atkearney.com](mailto:mark.page@atkearney.com)  
Maria Molina, Manager  
Tim Ensor, Consultant  
John Messer, Consultant