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OVUM GOES INTO BAT FOR HUAWEI AGAINST GOVT

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CommsWire/Telecommunications Editor: Stan Beer
Staff writers: Peter Dinham, Alex Zaharov-Reutt, Sam Varghese. Columnist: John de Ridder
Advertising: CEO and Editor in Chief, Andrew Matler: andrew.matler@itwire.com • Tel: 0412 390 000

5G HUAWEI BAN BASED ON INCORRECT TECHNICAL ADVICE: OVUM

China's largest telco Huawei says a new report from independent global telecoms consultancy Ovum proves that a ban on the company from participating in Australia's 5G rollout was based on incorrect advice from security agencies including the ASD.

According to Huawei, The Facts on 5G report from Ovum has found that – contrary to advice supplied by security agencies to the Turnbull Government last year – Core and Radio Access Networks (RAN) can and are being separated in 5G mobile network deployments across the world.

On mobile networks a Core network encrypts and secures user authentication and traffic across the entire network whist the RAN is responsible simply for transmitting encrypted data packets to handsets and modems.

Huawei employs 700 people locally and is the largest 4G vendor in the Australian market with over 50% of Australians receiving their communications via Huawei technology. Huawei has also built the largest private 4G network in the country in the Cooper Basin, South Australia.

Aside from the US, Australia is the only country to impose an outright ban on the use of Huawei equipment in its 5G rollout.

The Australian 5G ban on Huawei has had unintended knock-on effects in the local telecommunications industry. It is cited as a primary reason that the country's fourth largest telco TPG scrapped plans to become the number four mobile network provider after investing heavily in Huawei equipment and 5G spectrum.

Last year the ASD informed the Turnbull Government that Core and RAN networks could not be split in a 5G network architecture and subsequently recommended that Chinese telcos – including Huawei and ZTE – should be prohibited from delivering 5G in Australia.

Based on this advice the Turnbull Government **announced** on August 23rd 2018 that it would ban Huawei and ZTE from participating in Australia's 5G rollout.

However, The Facts on 5G report has found that not only can Core and RAN networks be separated successfully on 5G networks but that this has already taken place on several high-profile 5G network deployments globally.

The Ovum report follows on from the UK Parliamentary Committee on Science and Technology commenting in its July 10th report to the UK Government that, “Although the Australian Government has concluded that the distinction between ‘Core’ and ‘Non-Core’ networks will be less clear than for previous technology generations, we heard unanimously and clearly that a distinction between the ‘Core’ and ‘Non-Core’ parts will still exist.”

In its final report the UK Parliamentary Committee on Science and Technology concluded that there were no technical reasons why Huawei should be banned from supplying 5G technology in the UK.

“The Core/RAN distinction is maintained in 5G. The basic security architecture of mobile communications, including Core/RAN separation, does not change in 5G,” said David Kennedy, Ovum Practice Leader, Asia Pacific.

“One powerful reason why Core/RAN separation has been maintained in 5G standards is to allow operators to integrate RAN from one vendor with core from another vendor.

“Globally, 26 commercial 5G network had been launched as of July 2019. Of those 26, a significant majority (17) were using Huawei RAN equipment, though not necessarily exclusively.

“However, the number using Huawei’s core network was only around half of this (9). The remainder had successfully integrated Huawei RAN with other vendors’ core technology.

“For example, In the United Kingdom, Vodafone and EE have announced they will use Huawei 5G RAN with other vendor’s core networks.”

“This report underlines once again the importance of ensuring constant dialogue between operators, vendors and governments around these 5G security issues,” said Andy Purdy, Chief Security Officer, Huawei Technologies.

“We are now seeing operators around the world deploying 5G with different vendors for the Core and RAN networks – this actually helps deliver a more secure network.

“Huawei is working with operators and regulators around the world – including our ongoing extensive work with the European Union – to deliver 5G in a safe and secure manner and is ready to talk with the Australian Government at any time.”

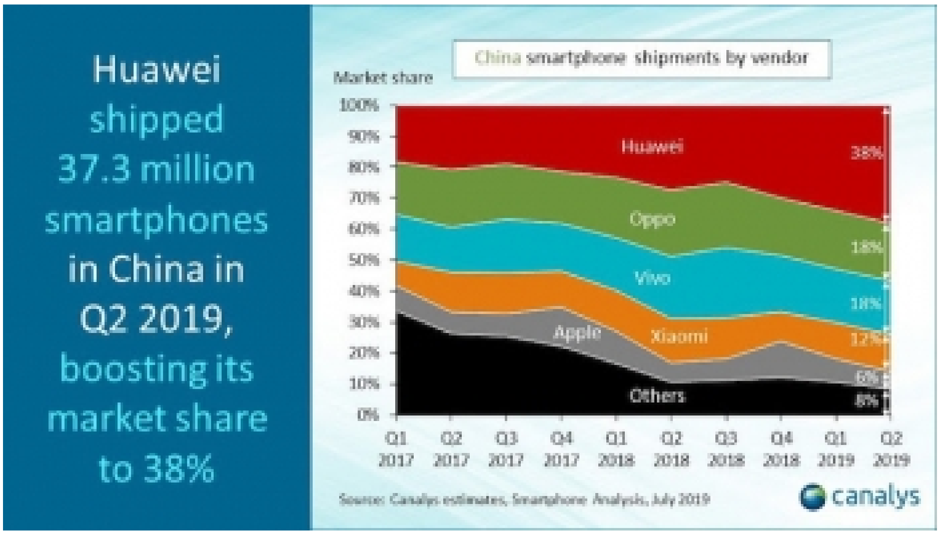
Stan Beer

HUAWEI TAKES RECORD 38% SHARE IN CHINA AHEAD OF 5G LAUNCH

Number two global mobile telco Huawei surged ahead of the smartphone market in China in Q2 2019 to achieve the highest market share for any vendor in eight years, according to global research firm Canalysis.

Huawei grew phenomenally for the quarter, up 31% year on year on the back of shipping 37.3 million units.

This was despite an overall 6% shipment decline in the world's largest smartphone market, which fell for the ninth consecutive quarter, to 97.6 million units.



Huawei's major competitors lost ground, with Oppo down 18% after shipping 17.9 million units, Vivo down 19% with 17.1 million units, Xiaomi down 20% with 11.5 million units, and Apple down 14% with 5.7 million units.

After its recent US misadventures, Huawei's global mix shifted back toward China, with 64% of its smartphone shipments in Q2 in its home market.
This is the highest ratio since Q2 2013.

"Huawei's addition to the United States Entity List caused uncertainty overseas, but in China it has kept its foot on the accelerator," said Canalys Analyst Mo Jia.

"Its core strategy remains investing in aggressive offline expansion, and luring consumers from rival brands Oppo and Vivo, while unleashing a wave of marketing spend to support new channels and technologies.

"But the US-China trade war is also creating new opportunities. Huawei's retail partners are rolling out advertisements to link Huawei with being the patriotic choice, to appeal to a growing demographic of Chinese consumers willing to take political factors into account when making a purchase decision.

"Huawei itself has also been eager to give more exposure to its founder and CEO, Ren Zhengfei, to enhance its brand appeal to local consumers.

"At the same time, Huawei's internal chipset and modem technologies will give it an edge over its competitors as 5G is commercialised by Chinese operators."

In China, consumers are keeping smartphones for longer and upgrading less frequently.

A major factor behind this in the first half of 2019 has been the impending launch of 5G networks and devices.

Anticipation around a new network generation is prompting customers to delay the purchase of mid-to-high-end LTE devices, and this has been exacerbated by intensive marketing efforts by vendors in China that are focused on 5G.

People's Republic of China (mainland) smartphone shipments and annual growth
Canalys Smartphone Market Pulse: Q2 2019

Vendor	Q2 2019 shipments (million)	Q2 2019 Market share	Q2 2018 shipments (million)	Q2 2018 Market share	Annual growth
Huawei	37.3	38.2%	28.5	27.6%	+31%
Oppo	17.9	18.3%	21.8	21.1%	-18%
Vivo	17.1	17.5%	21.0	20.3%	-19%
Xiaomi	11.5	11.8%	14.4	13.9%	-20%
Apple	5.7	5.8%	6.7	6.4%	-14%
Others	8.1	8.3%	11.0	10.6%	-26%
Total	**97.6**	**100.0%**	**103.6**	**100.0%**	**-6%**

canalys

Note: percentages may not add up to 100% due to rounding

Source: Canalys Smartphone Analysis (sell-in shipments), July 2019

With the commercial launch of 5G in the second half of 2019, and subsequent improvements in network coverage and quality of service in 2020, consumers will increasingly switch to 5G-capable smartphones.

The vendors positioned to succeed in 5G will be those that are the fastest to bring the technology down to prices appropriate for the mass market.

Stan Beer

GIGABIT INTERNET COMING TO WHYALLA, MOUNT GAMBIER 2019

South Australia's two largest regional cities Whyalla and Mount Gambier are set to get gigabit Internet service by the end of 2019.

The South Australian Government's GigCity project to provide gigabit-speed internet services to selected parts of Adelaide included plans for expansion to regional centres.

MIMP Connecting Solutions has been engaged to provide gigabit wireless broadband in South Australia's two largest regional cities, Whyalla and Mount Gambier, by the end of the year.

The state-funded project is slated to cost $1 million.

"Building the GigCity network to additional precincts is a key action item within the state's strategic action plan for future industries and entrepreneurship or the FIXE strategy," said South Australia's Minister for Innovation and Skills David Pisoni.

More than 220 businesses in Mount Gambier and around 70 in Whyalla are expected to take up the service. Prices will be comparable to those charged in the metropolitan GigCity precincts, ie $49.90 to $179.90 a month.

"MIMP Connecting Solutions has begun preliminary works to build a new wireless broadband network and eligible businesses in both cities will be invited to register their interest to connect soon," Pisoni said.

MIMP previously established commercial wireless internet services in remote parts of the Flinders Ranges.

City of Mount Gambier Mayor Lynette Martin said "GigCity will provide existing and new businesses with opportunities for innovation and development through high-speed connectivity that will further enhance the attractiveness of Mount Gambier as a place to invest and do business."

Whyalla City Council CEO Chris Cowley said "GigCity is an essential element for the transformation of Whyalla, which will allow businesses to gain a technological competitive advantage and drive innovation."

MIMP's General Manager Stephen Fitzgerald said: "MIMP Connecting Solutions has been a supporter of regional SA for many years and is very excited to be able to work with the South Australian Government and the two City Councils to extend GigCity to Whyalla and Mt Gambier via this initiative."

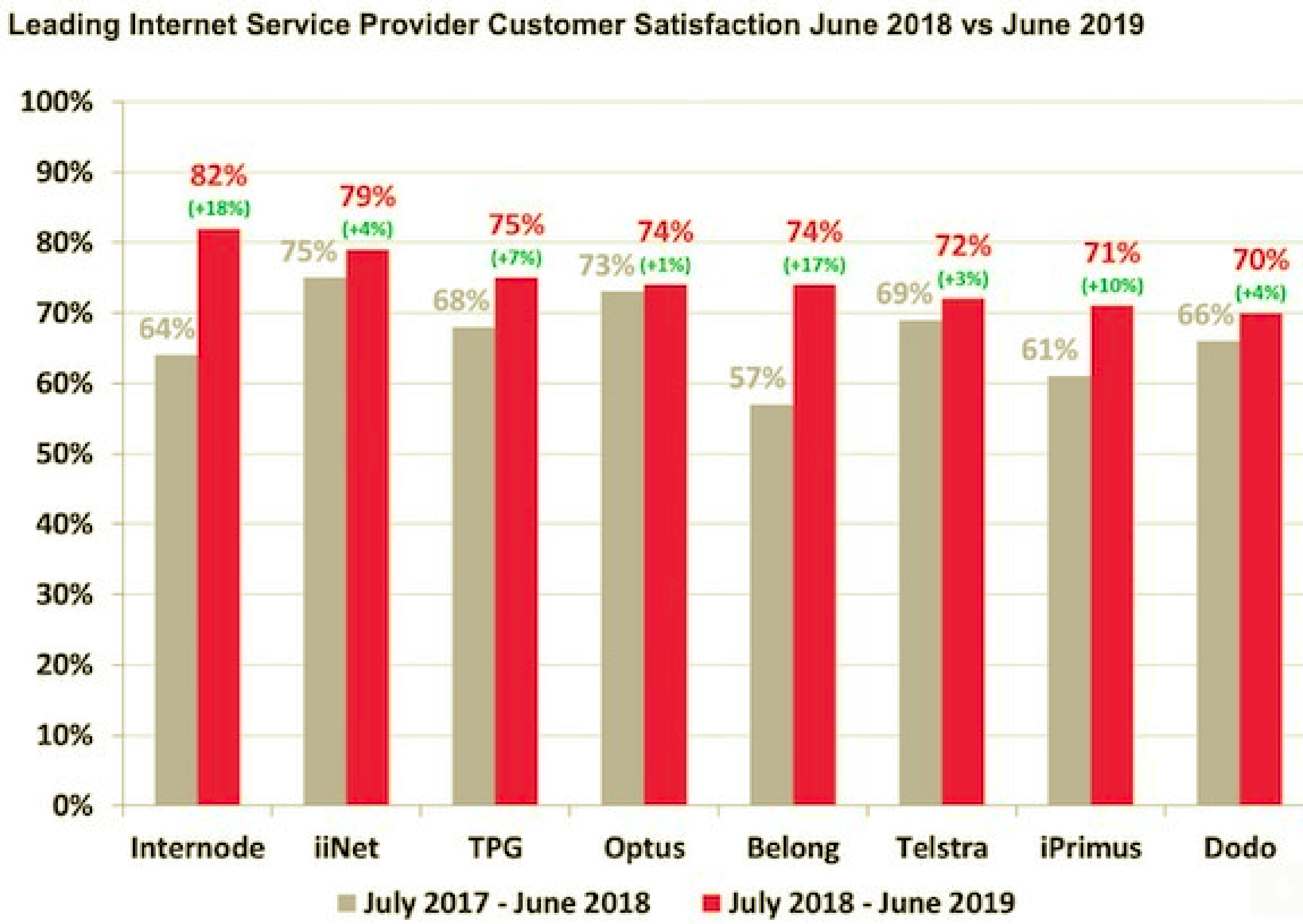
Pisoni added "We have committed to explore options to build upon the GigCity network to connect additional regional innovation precincts with gigabit-speed Internet."

Stephen Withers

INTERNODE TOPS CUSTOMER SATISFACTION AWARD IN TPG SWEEP

Internet service provider Internode has won the Roy Morgan Internet Service Provider Customer Satisfaction Monthly Award for June with a customer satisfaction rating of 82% in a month where TPG owned service providers swept the board.

The TPG-owned Internode's victory comes on the back of what the company describes as an "impressive" 18% point improvement in customer satisfaction since June 2018 – the "largest increase of any of the leading Internet Service Providers".



Source: Roy Morgan Single Source, Australia, July 2017 - June 2018, n=14,836 & July 2018 - June 2019, n=14,383.
Base: Australians aged 14+.

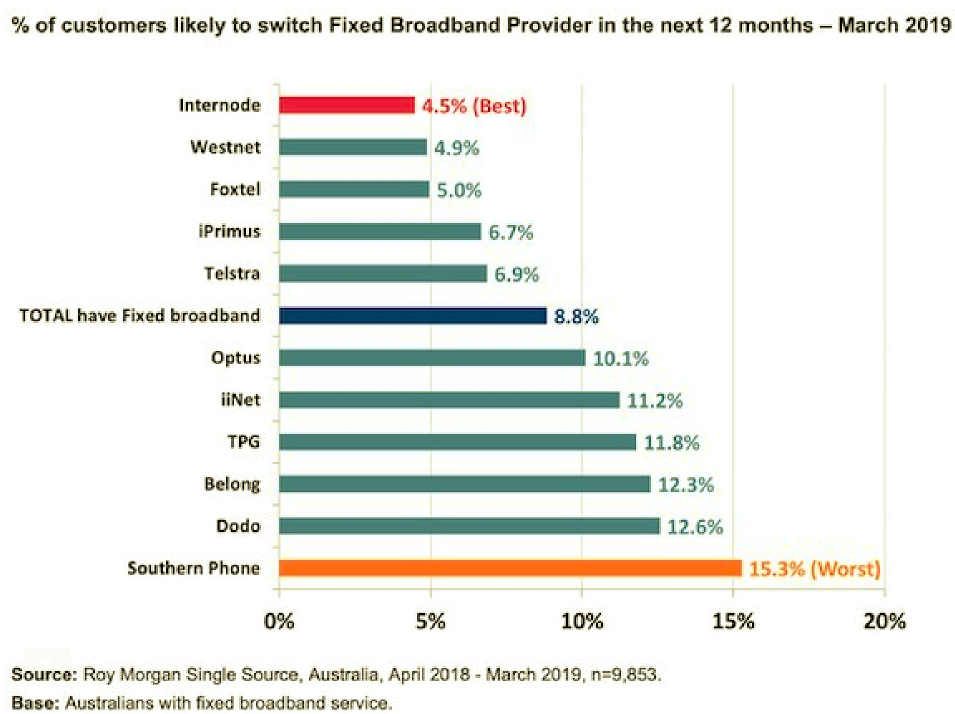
The award from Roy Morgan Research reveals that Internode had dominated the leader board in June – with TPG owned iiNet in second place with a customer satisfaction rating of 79%, a 4% point increase on a year ago.

In a clean sweep for the company, TPG itself rounded out the top three on 75%, up by 7% points since June 2018.

Other Internet Service Providers have also had a good year with Belong increasing their customer satisfaction by 17% points to 74% to be fifth in June and iPrimus up by 10% points to 71%.

According to Roy Morgan, Internode's says victory in June brings the brand a step closer to winning the Roy Morgan Internet Service Provider Customer Satisfaction Annual Award for the first time since 2017.

Michele Levine, CEO, Roy Morgan, says Internode's "excellent customer satisfaction result" in June is strengthened by the fact only 4.5% of Internode customers are likely to switch fixed broadband service providers in the next year.



"Internode's victory in June in the monthly Roy Morgan Internet Service Provider Customer Satisfaction Award gives the TPG subsidiary a clear edge over its closest rivals in the race for the coveted annual Roy Morgan Customer Satisfaction Award," Levine said.

"The importance of maintaining a high level of customer satisfaction is emphasised when it comes to retaining and growing one's customer base and the fruits of Internode's excellent customer service are a lower level of likely customer churn than its rivals.

"In-depth research into Internode's customers shows that only 4.5% are likely to switch fixed broadband service providers in the next 12 months – the lowest of any of the leading Internet Service Providers.

"This is around half the industry average of 8.8% and less than a third of rivals such as Southern Phone. Over 15% of Southern Phone's fixed broadband customers say they are likely to switch service providers in the next 12 months. Other providers that are in danger of losing existing customers include Dodo (12.6% likely to switch in the next 12 months) and Belong (12.3%)."

Other Fixed Broadband Service Providers to perform well on the survey include fellow TPG brand Westnet for which only 4.9% of customers are 'likely to switch in the next 12 months', Foxtel (5%), iPrimus (6.7%) and Telstra (6.9%).

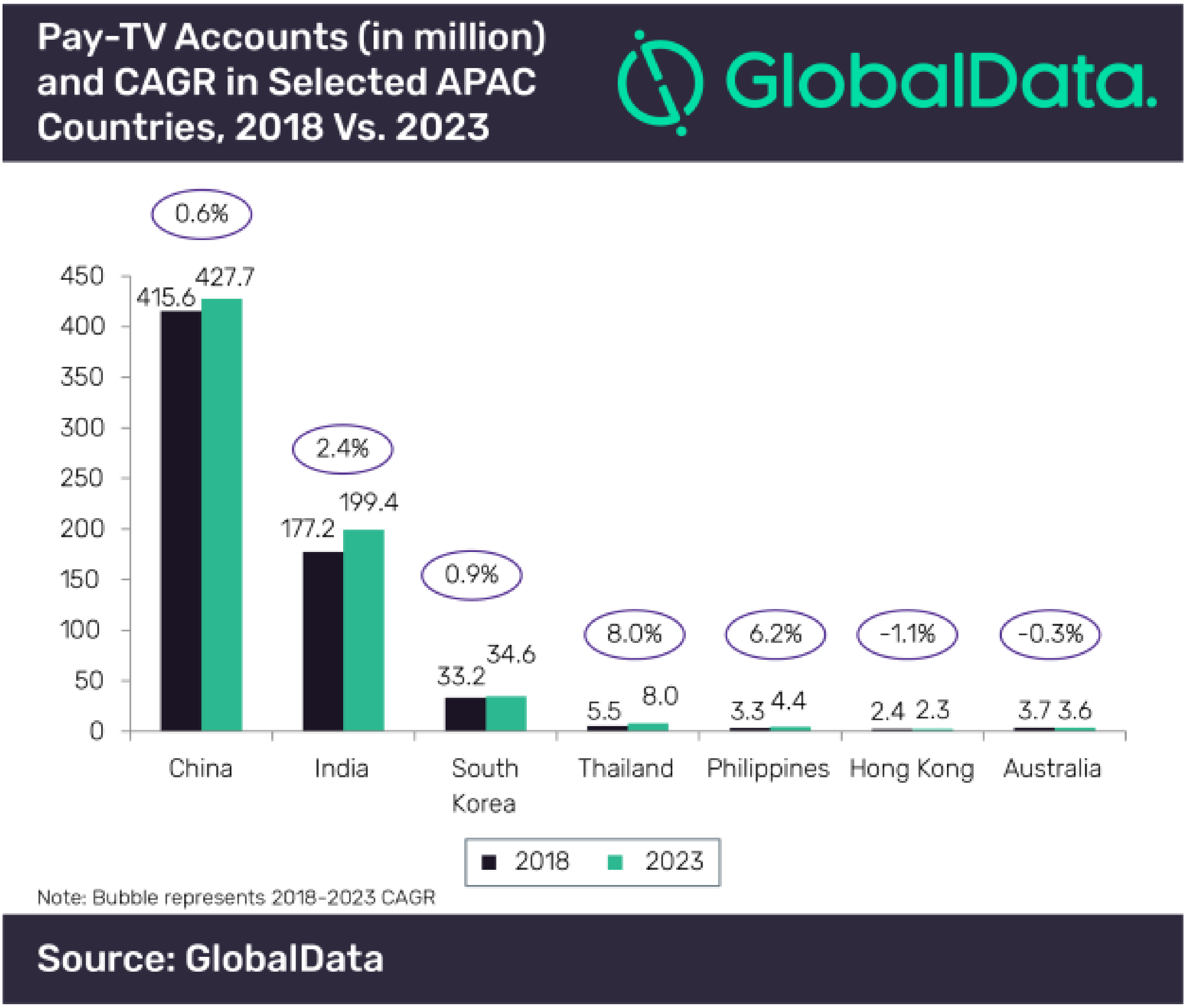
And overall 8.8% of Fixed Broadband customers are 'likely to switch' providers in the next 12 months, according to Roy Morgan.

Peter Dinham

PAY-TV PENETRATION IN APAC REGION SET FOR DECLINE: REPORT

Pay-TV penetration in the Asia Pacific region is set to decline in the next five years, with the practise of cord cutting where television viewers in developed markets are cancelling their subscriptions to multichannel subscription television services.

The cord cutting is offsetting gains in Direct-to-Home (DTH) and Internet Protocol television (IPTV) in emerging APAC markets - and with a forecast decline in the Australian market from 3.7 million to 3.6 million pay-TV accounts.



A new report from analytics firm GlobalData reveals that overall the South and South East Asia region is forecast to witness a marginal decline in pay-TV household penetration from 67.4% in 2018 to 67.0% by the end of 2023.

GlobalData’s report - ‘Pay-TV Market Trends and Opportunities in Asia Pacific – 2019’ - reveals that China and India are currently the largest pay-TV markets in the region with 415.6 million and 177.2 million subscriptions, respectively as of year-end 2018, distantly followed by South Korea with 33.2 million subscriptions.

During the forecast period, developed markets such as Hong Kong and Australia are set to witness a decline in pay-TV penetration levels primarily due to cord-cutting and the popularity of over-the-top (OTT) video streaming platforms in these markets.

“The APAC pay-TV market is very diverse, with household penetration levels ranging from 11% in Indonesia to 168% in South Korea as of year-end 2018,” says Malcolm Rogers, Telecom Analyst at GlobalData.

“Currently, the market is facing growing price pressure. Most OTT players offer their services at a lower price point than traditional pay-TV packages.

“The effect is an increasing number of consumers only willing to pay for the content they know they will watch. In response, pay-TV providers are offering more modular packages to better match consumer preferences for content and price.

“For example Taiwan’s Chunghwa Telecom offers its Multimedia On Demand (MOD) service in a menu style selection manner with variable pricing per channel from US$0.16 (NT$5) to US$4.98 (NT$150), based on the cost from the content provider.

“This enables Chunghwa to target price sensitive customers and better compete with lower cost OTT options,” Rogers said.

The GlobalData report also notes that an increasing number of video content consumers in the region prefer services that offer “watch anywhere capability”.

While the home TV is still an important device, customers also demand the same experience across mobile handsets, laptops and tablets, which GlobaslData says has resulted in a trend of service convergence between traditional OTT and pay-TV.

“OTT video’s relationship with pay-TV in APAC continues to evolve. Many pay-TV providers in the region have launched or will soon launch their own OTT platforms. Standalone OTT players are also increasingly seeking pay-TV provider partnerships.

“The pay-TV and OTT platforms are becoming increasingly integrated as customers want a device agnostic viewing experience,” Rogers concluded.

Peter Dinham