

Beijing firm says WiMax no threat to 3G

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WiMax and 3G technologies will complement, not compete with, each other in China's broadband market, according to Analysys International, a Beijing research firm.

Ming Dong, the company's Sales and Marketing Group general manager, made the assertion during his presentation, "Focus Report on Mobile WiMax," at a forum on the technology in Vancouver last month. The WiMax Forum brought together tech firms to examine the technology's market potential.

Some analysts have predicted that WiMax will challenge 3G with bigger potential bandwidth, but much of the short-term focus and investment in bringing 3G technology to market in China means WiMax capabilities will be for improving fixed and mobile Internet rather than cell-phone customers.

The goals of the conference were to promote and market the technology as well as solidify WiMax infrastructure and device compatibility. The Forum's standard for wireless broadband technology is IEEE802.16. Applications of the technology are divided into three segments: fixed, portable and mobile.

In an interview with United Press International, Dong was asked to rank the market opportunities in China for each technology application in both the short and long term.

"We see the fixed and portable segments having the best opportunities

over the next five years," he said. "Beyond 2010, the mobile segment will dominate."

Dong said broadband access faces many challenges in the Chinese market. He noted the present user base for wireless broadband technology is expanding rapidly, but added that WiMax "applications with appropriate content are insufficient" and "the wireless broadband service market lacks clear business models and profitability."

AI sees opportunities for the technology in cities, not China's hinterland.

"Unlike in other nations where both the urban, suburban, and rural areas are fully developed, China's rural regions are still very underdeveloped, and inhabitants can't afford broadband access," Dong said. "Portable WiMax, on the other hand, has hotspots, which may be used as the last-mile application in China."

He said major Chinese cities, where population densities are high, offer large market potential for portable WiMax.

"Even though xDSL is the main standard in wireless broadband technology, its development is faced with multiple barriers. As a result, it brings very low ARPU and its currently solid position is likely soon to be replaced by a new generation technology such as mobile WiMax," AI said in a news release.

"All hopes are currently on mobile WiMax," Dong affirmed, adding that his company sees two key points for the development of mobile WiMax in China.

First, fixed-line broadband carriers China Netcom and China Telecom are widely expected to obtain licenses allowing them to enter the mobile-phone market. In doing so, some industry watchers think they might

abandon the PHS/PAS systems they use now to offer what tech analysts describe as the "poor man's cell phone."

One implication of such a move is China's two telecom giants would shift away from the 77 million customers they already serve (mainly in rural areas) with PHS/PAS, because that approach offers thinner profitability margins than high-end, higher margins targeting urban areas with WiMax.

Mobile service for the masses in China's countryside, even in limited form, will continue in the short term, however.

AI issued a statement earlier this week saying, "Chinese operators have already invested large amounts of money in 3G, which leads to a shortage of funds for other technologies like WiMax."

The second key point is spectrum availability. Dong noted that spectrum constraint will be the biggest challenge for WiMax development in China.

"The WiMax Forum prefers 2.5GHz, 3.5GHz, and 5.8GHz, but China's current allocation of spectrum in these ranges is insufficient," he said.

Spectrum licensing depends on the Ministry of Information Industry, which has devoted considerable resources to developing 3G standards and domestic production capacity. The government's degree of control will determine market uptake.

Asked about spectrum, Dong said, "It is a very difficult question to answer."

Analysts also note industry standards for mobile WiMax are only at the framework-development stage and have not been definitively

established. Mobile WiMax supports high-speed data transfer, which is touted as being faster than 3G.

AI forecasts WiMax users in China to reach the 1 million mark in 2007 and double the next year. By 2009 there will be 4 million subscribers and the technology will top 10 million in 2010.

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