

High hopes for Filipino wireless outlook

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Hopes that some of the biggest names in telecommunications will be investing in the Filipino wireless market continue to grow as rumors of third-generation license winners increasingly circulate.

The first rumor came from none other than President Gloria Macapagal-Arroyo, who announced at a Jan. 3 news briefing that Japanese giant NTT DoCoMo would invest in the Philippine Long Distance Telephone company. A few days later another 3G license winner, CURE, claimed it was going to receive an investment from Hong Kong-based Hutchison Whampoa.

The problem, however, is that neither NTT DoCoMo nor Hutchison Whampoa would confirm nor deny the rumors.

Still, the fact that such speculations have excited industry analysts illustrates the importance of wireless in this archipelago of 7,100 islands. Lacking a strong wireline infrastructure, Filipinos have taken to cellular phones in droves. It is not uncommon to hear young people say that the material possession they would purchase with their first paycheck is a cell phone. Nor is it unusual for low-wage earners here to own a wireless phone. Mobile handsets are a personalized, prized possession in this country, carried all the time to stay in touch with friends and relatives at a moment's notice.

Whether current success in short messaging will translate into higher value-added services like 3G will remain to be seen. Although at the moment, one cannot fault the telecommunications companies here for

not trying.

Large billboards trumpeting 3G by the cellular phone company SMART have started to appear in the Philippine capital, Manila. A rival group, Globe Telecom, has started to demonstrate 3G videoconferencing to passersby in some shopping malls in Metro Manila.

Other telecom players like Sun Cellular and CURE are expected to follow suit with their marketing plans for 3G services. Key factors in making 3G a success in the Philippines include the rapid deployment of EDGE technology capable handsets, and the cost and attractiveness of the services to be offered by the industry.

Small technology companies and developers are also excited about 3G's potential to jumpstart hardware and software businesses in the Philippines. Like in most countries, most of the compelling content and applications do not come from the carriers themselves but from small- and medium-size companies that supply these applications to the companies.

"My company can now offer gadgets that capitalize on 3G's bandwidth, for real time monitoring and control applications for companies, like security and industrial process applications," said Vic Gruet, a CEO of a local technology company.

Other industry insiders agree.

"Everyone will benefit from 3G technology. What is more important is if the telcos provide the right incentives for software companies to develop compelling applications which take advantage of the higher bandwidth of 3G technology," said Albert Sun, business development manager for a local software firm that supplies wireless content. "For example, lower cost will enable users to upload pictures faster and

cheaper in a mobile dating Web site or a career Web site for example."

Whether 3G will live up to the expectations set by the flurry of claimed investments remains to be seen.

Handsets currently start at \$300, above the price affordable to most Filipinos. Still, a number of young, upwardly mobile and older established professionals have expressed curiosity over the service.

"I am interested in the video-on-demand capabilities of 3G because I'm often out of the house, and rarely have time for TV," said Kurt Fang, a junior biotechnology consultant. "I will use 3G if the quality of the service is good, and if the cost is not prohibitive."

Given the penchant of Filipinos for patronizing value-added services like cell-phone money remittance from overseas contract workers, ringtones and picture messages, it will be interesting to see how 3G develops. Whether the allure of actually seeing someone while talking to them will be worth the big price is still the big question on everyone's mind.

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