

## ***3G trends - the coming of a price war***

**CANNES – February 17, 2003 –**The entry of 3G challengers with plenty of capacity on the market will most likely lead to a price war. Northstream expects prices to come down more quickly and drastically for 3G than it did for its forerunner GSM. This change in the competitive situation is the most important factor for wireless operators during 2003.

- What we see is that established players are delaying 3G and infrastructure investments while prioritising service development and launch, said Bengt Nordström, CEO Northstream, today at the "Mobile Market Analysis and Forecasts " seminar at the 3GSM World Congress.  
– But the present growth of MMS, imaging and other data services is now quickly increasing the need for additional network capacity and, subsequently, bandwidth. Meanwhile, 3G challengers will enter the market with plenty of capacity allowing for a dumping of prices. Northstream foresees a cautious but steady expansion of 3G over the coming years. The growth rate will be determined by a number of factors:

- 3G is currently in an intense build-up phase all over Western Europe and in many other places in the world.
- An inevitably growing demand for increased bandwidth, caused by an increasingly rich communication experience and richer content services, will drive 3G.
- The implementation of 3G is thus a gradual process where more and more consumers over time will make use of relevant services delivered using 3G.
- Volume rather than high prices will create revenue in future 3G markets. The 2G service experience shows a limited potential for increasing prices. This will put pressure on operators to be creative in service innovations and marketing to achieve the volumes needed.

The success of individual operators and service providers will be determined by how well they handle these key factors for success:

- Innovativeness – How to continuously create attractive services and How to make increased spending an enjoyable and useful exercise?
- Efficiency – How to manage operational costs while investing in new services
- Customer attention – How to ensure that customers turn to you for their mobile communication and digital services

- From the Northstream point of view as strategic advisor, it is clear that a number of operators and manufactures are now working much harder at crafting their strategies. That, if anything bodes well for the future, said Bengt Nordström.

*Meet us in Cannes at the **3GSM World Congress, Hall 2 stand F57 and Hospitality Suite 301 and 303**, or follow the event through live updates at [www.northstream.se](http://www.northstream.se).*

### **About Northstream:**

Northstream provides strategic technology and business advice to the global wireless industry. Northstream has assembled a multinational team with some of the world's best experts and analysts on wireless communication business and technology. Northstream's list of clients include several of the world's leading operators and system suppliers, e.g. Vodafone, AT&T, NTT DoCoMo, Orange, Sonera, Telia, Mitsubishi, Ericsson, Nokia and Microsoft, as well as some of the leading investment banks and financial institutions. Northstream is established in Stockholm (Sweden), Sophia Antipolis (France) and Tokyo (Japan). For more information please visit us at: [www.northstream.se](http://www.northstream.se)

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