

Telia to merge networks

BY JOHN BLAU

Telia plans to implement a uniform core network for both mobile and fixed services over the next three years, underscoring a growing belief among operators in the need to put wireless communications at

the center of their strategies.

Telia, Sweden's main public operator, expects basic telephony and low-speed data services to be provided primarily over wireless networks by the end of the decade. Sweden's fixed networks will be used mostly

for higher-bandwidth multimedia services, said Seth Myrby, managing director of Telia Mobitel.

Swedish operators are adding 500,000 cellular subscribers per year, Myrby said. "By the year 2000, we expect nine out of 10 Swedes to own a [wireless] handset, and that means many of them will give up their fixed connections," he said.

Bertil Thorngren, Telia senior vice president of corporate strategy, said wireless is becoming a core business for the operator.

"Why build two separate organizations, with separate infrastructures, separate billing and separate numbering," Thorngren said, "when what customers really want is to roam between networks with one number and be serviced by one source."

Telia plans to integrate its fixed and wireless billing systems, issue combined tenders for equipment and maintenance support, and provide one-stop shopping for services, he said.

Telia and Telia Mobitel already collaborate on a service, called Telia Persona, that allows users to roam between fixed and wireless networks using the same phone number. Telia also offers a virtual private network service based on the Digital European Cordless Telephone standard that provides such features as call forwarding and call transfer.

In Sweden, businesses are allowed to connect their PBXs directly to mobile switching centers.

Myrby warned that Telia's plans and those of other Scandinavian operators are threatened ▶ page 37



Telia's Thorngren: 'Why build two separate organizations?'

New ATM options fail to quell telco anxieties

BY TERRY SWEENEY

Public network equipment vendors intend to implement switched virtual circuit ATM technology over the next six to 18 months, a step widely seen as key if ATM is to

prove a competitive alternative for broadband networks.

But there is continuing anxiety over the ability of carriers to incorporate SVCs, and about the ability of Asynchronous Trans- ▶ page 38

Switching on ATM

Features of ATM Forum-ITU 'traffic management' specs, to be published in September.

Available bit rate definition: allocates a portion of network capacity for on-demand type requests, with no guarantee they will be delivered.

Quality of service definition: parameters for cell delay, cell loss, transit delay across a switch and delay variations, all due to network faults or congestion.

Source: ATM Forum

WASHINGTON

U.S. to ease satellite rules

BY THERESA FOLEY

The U.S. Federal Communications Commission proposes to lift 30-year-old regulations dividing domestic and international satellite services, a policy that would allow U.S. satellite operators to fan out abroad.

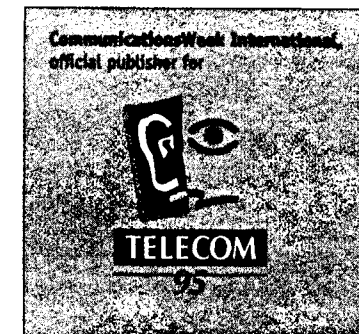
The policy could also allow Intelsat, Inmarsat and other international satellite operators to enter the U.S. market.

European operators generally would feel little immediate effect, since most of their satellites are designed to cover only Europe.

But future satellites with footprints covering both continents conceivably could serve a market that had been reserved for U.S.

companies.

Eutelsat, for instance, plans to launch a satellite in 1997 that has the technical capability to cover the Americas, a spokeswoman said. While Eutelsat member- ▶ page 35



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Damages, from page 1

geous and I think it is scandalous."

An official in DG IV, the European Commission's competition directorate, said the marketplace—not regulation—will force public operators to change their accounting practices.

As soon as network infrastructure competition exists, public telecoms operators will need to become more commercial, restructuring their companies and their accounting systems to become more efficient, the official said.

But if cost accounting procedures are not in place by 1998, when the market is fully liberalized, competition will be further delayed, critics say. "Some people think it is too technical an issue," Potter said, "but this is the crux."

BC draft directive

Transparent accounting procedures are the lynchpin of the Commission's draft directive on network interconnect procedures for 1998. The directive was presented for the first time on 5 May to the ONP Consultative Committee in Brussels.

The draft directive proposes:

- imposing transparent cost accounting procedures and accounting separation on network providers "with a significant market power," including public telecoms operators. It also broadens the definition to include vertically integrated organizations, such as electricity companies, "which hold monopoly rights in non-telecommunications areas."

- obliging all companies authorized to provide leased lines or public voice telephony to accept "reasonable requests for interconnect." Requests for interconnection could be refused only if the national regulatory authority agrees.

Telia, from page 1

by a shortage of wireless capacity, one reason they are seeking spectrum reserved for GSM-based DCS-1800 personal communications network services. DCS-1800 licenses will be awarded this summer.

Another concern for Telia is not to violate competition law. The operator said it will integrate its fixed and wireless networks at the same time as Swedish competitors for that reason.

A key motivation for Swedish and other operators is to gain better penetration of the lucrative busi-

ness market. In the United Kingdom, PCN operators Orange Personal Communications Services and Mercury One-2-One offer wireless VPN services. But wireless operators in most other European Union countries, including Germany and France, are prohibited from linking their mobile switching centers with customer premises equipment.

In Germany, PCN operator E-Plus and GSM operator Mannesmann Mobilfunk aim to align themselves with fixed network operators to offer integrated services to corporate customers when the market is fully

liberalized in 1998.

"We are currently developing a range of mobile corporate network services to position ourselves in the key account business," said Dietrich Gimmel, E-Plus director of business development. "And we already have two companies, Veba and Thyssen, which have stakes in E-Plus and are positioning themselves to become fixed-line telephone operators."

These moves toward fixed-wireless integration seem to run counter to the 1980s trend of operators spinning off their mobile communications units.

But companies such as Pacific Telesis Group and U S West Inc. moved in that direction for regulatory and financial reasons, "not industrial dynamics," said David Wheeler, a London-based analyst with Lehman Brothers Ltd., which has advised both Bell companies.

PacTel offshoot AirTouch Communications Inc., for instance, is not held back from markets that are off limits to the Bell companies. "And wire and wireless operations are two types of businesses that attract two different types of investors," Wheeler said. □

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