



## **Russia's Vimplecom penetrates Cambodia's saturated mobile market**

*Is it overcrowded for a market of 15 million people?*

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*Thu. May 21, 2009*

When Russia's VimpelCom recently launched its GSM service in Cambodia under its Beeline brand, it became the ninth mobile operator serving a total population of only 15 million.

Last July, the Russian telco bought a 90 percent stake for US\$28 million in Sotelco, which has a GSM license. VimpelCom has an option to purchase the remaining 10 percent stake being held by a local partner to be assessed at market value at the appropriate time.

According to media reports, Vladimir Riabokon, executive vice-president of VimpelCom said the 'launch in Cambodia is the first by a Russian mobile operator under its own brand outside of Russia and the CIS.' He added that the launch is an important piece in the development of the company's international strategy.

Vimplecom's Beeline is slated to cover 11 provinces or about 37 percent of Cambodia's total population which will be expanded, by end of this year, to two-thirds of the population.

Just a few months ago, Cambodia welcomed its eight mobile operator when Latelz launched its services. Latelz is owned by Cyprus Timeturns Holdings which has Russian backing. Its chief executive officer, Thomas Hundt, reportedly touched on the low penetration, hence growth opportunities in the country.

Around mid-year, Cambodia expects to enjoy a nationwide WiMAX Rev-e wireless broadband network when Chuan Wei (Cambodia) is scheduled to launch its services. Granted the only license for WiMAX network in the country, Chuan Wei, which is part of the Thai Boon Roong Ltd conglomerate, appointed Alcatel-Lucent in February 2009 to provide complete turnkey solutions in deploying the network. The licensee is targeting to acquire one million subscribers, or 80 percent of the business and enterprise market, within two years of launch.

Alcatel-Lucent has a track record in successfully deploying 10 WiMAX Rev-e out of a total of 35 commercial references worldwide.

Recently, Radio Australia's Robert Carmichael sought the views of senior management of three Cambodian telcos about operating in this highly competitive market. Agreeing on the point about the fierce competition, Latelz's Hundt highlighted that penetration is just 25 percent, so looking at other countries in the region, Cambodia still has a long way to go to reach the goal of 100 percent.

The chief marketing officer of Hello, Syed Azmeer, described the situation in the country as a war of attrition. Kay Lot, chief operating officer of MobiTel, which has 60 percent of the market, shared his view that opportunities in the urban market may be limited, and the long-term strategy is to target the rural areas, though substantial investment is required. It was reported earlier that MobiTel's parent company had secured a US\$100 million loan to improve network coverage, especially to the rural areas.

According to statistics of the Ministry of Posts and Telecommunications, there were 4.2 million mobile subscribers in the country by end-2008 and just 42,000 fixed line subscribers. By the end of February 2009, the penetration rate in Cambodia was nearly 29 per 100 inhabitants. Among eight of the telcos then in operation, the top two carriers accounted for 73 percent of the market, leaving the remainder to be shared by six telcos.