



CDMA in Key Asia-Pac Markets

A number of Asian mobile operators who were on dual networks with GSM and CDMA now focus on their GSM networks and have closed down their CDMA operations.. One common theme for CDMA was the poor handset choice and functionality for CDMA versus GSM, which deterred take up. **Slow technological advance in CDMA development led to operators switching out of service and embracing the GSM option.**

In **Hong Kong**, Hutchison telecom is the only dual network service provider whereas all other wireless operators adopted GSM standard. Hutch CDMA has only 20,000 CDMA subscribers as compared to 2.2 million GSM subscribers in Hong Kong. Taking this into account **OFTA decided to take back the spectrum from Hutch upon expiry on the grounds of under-utilization of spectrum.** It had granted Hutch a three-year period for subscriber migration until November 2008. With the introduction of MNP, competition among the six wireless players intensified. This led to high churn, handset subsidy level and promotional campaign. This put Hutch's CDMA business into an unfavorable position, with its **limited and aged handset choices** and the inability to swap easily between GSM and CDMA handsets.

In **Singapore**, MobileOne (M1), SingTel's first competitor opted the dual-network strategy. M1 targeted the high-end international travelers with GSM and positioned its CDMA services as a low-end offer. A performance standards survey performed by IDA in late 2000 noted that M1's CDMA street level coverage was the worst among all operators. **The prime setback for CDMA was the lack of handset range in a market where subscribers were used to upgrading handsets within nine months.** The expectation that as mass adoption of CDMA in the US progressed, handset choice would increase while pricing would come down never materialized. M1's CDMA network was also unable to offer mobile originated messaging, which was growing in popularity. Under such circumstances, the **Regulator took back the CDMA spectrum for 3G purposes.** Thus, M1 decided to close down its CDMA network and migrate subscribers to GSM. M1 cited lack of clear 3G migration path for CDMA as a key rationale for this decision.

In **Philippines**, Piltel, a PLDT subsidiary, launched CDMA services but, **CDMA handsets at the time did not support the SMS texting functionality**, which began to take off in Philippines. After PLDT acquired Smart, a GSM operator, Piltel began offering its own GSM services. Smart enjoyed a surge in subscriber take up with its Talk 'N' Text service. As texting enjoyed exponential growth in Philippines, Piltel's CDMA customer base dwindled. Later, when balancing capex requirements for a CDMA upgrade and Smart's expansion plans, **PLDT opted to for GSM thus closing down Piltel's CDMA network.**

Source: Asian Telecom Themes & Strategy- UBS Investment Research