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Telekom and Internet Market in Serbia: Challenges and Opportunity

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TELEKOMUNIKACIJE
TELECOMMUNICATIONS | 08

TELEKOMUNIKACIJE V POSLOVNEM OKOLJU
PREDNOSTI IN PRILOŽNOSTI

04. 11. 2008 - 5. 11. 2008, Grand hotel Bernardin, Portorož, Slovenija

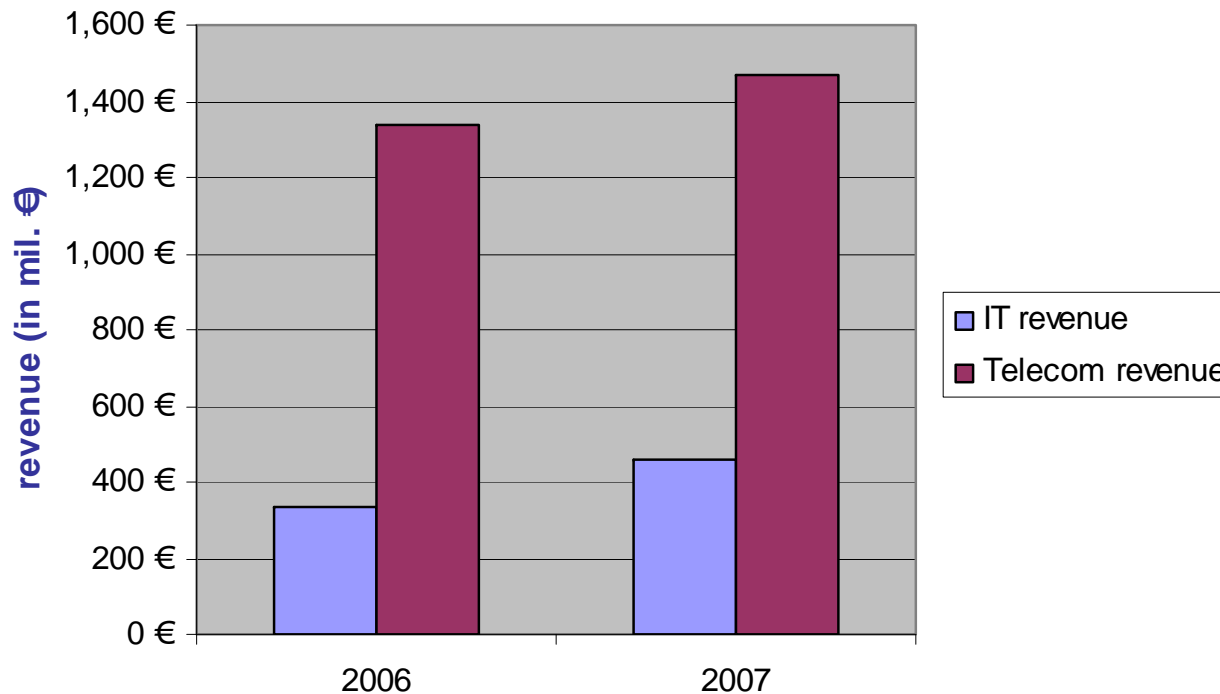
Serbia in facts

- Population: 7.498.001 (M:48.63%, F:51.37%)
 - Average society age: 40.25
 - Workforce: 5.032.805
 - GDP per capita: 3.272,6 EUR
 - The value of import: USD 18.350,4 million
 - The value of export: USD 8.824,9 million
- 

ICT market trends in Serbia

37% IT market growth

10% Telecom market growth



sources: Serbian Chamber of commerce and
RATEL

Serbian IT market, July 2008

- 5952 registered employees in the sector
- Estimated revenue of IT sector in Serbia: cca.\$500 mil
- IT companies and entrepreneurs in Serbia:

No. of entrepreneurs	No. of companies	Type of activities
188	70	Consulting in computer equipment
685	881	Consulting in computer software
385	117	Data processing and analysis
108	109	Database design
689	266	Maintenance and repair of computer and office equipment
162	154	Other computer related activities
2217	1527	TOTAL

Telecom sector in Serbia: mobile market

- Over 4.65 million people uses mobile phones
- 3 mobile providers: MT:S, Telenor and VIP mobile
- Total revenue in 2007: €839,6 millions (€583 millions in 2006)
- Total investment in 2007: €210 millions (€103 millions in 2006)
- Number of accounts (numbers in use):
 - prepaid (cca.6.700.000)
 - postpaid (cca.1.500.000)
- Penetration rate in 2007: 112,73%

Telecom sector in Serbia: fixed telephony market

- 1 service provider: Telekom Srbija
- Total revenue in 2007: €411,6 millions
- Total investment in 2007: € 166 millions (€ 62 million in 2006)
- Digitalization rate: 93,3%.
- Penetration rate in 2007: 38%

ICT in Serbia: market research results for 2008 (Statistical Office)

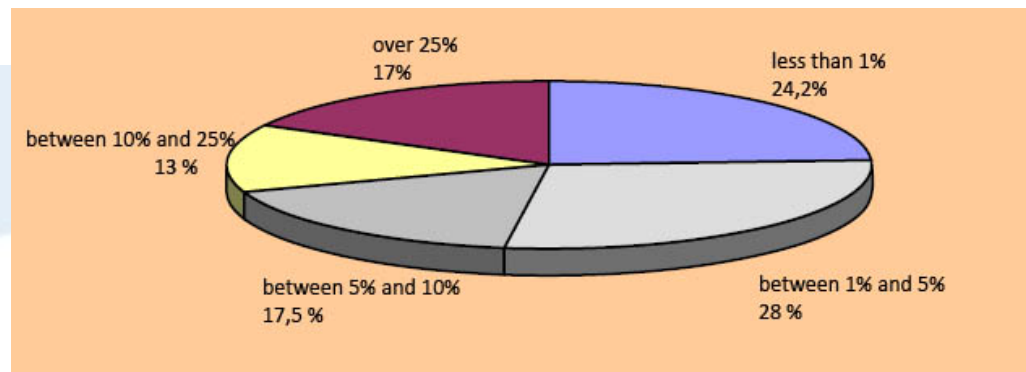
- 97.7% of enterprises use computers in their business
100% (>250), 98.9% (50-249), 96.9% (<50)
- 43,5% Wireless LAN
- 12,7% Extranet
- 10 % have and use ERP (one of indicators on sophistication of usage of ICT in EU enterprises)
- 11.9% use CRM for customer data analysis

ICT in Serbia: Internet usage in enterprises

- 91,5% of enterprises have Internet connection
 - 96,8% (>250), 96,1% (50-249), 89.9% (<50)
 - Banks and insurance companies (100%)
 - Real estate agencies (98,2%)
 - Hotels, camps, hostels(97,6%)
- 57% of enterprises with Internet connection use DSL (xDSL, ADSL) connection
- 68,9% of enterprises with Internet connection have their Website
 - 83,9% (>250), 76,1% (50-249), 65.7% (<50)
 - Banks and insurance companies (100%)
 - Manufacturing (76,6%)

ICT in Serbia: e-business in enterprises

- 20,8% of enterprises with Internet connection ordered products/services via Internet
18,6% (>250), 16,2% (50-249), 22.2% (<50)



participation of Internet orders in total orders

- 17 % of enterprises with Internet connection were receiving orders via Internet

ICT in Serbia: computer usage for public administration services

- Over 260.000 people use public administration services via Internet
- 12,7% of examinees use Internet services of public administration, while 58% are interested, but still don't use it
- Purpose/service obtained:
 - 92,4% just obtained various information from public administration websites
 - 71,1% downloaded official forms
 - 57,4% had sent filled forms via Internet into further procedures

ICT in Serbia: computer and Internet usage in households

- 40,8% have a PC
- 5,8% have a lap top
- 33,2 % have Internet connection
 - 51,1% modem; 24,4% DSL (ADSL);
 - 23,2% cable Internet; 15,5% WAP i GPRS
 - (broadband connection)
- Over 1.900.000 people uses computer on a daily basis

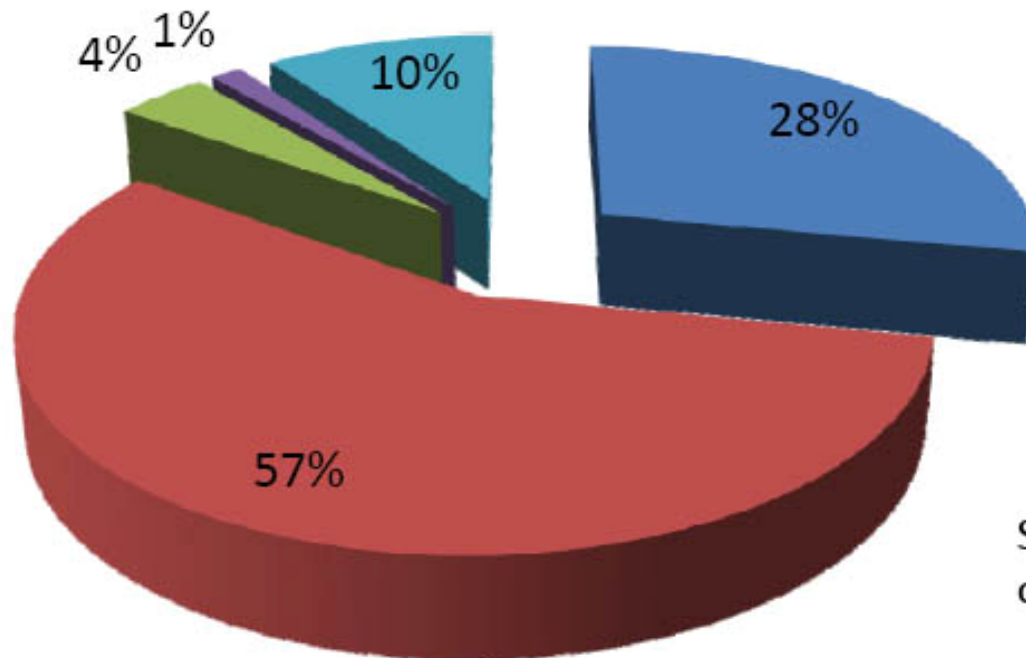
ICT in Serbia: computer usage for e-business services

- During the last year, over 250.000 people had purchased or ordered goods/services via Internet
- 86,3% of Internet users never purchased or ordered goods/services via Internet
- Type of goods/services purchased or ordered:
 - Books/magazines/newspaper (32%)
 - Computer software and plug-ins and modules (30,4%)
 - Electronic devices (incl. cameras) (26,3%)
 - Clothes and sport equipment (20,4%)
 - Movies, music (13,3%)
 - Household equipment (13,1%)
 - Computer hardware (10,7%)

Telecom sector in Serbia: the market

Revenue distribution

■ Fixed ■ Mobile ■ Internet ■ CDS ■ Radio



Source: RATEL
on 31.12.2007

Total revenue cca.€1,47 billion (10% more than in 2006)

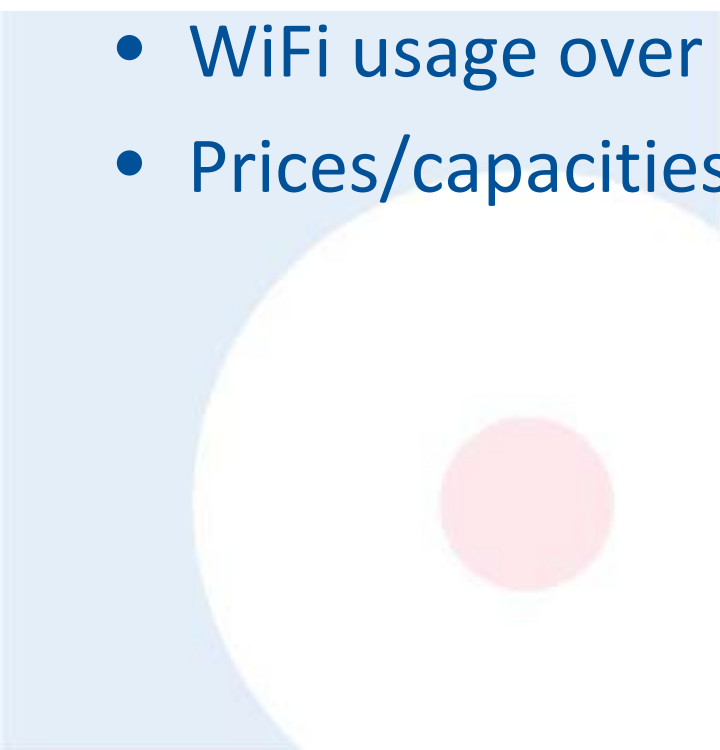
State of the art: fixed telephony

- 93.31% digitalization rate (EU 100%)
- 34.7% penetration rate (2.85M accounts) < EU 45%
- Over 350000 new account requests,
- Cable network ~ 550000 accounts
- Broadband access ~250000 accounts

State of the art: mobile telephony

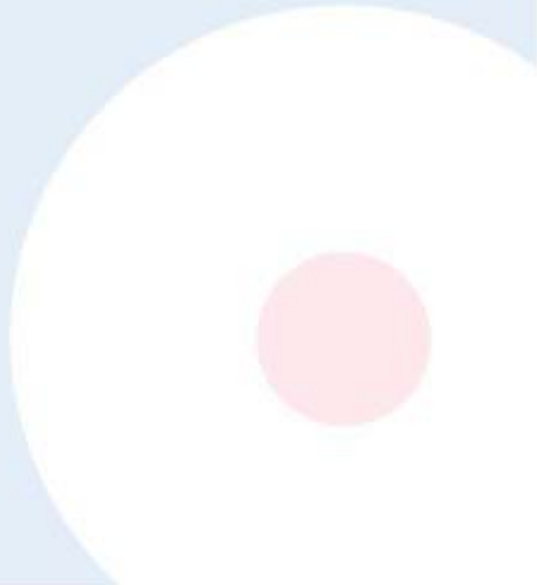
- 8.45 million users
- Three service providers – Telekom Srbija, Telenor and Mobilcom Austria (VIP, since July 2007)
- Penetration rate over 112.73%,
- Territory coverage: MT:S – 91.31%, Telenor – 81%, VIP – 18%
- Population coverage: MT:S – 97%, Telenor – 92%, VIP – 40%
- 44.25% increase in revenue of the sector

State of the art: Internet

- Over 160 Internet service providers
 - Outgoing bandwidth $\sim 20\text{Gb/s}$
 - ADSL over 240000
 - WiFi usage over 20000
 - Prices/capacities
- 

State of the art: CDS

- Over 60 service providers
- Over 40% SBB
- Bigger providers offer Internet access as well
- Satellite access



TOP COMPANIES IN SERBIA ACCORING TO PROFIT

RANG	D	S	V	FIRMA	AKTIVA	KAPITAL	DOBIT	POSLOVNI PRIHOD	BROJ ZAPOSLENIH	PP
1	6	4	3	TELEKOM SRBIJA	107.989.638	90.722.627	9.949.575	50.276.865	11.650	
2	1	5	3	NAFTNA INDUSTRIJA SRBIJE	120.508.498	87.984.517	6.277.992	251.019.335	15.131	
3	6	5	3	SRBIJAGAS	24.518.399	11.315.350	3.816.587	20.771.674	1.038	
4	6	5	3	SRBIJA JPPTT	84.981.225	81.179.517	2.812.756	13.527.590	17.105	
5	1	5	3	ELEKTRODISTRIBUCIJA-BEOGRAD	20.529.344	22.525.446	2.181.092	19.637.948	2.058	
6	1	2	3	GALENIKA	5.760.475	10.048.174	1.927.765	5.757.949	2.792	
7	1	2	3	TETRA PAK PRODUCTION	1.180.804	1.967.289	1.783.390	7.914.414	125	
8	1	2	3	TARKETT	3.058.692	5.292.209	1.680.855	6.341.637	333	
9	7	2	3	DELTA MAXI	6.743.962	4.450.485	1.655.465	18.771.697	3.274	
10	11	2	3	ASTRA SIMIT	2.084.361	2.393.205	1.617.308	10.309.450	216	
11	1	5	3	ELEKTRODISTRIBUCIJA NIŠ	7.373.260	4.416.703	1.606.919	4.950.203	918	
12	1	5	3	ELEKTROSRBIJA DOO KRALJEVO	27.841.225	26.673.075	1.579.394	15.157.856	3.063	
13	1	2	3	HEMOFARM	11.690.354	10.609.329	1.547.456	11.853.178	1.651	
14	7	2	3	INVEJ	6.713.304	4.791.556	1.320.603	5.917.809	139	
15	1	5	3	RUDARSKI BASEN KOLUBARA	43.029.661	32.055.772	1.311.323	21.359.615	13.511	
16	1	1	3	JAVOR	333.687	-	1.235.808	355.460	956	
17	1	2	3	SWISSLION-TAKOVO	6.877.997	5.006.236	1.210.140	17.978.363	1.662	

Telekom Srbija – customers

- Ownership structure: 80% Telekom Srbija, 20% OTE
- Operates in Serbia, Bosnia and Herzegovina and Montenegro
- 93.3% of telecom network digitalization
 - Total number of customers
 - 3.151.584 installed subscribers' lines in fixed telephony
 - 4.535.000 mobile telephony
 - 240.000 ADSL
- Leader in the introduction of new services in fixed and mobile telephony

Telekom Srbija – key services



- Fixed telephony
 - Standard telephone line
 - ISDN BRI and PRI
- Data transfer
 - Frame Relay/ATM network
 - Leased digital lines (nx64)
 - MPLS services (L2VPN, L3VPN)
- Internet (dial up, ADSL, direct Internet access)
- IN services
- Telehousing
- IPTV
- IP centrix
- VSAT
- WiMAX in progress
- Prepaid telephone cards, yellow and white pages,
- Printing centre services

IT market challenges/opportunities

- Cooperation with international companies/environment
 - e-commerce
 - Software industry
 - Remote services: call centers, customer support
- 

Telecommunication sector: Opportunities for investors

- Introduction of new technologies (WiMax, optic) in access networks
 - Transport networks
 - Tele centres?
 - CDS network expansion
 - New services
- 

Top ICT companies in Serbia

SMEs

1. Telekom Srbija
2. Telenor
3. ComTrade Group
4. SAGA
4. PEXIM
5. Microsoft software
6. Oracle
7. CT computers
8. SBB

The Best ICT Conferences & Expos in Serbia

- e-Government conference, 6-7.October 2008.
- Microsoft Sinergija, 16-19.October 2008.
- CISCO expo, 11-12.November 2008, Belgrade
- TELFOR, 25-27. November 2008, Belgrade
- YU INFO, 8-11. March 2009, Kopaonik
- CRM, 2. April 2009, Belgrade
- Mobile FEST, 7-9.April 2009, Novi Sad

Other Challenges



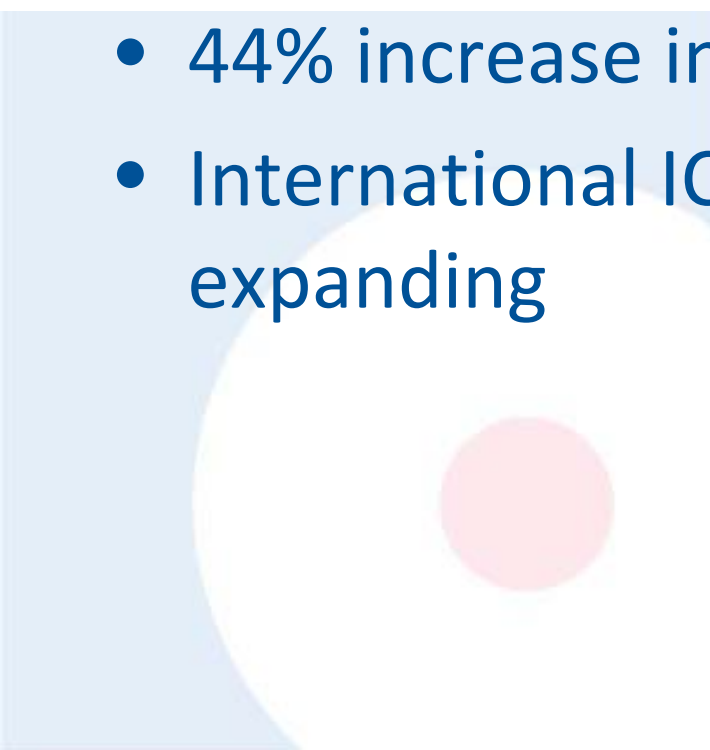
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THE FAREWELL TOUR

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Conclusion

- Increase of ICT market's revenue on average over 30% per year
 - Increase in Internet usage over 25% per year
 - 44% increase in mobile telco market revenue
 - International ICT projects and cooperation expanding
- 

Q&A

