Datafile of European Telecommunications

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This information is taken from CIT Publications' Datafile of European Telecommunications which includes profiles of
all telecoms sectors in 16 European countries as well as 49 company profiles.

Germany

Mobile communications

Regulations

Regulatory body:	Regulierungsbehörde für Telekommunikation und Post (RegTP)
Recent regulatory developments:	January 1998 marked not only the total deregulation of the German telecoms market but also the creation of a new regulator to replace the Bundesministerium für Post und Telekommunikation (BMPT). The new regulatory body, the RegTP, is charged with maintaining a competitive telecommunications environment and guaranteeing the provision of appropriate and adequate telecoms services across the country. Germany, in line with all other EU member states, was under an obligation to introduce UMTS licensing procedures no later than 1 January 2000, in order to prepare the way for the harmonised provision of third-generation services across the continent by the deadline of 1 January 2002. The auction of UMTS frequencies is expected to begin in August 2000.

Market commentary

Of all the mobile markets in western Europe, Germany's would appear to hold the greatest promise. Its cellular penetration rate was only 29% at end-1999 while per capita GDP, according to the UN, is around USD25,000 - nearly 20% higher than in the UK where half the population are mobile users. At the end of 1999 the total number of mobile subscribers in Germany stood at 23.45 million; total net additions during the year reached 9.5 million, more than double the users added in the previous two years combined. Some of the growth experienced in 1999 was attributable to an increase in the number pre-paid card users, but at the end of the year this segment still accounted for only around 23% of the total - a relatively small proportion compared to Italy, Spain and the UK. The main stimulant to growth has been the entry of a fourth mobile operator, Viag Interkom, which brought increased price competition to the market, resulting in more attractive rates for consumers. By the end of March 2000 the total number of cellular subscribers had reached 27.71 million, taking penetration to almost 34%.

At the end of May 2000 the German government announced that eleven companies had pre-qualified to enter the auction of up to six third-generation mobile licences. The list includes Vivendi of France, which had previously hinted that it would not take part, T-Mobil, Mannesmann Mobilfunk, E-Plus, Viag Interkom, debitel, MobilCom, Group 3G, Talkline, Auditorium Investments and MCI WorldCom. A requirement will be made for all UMTS licensees to cover at least 25% of the population by December 2003 and 50% within three to five years of launch. The 25% interim coverage obligation is intended to guarantee coverage of the larger towns within a licence area and ensure early and continuous network rollout. Licences will be valid for 20 years from the in-service date of 1 January 2002.

As part of its bid for a 3G licence, German fixed and mobile reseller MobilCom joined forces with France Télécom in a EUR3.74 billion deal which saw the French PTO acquire a 28.5% stake in the company in March 1999. A month later MobilCom announced plans to invest up to DEM24 billion in bidding for and building a 3G network in Germany - DEM18 billion on the licence and a further DEM6 billion to finance infrastructure costs. France Télécom, which was formerly a partner of Deutsche Telekom, will provide DEM7.3 billion towards the licence bid, with the remainder being financed by loans. Despite the high cost of a licence MobilCom estimates that it will break even by around 2005.

Another German reseller, debitel, announced in April 2000 that it was holding talks with potential partners as part of a joint 3G licence bid. No details on the progress of debitel's talks have been released but industry sources claim that a large US telco is in talks with debitel shareholder Swisscom. Media reports have identified Japan's NTT and US-based SBC Communications as possible contenders for a stake; a strong international partner would undoubtedly boost debitel's chances of winning a licence.

Main players

Mannesmann Mobilfunk

Towards the end of 1998 Mannesmann Mobilfunk overtook Deutsche Telekom's subsidiary T-Mobil to become the largest mobile operator in Germany in terms of subscribers. Since then it has maintained its lead, adding 4.6 million new users in the year to the end of March 2000 to give it more than 11.1 million subscribers and 40% of the country's total installed base. Its share of the total market, however, has been affected by customer churn and the growing competition from the smaller players, resulting in a drop in market share from 43% at December 1998.

Mannesmann Mobilfunk continued to expand and improve its network in 1999, investing over DEM1 billion in upgrades and acquiring additional frequencies in the 1800MHz spectrum. In the lead-up to the implementation of UMTS, Mannesmann has been collaborating with rival operator T-Mobil and equipment manufacturer Ericsson in developing and evaluating W-CDMA technology.

Mannesmann Mobilfunk is now a wholly owned subsidiary of the world's largest mobile provider, Vodafone AirTouch, following the latter's takeover of Mannesmann in January 2000. Mobilfunk was previously held by Mannesmann (65.2%) and Vodafone AirTouch (34.8%).

T-Mobil

T-Mobil had 9.2 million customers at the end of 1999, giving it a market share of 39%. This was a drop of three percentage points over the previous year despite its net gain of 3.36 million users - only slightly fewer than Mannesmann. Its annual subscriber growth - at 58% - was not, however, matched by its revenues which grew by 28% in the 1999 financial year to EUR3.9 billion. By the end of March 2000 T-Mobil had increased its customer base to 10.9 million. In early 1999 T-Mobil launched WAP services and in September it signed a contract worth USD250 million with Lucent Technologies for the expansion and upgrade of its digital (D1) network in preparation for the early introduction of GPRS in mid-2000. In the following month T-Mobil and Microsoft announced plans to develop standard Windows applications on a mobile platform for its network, with initial development work concentrating on e-mail delivery, directory services and setting up mobile corporate portals for intranet applications.

T-Mobil has resolved to deactivate its ageing analogue T-C-Tel network as of 31 December 2000 and will be offering incentives to the remaining customers to change to its digital service. At the end of March 2000 T-C-Tel had 110,000 subscribers, down from 400,000 twelve months earlier.

In May 1999 T-Mobil's parent, Deutsche Telekom, established a joint venture between T-Mobil and its media subsidiary T-Online - called T-Motion - to coordinate the group's pan-European services and in particular its WAP, GPRS and future UMTS services. T-Motion plans to build a European internet portal which will be available to the entire Deutsche Telekom Group.

T-Mobil is a wholly owned subsidiary of Deutsche Telekom.

E-Plus
E-Plus became the third mobile operator in Germany when it launched a GSM-1800 network in May 1994 under the name E1. By the end of 1996 E-Plus had around 500,000 subscribers, giving it a market share of 9%. In the following year it doubled its customer base to approximately one million to take 12% of the market. Though it is still some way behind the two largest operators E-Plus continues to show strong growth and by April 2000 it had increased its market share to 16% with a total subscriber base of 4.3 million. E-Plus is targeting the business segment and is using broadband internet access as its main marketing tool. It has already launched a high speed circuit switched data (HSCSD) service and has invested over DEM100 million in GPRS technology, which it intends to launch later in 2000. The operator introduced WAP in February 2000 as part of a joint venture with Compaq and Siemens, and followed this up in March with the launch of its own internet service, E-Plus Online.

The company's ownership was forced to change after E-Plus shareholder Vodafone announced its plans to merge with AirTouch in January 1999, which at the time held a 34.8% stake in Mannesmann Mobilfunk; in order to satisfy competitionregulations one or other of the company's German interests had to be offloaded. In December 1999 it was revealed that E-Plus' 22.5% owner US telco BellSouth had exercised its right to acquire the stakes previously held by Vodafone and German companies Veba and RWE. These stakes were then transferred to BellSouth's European partner KPN Telecom of the Netherlands for around EUR9.1 billion. The deal was a blow to France Télécom which had expected to acquire the entire 77.5% stake but was thwarted by the KPN/BellSouth alliance.

E-Plus is owned by KPN Telecom (77.5%) and BellSouth (22.5%).

Viag Interkom
Viag Interkom launched its GSM-1800 mobile service, E2, at the start of October 1998 in eight cities. By the end of 1998, just three months after its launch, it had signed up approximately 25,000 subscribers, which had risen to 90,000 by the end of March 1999. Twelve months later Viag claimed 1.4 million customers, giving it a 5% market share. It is confident that a combination of aggressive marketing and low tariffs will see E2 continue to eat away at the customer bases of its competitors. Viag intends to invest DEM7.5 billion in its telecoms infrastructure by the end of 2006, by which time it hopes to achieve annual turnover of DEM10 billion and a cellular subscriber share of about 20%.

Viag Interkom is a subsidiary of German engineering group Viag (45%), BT (45%) and Telenor (10%).

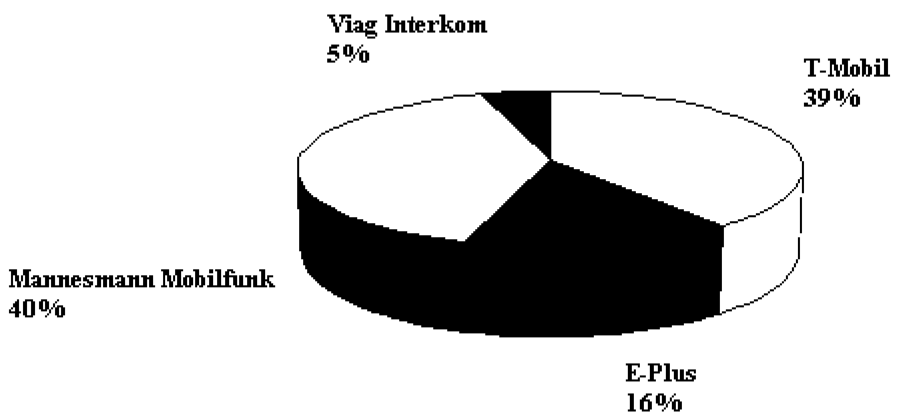
Main operators

Mobile Telephony						
Operator	**Network**	**Launch date**	**Subscribers (000)**	**% change**	**% pre-**	**WAP/GPRS launched?**

						paid	
			April 1999	**April 2000**			
Mannesman Mobilfunk	GSM-900/1800	1992	6,500	11,107	70.9%	23%	WAP
T-Mobil	C-450	1985	400	110	-72.5%	na	WAP
	GSM-900	1992	6000	10,790	79.8%	23%	WAP
E-Plus	GSM-1800	1994	2,352	4,300	82.8%	na	WAP
Viag Interkom	GSM-900/1800	1998	90	1,400	1,455.6%	na	WAP
Cellular Penetration:			18.6%	33.7%			
Total number of mobile subscribers:			15,342,000	27,707,000	80.6%		

Mobile telephone market share

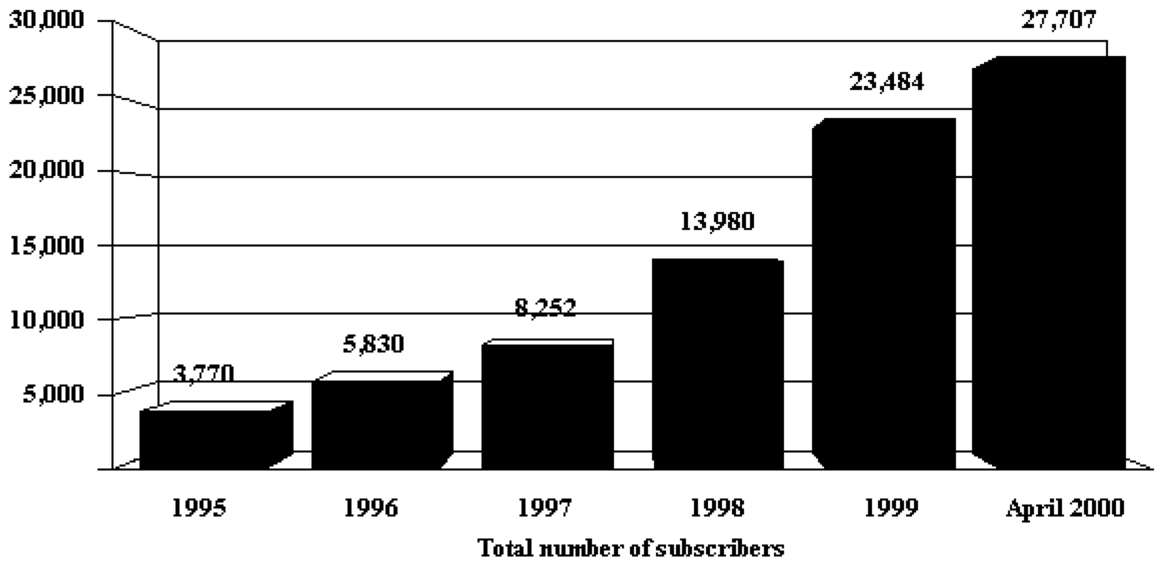
April 2000



Total number of subscribers: 27.71 million

Source: operators

Growth of mobile services



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Last updated: May 2000

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