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CMS Network Sharing Study 2014

The 4G race – catching up or falling behind?

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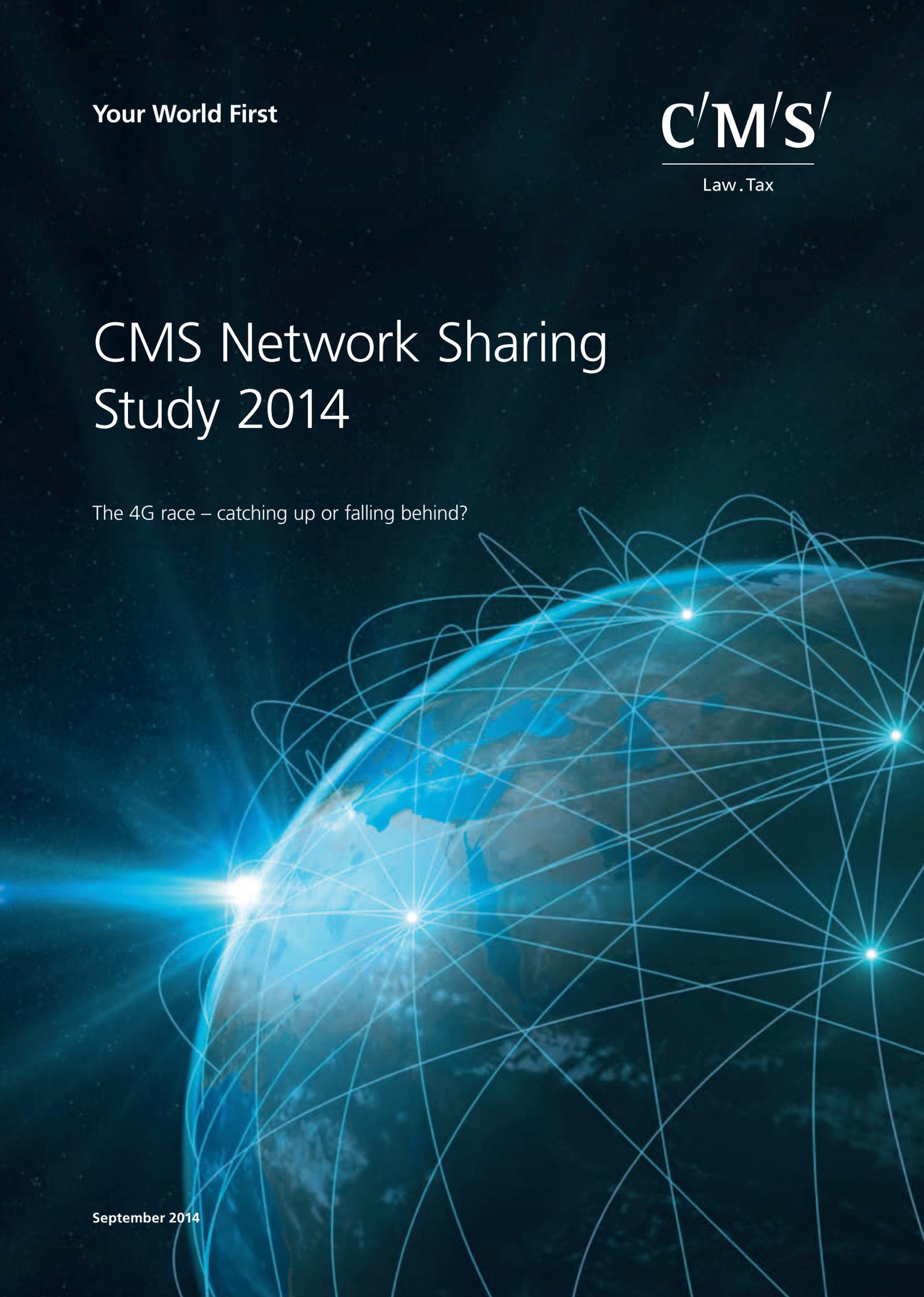


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Foreword

We are delighted to present the first edition of the CMS Network Sharing Study 2014 (the 'study'). The study provides an analysis of network sharing deals completed in 2013¹ and identifies the main characteristics of each circumstance. We plan to produce the study annually, helping to identify any developments, issues or trends that may be emerging.

With the market trend for strong increases in mobile data demand set to continue, operators are facing an ever-increasing need to invest in both infrastructure and spectrum. This, combined with falling revenues, means they are being forced to look for ways to reduce or consolidate the costs involved in rolling out high-speed mobile networks. One possible approach for such consolidation is increased M&A activity. In fact, the EU mobile telecoms industry is likely to witness increased consolidation very soon following the recent cases in Austria, Germany and Ireland. An alternative approach to M&A is for service providers to share the burden of investment by sharing access to either the newly rolled-out infrastructure or the newly acquired spectrum. With European regulators still seemingly opposed to consolidation activity to below a certain number of

players, it is not surprising to find infrastructure and spectrum sharing deals on the rise however. The structures of sharing deals, the elements shared and the coordination methods of these deals, however, differ widely.

This study, which to our knowledge is the first of its kind, gathers information from CMS lawyers across 22 countries, summarising the types of sharing deals, the networks affected, the network elements involved in the sharing and the types of vehicles or structures for coordination of the sharing; in addition the study documents major deals and developments within these countries as well as highlighting any regulatory specifics.

We do hope this study provides some useful insights into the types of sharing activity in your jurisdiction as well as helping you assess the market situation in countries of interest, and will assist you in making well-informed decisions about national or pan-European networks. We are of course very interested in any suggestions, and would be more than happy to discuss and share any experiences with you.



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¹ The study also includes deals that were completed very close to 2013.