Which Operator Will Be The First To Launch Femtos In Europe?

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Trials of Femtoâ€™s in Europe have already started and IMS Research expects that the first deployments will start in the first half of 2008. Following Sprint Nextelâ€™s limited launch for its Airave product from Samsung, announced this September, questions have been arising as to which operator will be first to launch in Europe. Both Motorola and Huawei have recently announced trials with operators in the region. For Motorola it is a second success having been previously selected back in July of this year by Softbank in Japan, although it has not named its latest large scale partner. Huawei has been involved in trials with Telefonica O2 in Spain and the UK.

The market potential for femtoâ€™s is huge, in terms of possible units deployed, and nearly all of the major European operators are looking at the possible business case behind them. As analysed in IMS Researchâ€™s report, â€œThe Worldwide Market for Cellular Infrastructure â€“ 2007 Editionâ€• femtoâ€™s are a smaller and lower power version of pico base stations; pi have been in the market for some time already, although with limited success.

Matia Grossi, author of the report says â€œThe new wireless broadband technologies such as HSPA, WiMAX and LTE are making the business case behind femtoâ€™s appealing, by efficiently offering next generation mobile data servicesâ€•. Grossi goes on saying â€œAt the same time, the availability of cheaper multicore processors is pushing the cost of femtoâ€™s towards mass market priceâ€•. It is IMS Researchâ€™s opinion that, while the technology itself is not groundbreaking, the business case behind (femtoâ€™s) is what is getting the attention of a lot of operators. The possible savings in terms of CAPEX and OPEX are huge. Also the added possibilities surrounding triple and quadruple play will finally deliver some of the benefits of FMC with the offer of cheap, mobile voice and data services in the femto / home zone.

It is IMS Researchâ€™s opinion that femtoâ€™s could be a new way for operators to reach out to new customers, in effect using them as a differentiator in markets where basic voice and SMS are commoditised. â€œFemtoâ€™s open up a new competitive angle for operators with the potential to acquire market share from their rivalsâ€•, Grossi said. â€œOperators that have both a fixed (e.g. DSL) and a mobile business could use femtocells as a way to exploit the synergies between the marketsâ€•. Grossi goes on â€œOrange is very well positioned along these lines with its strong UMA business. Additionally Vodafoneâ€™s recent acquisition of Tele2â€™s broadband business in Italy and Spain is no coincidence eitherâ€•. IMS Research expects that these two operators will be among the first to strategically deploy femtoâ€™s in Europe.