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When young Turks rock the ICT market

Some 47 million Turks under 40 drive an ICT market that registered a whopping 75.9 per cent growth since 2000

Foreign visitors in Istanbul often raise an eyebrow when they first sit down in front of a Turkish keyboard. The Qwerty layout is interspersed with undotted i's, soft g's and sibilant s's. By clicking on control and shift, it becomes navigable to the layperson. Likewise, understanding the market mechanics underlying the country's dynamic ICT sector requires a knowing eye. Penetration rates, taxation, privatisation, mergers and value-added services have had a different evolution here. Welcome to the world's 13th-largest telecom market.

In the last five years, Turkey's ICT sector has grown a whopping 75.9 per cent, an average of 15 per cent per year. In telecom, the average growth rate has been 20 per cent. By 2005, the ICT and telecom market together were worth \$4.5 billion. Mobile penetration is officially at 70 per cent, although the habit of switching SIM cards probably means a more realistic figure is about 50 per cent. Regionally, Turkey is the biggest player in terms of subscription rates and population (72 million). Its leading telecom company, Turkcell, generates more than 87 per cent of revenue from Eurasian operations. Iran and Kazakhstan are also driving regional growth.

According to Cüneyt Türktan, CEO of Avea, the fastest-growing mobile operator here, there is still significant market potential. Compared to Greece or Hungary, penetration rates are low. Privatisation of Turk Telekom and the takeover of Telsim by Vodafone have raised the stakes for competition and given a genuine choice to consumers. By offering innovative services, especially

in data networks, operators like Avea will spur further competition in the GSM market. So far, its customer base is closing in on 7.5 million. By 2009, Avea should reach 25 per cent of market share.

As fiscal pressure slopes downward, more young people will jump on the technological bandwagon. More than 65 per cent of the population is under 40. Demand for broadband Internet access in schools has exploded, and almost all educational institutions are now wired. The Minister of Transportation and Communications, Binali Yildirim, has assured operators that 2007 will be the year for a drop in the 25 per cent communications tax, known as the 'earthquake tax'. According to CEOs like Cüneyt Türktan, taxation has been a thorn in the market, deterring subscribers from airtime. With less of a tax burden and new infrastructure, the competition will increasingly focus on value-added services.

In its bid for EU membership, Turkey has introduced important regulatory changes. Intellectual property laws, an electronic signature law and service quality assurance have helped liberalise the telecom landscape. The new Telecom Electronic Communication Law will ensure, among other things, that players compete on a non-exclusive basis. It severs the traditional insider link between suppliers and partner networks. Meanwhile, the e-Transformation project is trying to link technology to government transparency. Turkish citizens can now file taxes online or obtain social security benefits via the Internet. Minister Yildirim is behind many of these updates. In software design, Turkey is banking on its energetic pool of engineering graduates. Mobilera, an Istanbul-based software house, is producing some of the sharpest marketing and merchandising tools for mobile handsets in the world, for clients such as Avon or Hewlett Packard. The applications include inventory management and real-time sales statistics. Mobile ticketing, quizzes and polls are all bundled into a single turnkey solution. No wonder Mobilera has grown 6,764 per cent in the last five years. Who else brings creativity to a keyboard? ●



GOVERNMENT POLICY

The e-transformation of Turkey

'Creating an information society is our national goal' says Minister Yildirim

The Ministry of Transportation and Communications has an action plan for Turkey. A short-term plan from 2003-04 has already been implemented. In 2006, some of its major achievements were the Electronic Signature Law, the Universal Service Law, the Right to Information Law, the inclusion of cyber crime in the criminal code and key amendments to intellectual property legislation. The Minister, Binali Yildirim, has also been instrumental in privatising the former monopoly held by Turk Telekom. Underway are other plans that implicate the marketplace, such as a drive for PC ownership and rapid broadband penetration.



Binali Yildirim
Minister of
Transportation and
Communications

"The transformation of Turkey into an information society is our national goal. To achieve this, we've set up IT classes and brought broadband access to every single public school in Turkey so that we can make sure no student will be deprived of digital facilities," says Minister Yildirim. Except for schools in remote areas of the country, most of the 39,351 educational centres now have high-speed Internet connections. For areas with difficult access, the solution lies

in mobile communication through 3G networks. The Telecom Authority will be issuing four 3G licenses in 2007, and the tender process has already kicked off.

A dramatic change for Turkey has been the new availability of government services online. Taxes and social security benefits can now be processed online from Hakkari to

Edirne, as well as passport applications, affidavits to the police and enrolment in higher education. The ministry wants to bring the level of government services offered through the Internet to 70 per cent. Already, the Turkish government handles up to 90 per cent of its public procurement over the Internet. Minister Yildirim expects measures like these will bring citizen satisfaction close to 80 per cent, but the real money is on the demographics.

"Turkey has a young and dynamic population that easily adapts to new technologies. More than half of our population is under the age of 24. In addition, the government is committed to research and development. We provide incentives for the sector, which boasts links to well-known universities," says Minister Yildirim.

TURK TELEKOM

Everybody wants broadband

Privatised in 2005, Turk Telekom, ranked 13th in the world, has successfully renewed its image

For a communications company that was still under the General Directorate of Postal Telegraph and Telephone (PTT) in 1995, Turk Telekom has lost little time. When 55 per cent went up for sale in 2005, it garnered Turkey's largest sum of FDI ever: \$6.5 billion. Ranked 13th globally, Turk Telekom boasts 19 million fixed lines, of which 83 per cent are digital. It is a leading provider of ADSL services, a growth market in Turkey. Its 81 per cent stake in AVEA, a mobile brand, is paying off handsomely too: 7.1 million customers generated revenues of \$757 million in 2006.

Paul Doany, the CEO, oversees operations in 81 regions of Turkey, including the company's 3,000 franchises, and is also keen to expand internationally by creating win-win partnerships across the Middle-East region. Oger Telecom, the Dubai-based operator, is now the majority owner and will serve as a bridgehead for expansion. Mr Doany is looking at three international opportunities, two of which could materialise in 2007. Recently he outbid Tellcom on a fibre-optic link to Bulgaria. Meanwhile, he is busy turning the former state-owned behemoth into an operational dynamo. Cross-selling plans between ADSL and its mobile arm, VOIP schemes for corporate customers and 'family cards' are some of the new products. Capital expenditure this year will exceed \$900 million. Amid the din of new data service acronyms (ADSL, XDSL, G.SHDSL) is the fact that Turk Telekom has successfully remade its image. Its drive to provide efficient Internet access through value-added packets has proven a commercial breakthrough. Oger Telecom plans to sink \$3.5 billion in invest-

ments over the next 5-6 years, much of it into broadband. Turk Telekom, meanwhile, has been rolling out its ADSL network since 2003 by capitalising on its chief asset: land-lines running into millions of Turkish homes and businesses. Broadband penetration, according to Mr Doany, will be up to EU levels by 2012. "I believe the market can hold up to 5.5 million ADSL lines. If taxes drop, the figure could grow to 8.5 million," he says. Part of Oger Telecom's smart investment plan is to provide working tools for Turkey's youth. "We release PC support programs along with our ADSL sales. The PC can be bought via a number of banks, with a 24-month payment plan. With this, we've hit about 3 million ADSL lines early in 2007. By the end of the year, we'll be well over 4.5 million," says Mr Doany. Turk Telekom donated \$69.3 million in 2006 toward school construction. Together with Intel Corporation, it also runs a countrywide teacher PC literacy drive. As drivers of ADSL growth, women and children are the target demographics. At a recent internal meeting of Turk Telekom's provincial directors, a woman delegate said that all her main customers were women. However, Mr Doany recognises that women are under-represented in what is still a traditional engineering company. "Clearly, we need to improve this," he says. ●



Women are the main customers of ADSL lines, which could soon reach 8.5 million.

Avea: the GSM challenge

When the Avea brand was launched in October 2004, it did not catch the market by surprise. The result of a merger with Aria, co-owned by Telecom Italia Mobile and Isbank financial group, it took its time to integrate operational networks. Today, it is the 3rd-largest cellphone operator in Turkey with more than 8 million subscribers. With its 81 per cent stake, Turk Telekom holds the key management positions. Upgrades in infrastructure and capacity have resulted in a quality signal that other GSM operators covet. Avea is carrying twice the number of minutes of use per customer

compared to Turkcell. But the mobile market is not only about minutes carriage. Avea will soon unlock additional value from its investments in convergence strategies. In 2007, customers will gain access to features at an exciting new Internet portal. Cross-selling plans between ADSL and mobile will be increasingly common. "Avea has been first to market Blackberry services, including GPRS and EDGE, the latter throughout the network," says Mr Doany, CEO of Turk Telekom. With 41 per cent of customers on post-paid plans, Avea's revenues stood at 1.1 billion TRY (\$773.5 million) in December 2005.

INTERVIEW

'My job is to build value as we have set tough targets for 2007'

Paul Doany explains how Turk Telekom can reach the strong growth targets it has fixed for the near future

Taking the ICT sector as an indicator of the level of a country's sophistication, how sophisticated is Turkey today?

Turkey is well-developed in the ICT sector with modern networks in both fixed and mobile technologies, particularly in advanced digital communications and data networks. From a service provider's perspective, it is a very large country with a mix of market segments. At the very top segment, GDP per capita is equivalent to Western Europe. The region of Istanbul generates the largest share of revenue. It also has the largest number of financial institutions and service sector businesses. Ankara is a much quieter city, but has its own special charm. It is our 'operational base' while Istanbul is home to our 'management base'.

What accounts for the 12 per cent growth of the ICT sector in Turkey in the last few years?

One of the major factors contributing to overall growth is the low level of PC penetration. At end-2005, there were five million PCs in Turkey, which is very low. The national target is ten million PCs within 18 months. People in Turkey spend a lot of time outdoors. Many middle-income households don't have PCs when they could obviously afford one. Also, there is very high TV viewership. As a result, owning a PC is seen as a low priority. And yet, mobile penetration is now over 70 per cent. Children are driving ADSL growth as the new generation need computers and Internet access for their education. This is the area we're focusing on.

How does fiscal policy impact on sectorial growth?

I personally believe that if the government lowers the fiscal pressure in the ICT sector, say a 15 per cent drop in the special communications taxes, the capacity of the market could reach 8.5 million. The entry level price now for an ADSL line is 29 Turkish liras (\$20.27), which is as low as we can go. With regards to the mobile situation, the taxation is even higher. The special communications tax is 25 per cent, and the total level reaches 58 per cent, including VAT. This is excessively high.

What business opportunities does Turk Telekom have to offer?

Turk Telekom is the 13th largest operator in the world in terms of switched lines. We want to increase our core competencies

on the service delivery side because that's where we believe we will attract the right quality people at competitive prices. It will also enable us to export our services to a number of potential expansion operations. Our strength lies in the combination of certain products that are competitive in quality and price. This applies directly to markets in the Middle East, southeastern Europe and Central Asia. Strong win-win partnerships—that's what we need to build.

You bought a former state-owned company. What operational constraints remain?

One of the major operational restrictions that Turk Telekom suffers from is a history of stringent public tender rules, particularly in areas like service distribution, marketing and advertising. The state-owned company had to follow tender procedures that were highly cumbersome for such a dynamic business. The underlying culture remains very much the same, however. We want to win people over because they are convinced about something, not because they've been instructed to do it. The new adage is: if you want to do your best, just do what your judgment tells you is best. We reward targets and results as opposed to procedural compliance.

What role has Turk Telekom played in increasing competition in the sector in 2005-06?

Our team is committed to competition. We've signed all sorts of agreements with alternative operators. Since we came to Turk Telekom we've lost about 25-30 per cent of our long-distance traffic, which was in line with our target for that period. Competitors were undercutting us by 40-50 per cent. I told the team to back off and let them pick up customers. The reason was that we needed to rebalance our full-tariff plans and avoid a piecemeal approach. The difficulty was that we were losing money on access. Now we've taken steps to rebalance our tariffs on voice and have launched the regulatory-approved prices as of March 1, 2007.

How will your source of income develop over the next few years?

We have very aggressive growth targets. This year will be an important turnaround year for AVEA, for example. We're investing heavily in infrastructure, increasing coverage and capacity in addition to new value-added services with an Internet por-

AN EDITORIAL BY SUREYYA CILIV

'We care about value for money'

For Turkcell's CEO Sureyya Ciliv, GSM is just the tip of the technology iceberg

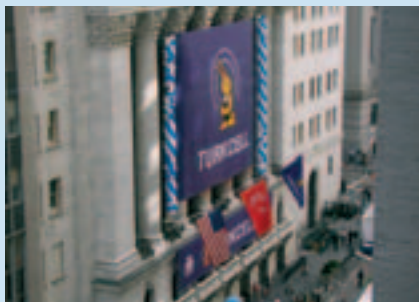
There is no doubt that GSM is the fastest-developing area in the world of telecommunications today. Total revenue for the global mobile market stood at \$616 billion by end-2006 and subscriber numbers amounted to 2.6 billion. In Turkey, where there are 53 million GSM subscribers, cell-phone penetration is roughly 70 per cent. We expect the figure to exceed 80 per cent by end-2007. Given the proportion of young people in overall Turkish demographics, we expect continued market growth.

At Turkcell, we have some major achievements. Our total number of subscribers reached 31.8 million by end-2006 and our market share stood at 60 per cent. The figures show we are Turkey's leading operator, but they also reveal that we are the 3rd largest GSM operator in Europe. In 2006, we netted a total of 3.9 million new customers. With greater growth anticipated in 2007, we intend to maintain this leading status.

Turkcell runs GSM networks in Azerbaijan, Georgia, Kazakhstan and Moldova via Fintur Holdings. We have roaming agreements with 540 different operators in 193 countries. It is also the first and only Turkish com-

pany to list on the New York Stock Exchange (NYSE). Trading of Turkcell shares at the NYSE has brought us up to world standards in terms of corporate governance. We now cover 97 per cent of Turkey's population thanks to \$6.1 billion worth of capital investments. Our 12,000 base stations ensure the widest coverage and the best voice quality.

However, we do not see growth exclusively in numerical terms. Turkcell is continually introducing services that cater to emerging customer needs. We offer tariffs that allow subscribers to talk to the greatest number of peo-



Trading of Turkcell's shares on the NYSE has brought the company's corporate governance policy up to world standards.

ple at the most suitable rates. Increasing customer satisfaction is our primary objective. As part of a diverse Turkcell family, we no longer consider ourselves to be merely a GSM operator and we are expanding across other areas of technology. We now refer to our business as 'communication and technology', rather than solely as GSM.

There are new opportunities for 2007. Our planned investment this year amounts to \$400 million, excluding license fees for 3G, which will go toward R&D and infrastructure upgrades. Our staff of 263 engineers develops new ideas at our R&D centre. One of our most successful projects in 2006 has been 'Turkcell-in', which brings together more than 100 services available online or via SMS. Turkcell is also the first company in the world to introduce electronic signatures specifically for cellphones. Indeed, we are adopting a structure that integrates all the new technologies like 3G, Wi-Fi and Wi-Max into our network, and we are now ready to make 3G operational as soon as the government licenses are issued. It will ensure the continuation of broadband and data services and pave the way for new applications. With its unrivalled know-how, Turkcell will continue to strengthen its role in Turkish telecommunications.

The full version of this article is available at:
www.worldreport-ind.com/index.htm



Paul Doany,
Executive Chairman of Turk Telekom

tal. AVEA has around 14 per cent market share, but has improved its coverage in 2006. Although TurkCell has the broadest coverage, we're now a good match in terms of quality. This is a good result after one year of operation and \$300 million worth of investments. On the fixed-line side, traditional voice revenue is coming down. On the ADSL side we expect huge growth. In terms of new products we're working on IPTV offerings and on fixed-mobile convergence products using Wi-Fi and GSM.

Is Turk Telekom planning to expand into new regional markets?

At present, we're looking at three international acquisitions and hoping to close at least two of them in 2007. We first want to acquire some technology/services companies. The point is not to support our internal business, but to grow domestically and internationally. We aspire to become a full-service company and to offer strong after-sale support including IT services, integrated telephony/data, voice/messaging, image/video and business support systems.

Now that Turk Telekom is preparing for an IPO in 2007, the pressure is on you. Is it a good sell?

My job at this company is to build value. We have restructuring plans, as well as new people joining us. We're building new headquarters and strengthening the operational base in Ankara. We have tough targets set for 2007. Last year was a transition year in which we slipped on some targets. In 2007, there is no room for slippage. In terms of listing the company, one must consider the account preparation. I'm proud to say that our accounts will be ready on time. Financial performance is critical due to exposure to unfair competition and the large access deficit. A crucial step in that direction has been the approval of our voice tariff rebalancing.

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TELSIM-VODAFONE TURKEY

The Vodafone touch

Telsim-Vodafone is Turkey's 2nd largest operator with 11 million subscribers and a 25 per cent share

When the formal takeover ceremony of Telsim took place in Istanbul last June, the Çiragan Palace was more regal than ever. In attendance were the Minister of Transport and Communications, Binali Yıldırım, the Chairman of Turkey's Savings Deposit Insurance Fund (TMSF), Ahmet Ertürk, as well as Vodafone's Deputy CEO, Julian Horn-Smith. The sale of Telsim to Vodafone for \$4.5 billion had been announced in December 2005, but despite the hoopla, the story was not so much in the auction sale. It was in the upcoming rebranding process.

The creation of the Uzan Group, Telsim was founded in 1994. For years it was the sole competitor to all-powerful Turkcell, often finding niche markets to gain leverage. Its reputation suffered from an extended legal battle in New York courts with Motorola that began in the late 1990s. It not only led to

rumours about Uzan family members escaping in yachts by night, but also to the seizure of Telsim assets by the TMSF. Today, Telsim Vodafone is Turkey's 2nd largest operator with 11 million subscribers and 25 per cent market share. During 2007, the Telsim brand will be phased out in favour of Vodafone.

"We won't rebrand Telsim until the services that we provide to our customers meet Vodafone's criteria. Telsim was a tarnished brand, partly due to the lack of investment and partly due to the problems with its former owners," says Attila Vitai, CEO of Telsim Vodafone. Outlays of \$1 billion will help restore Telsim's image in the short term. Scope and size is precisely what Telsim needs. For subscribers, it means steep discounts on equipment and lower prices. By sharing network designs, tariff plans, marketing schemes and content, the erstwhile ugly duckling will take a quantum leap into 21st century communications.

For now, there is ample room for growth. Turkey's cellular market is not as fully penetrated as Western Europe. Turks often have a second or third SIM card, thus distorting true penetration statistics. On that basis, Mr Vitai thinks real penetration is not the official figure of 70 per cent, but a number in

the low 50s. Since the takeover ceremony last June, his team has sunk money into network infrastructure and switching capability. The shops are transitioning into a new way of doing business. "Our customer experience today is completely different than it was a year ago," says Mr Vitai.

Holiday travellers from the UK report excellent reception for their roaming plans in

Turkey. According to measurements by the Telecom Authority, the company has set in place one of the best-performing networks in greater Istanbul, an urban sprawl that spans two continents. With partners like Nokia and Motorola, all key performance indicators have improved. By end-2008, Vodafone will have made \$850 million in capital investments into core network and IT infrastructure. "We will have the most modern network in Turkey,

with a capacity to carry traffic for 30 million people," predicts Mr Vitai.

3G will usher in a second wave of innovation. With access to high speed Internet via mobile handsets, the subscriber base is certain set to grow. For customers in rural areas who cannot access ADSL lines, it means a gateway to knowledge. Turkey's traditional digital divide could soon be phased out, along with Telsim's former image.



Attila Vitai
CEO of Telsim
Vodafone

MOBILERA

Genius applications

Mobilera has an almost zen-like way of translating creative and innovative ideas to the mobile market

A winner of the 2006 Deloitte Technology Fast 50 *, Mobilera is pure design genius. The mobile solutions provider has an application up its sleeve for almost any market need. For retail outlets, it has launched 'Mobilera MMA', a way to collect sales data at points of sale via GPRS technology. Data once jotted down on paper is now transmitted in real-time to headquarters. For those tracking inventory stocks, there is 'Mobilera SFA', a program that schedules instant deliveries. The application decreases return times and the number of delivery errors. Salespeople never had it so easy. Only six years old, Mobilera has erupted into Turkey's vibrant business landscape with a barrage of impertinent concepts. Its vision is to capitalize on marketing know-how and offer it on a new mobile platform that is efficient and cheap. Pioneering strategic advantages for business, Mobilera has posted 6,764 per cent growth since 2001. HP, Goodyear, P&G, Unilever, Carrefour, Avon, Ulker and Nike are just some of its clients. Its GSM software packets have also been rolled out in Azerbaijan, Ukraine, Kazakhstan and Georgia. Behind the extreme growth rates is Ferda Kertmelioglu, the CEO

INTERNET HOLDING

The right surf

Istanbul-based Internet Holding is one of the leading Turkish companies in a fast-growing sector. Internet penetration is indeed expected to reach about a third of the population in the next few years, with 20 million regular users (compared to only six million in 2003). Providing services to customers not only in Turkey but also across Europe, Asia Minor and the US, Internet Holding manages close to 30 companies operating in four distinct fields:

- ▶ **Telecommunications:** voice and data communication products and services for corporate clientele.
- ▶ **Internet:** from web design and hosting to market research, PR consultancy and online dating.
- ▶ **Media:** teletext services for national TV networks (25 million viewers in Turkey and Europe) and management of thematic satellite TV channels with audiences in Turkey and abroad.
- ▶ **Homeland security group:** in partnership with security companies, this branch offers products and services specifically designed for the Turkish law enforcement agencies, such as voice analysis tools and security-related mobile applications.

and a sociologist by training.

"If you start with new technologies and creative ideas then you have a kind of opportunity balance with competitors everywhere. Because you have the idea, you have the ability to develop specific technologies for it," he says. It is not so much about the technology itself, but about how it is implemented within the firm. Only a sociologist could conjure up the hundreds of possibilities in the realm of B2B. Inspired by the way a company is organised, he keeps an eye on global market developments. Mobilera is now in talks with UK-based Enpocket to design more turnkey marketing tools. "In some products, we are the leading company worldwide," says Mr Kertmelioglu.

A hamburger chain does not create value only by maximizing its supply chains or warehousing solutions. Getting to the core idea of the business is the most intelligent way to apply new technology. Likewise, creating a community management project for 11 million Turkcell subscribers requires essentialist thinking. There is something almost zen-like in the way Mobilera translates creative ideas into a mobile environment. In a country that Mr Kertmelioglu describes as not particularly technology literate, farmers can now be seen texting each other during the wheat harvest. "GSM was the first tool that exposed people to technology and created a public awareness," he says.

From its offices just off Istanbul's main pedestrian thoroughfare, Istiklal Caddesi, Mobilera's engineering staff is busy dreaming up new applications for 3G. As the infrastructure in Turkey allows for greater bandwidth and regulatory issues are dealt with, the company will be shaping future markets by doing what it does best: challenging conventional methods of doing business. Mr Kertmelioglu is not discomfited by the idea that his technology start-up might one day turn into a strategic consultancy company or even an entertainment house. With a smile, he does not dispel rumours of an imminent IPO launch.

Mobilera has three strategic objectives for 2007. The first is to excel at providing services in the domestic market. Second is expansion into other markets and third is improving its track record in corporate governance. All these targets will facilitate the interaction with its financial partners. For the time being, Mobilera is satisfied to be an important regional player. "It is a continuous process," says Mr Kertmelioglu. ●

* The Deloitte Technology Fast 500 EMEA programme recognises technology companies that have achieved the fastest rates of annual revenue growth in Europe, the Middle East and Africa during the past five years. The program is supported by the Deloitte Technology Fast 50 initiatives, which rank high-growth technology companies by location or specifically defined geographic area.

A TECH NATION

UK: the IT edge

Britain sets out to establish itself as a global trendsetting technology nation

With its strong science base and quick uptake of technology, the United Kingdom is often perceived as a pre-eminent tech nation. The British have always been known as a nation of shopkeepers, but they are shopkeepers who like to tinker with their machines. In the 1980s, liberalisation of the regulatory framework gave the UK an early advantage over other markets. It has maintained that IT edge for more than 20 years.

Britain's shores have not seen the exodus of research and development to countries like India or China that was predicted a few years ago. Instead, it has kept apace thanks to its five competing mobile operators: Vodafone, O2, Orange, T-Mobile and 3. By leveraging scope and size, Vodafone has pioneered the art of taking over foreign telecom operators. Its red

emblem has become a world icon for mobile communications. Virtual networks such as Virgin, in turn, ensure that the domestic link to emerging technologies stays hot. According to Trade & Investment UK, the telecom market in the British Isles is one of Europe's largest, currently valued at \$65 billion. Close to 8,000 technology companies employ a quarter of a million people. In employment generation alone, IT ventures are a success story because indirect jobs amount to double that

amount. Mobile penetration now exceeds 100 per cent of the population, or the equivalent of 67 million handsets, and the latest record in text messaging surpassed the 30 billion mark in 2006. For 2007, the Mobile Data Association (MDA) has forecast another breakthrough: a total of 36.5 billion SMS, a figure amounting to 100 million messages per day.

The question is whether the UK has the potential to establish itself as one of the world's trendsetting technology nations, much like South Korea has managed. To do so, the government has encouraged innovation in areas like broadband by dropping the fiscal pressure. There are 8 million broadband users in the UK and according to industry reports, the

number is growing by 70,000 per week. British Telecom holds 25 per cent of the market in high-speed Internet access, while cable companies such as Telewest and NTL hold 28 per cent. Companies who lease wholesale lines from BT have another 47 per cent of broadband. For William Touche, a technology partner at Deloitte, tinkering with

the regulatory framework to make it more competitive will be key. "All stakeholders involved in the sector—the government, academic institutions, commercial companies and finance firms—must work together to ensure that we capitalise on the next wave of technological advances now that the IT sector is maturing and consolidating fast," says Mr Touche. Profitable IT ventures that deliver revenues sourced from intellectual property will keep the sector sharp at the edge.



PHOTO: VODAFONE

David Beckham, the UK's foremost trendsetter, starred in a Vodafone campaign.

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