

**Study on :**

**NEW ERA OF TELECOMMUNICATION BUSINESS IN INDONESIA, 2009  
(In the middle of the rapid growth of Wireless Broadband technology)**

**August 2009**

Telecommunication business, especially cellular is rapidly growing. For example, until the end of 2008, the cellular users from 11 telecommunication operators, either GSM or CDMA network, was predicted to reach more than 151.8 million subscribers or far exceeding the customer of fixed telephone line. Therefore, the penetration level of domestic cellular has reached about 69%.

Entering the year of 2009, to obtain the number of customers, all telecommunication operators are promoting tariff decrease. The trend of tariff decrease has been carried out since 2008, related to the technology development, which encouraged the decrease of investment per subscriber. According to the report of Deutsche Bank, currently, the cellular phone tariff in Indonesia is the cheapest in Asia, which is US\$ 0.015 per minute. With the condition, which all operators have imposed very cheap and relatively the same tariff, so the telecommunication business competition in 2009 would prioritize in the service quality that focused on the increasing capacity and quality of network, and the customer service.

Currently, in the middle of the decreasing tariff, there was a shifting of telecommunication service utilization pattern by the users, from the voice service that needed narrowband to the broadband, which is for data communication including internet and multimedia. While the public telephone network (PSTN) started to convergence with the global internet network.

To anticipate this shifting, the government through the Directorate General of Post and Telecommunication is preparing the selection of telecommunication operator of broadband wireless access (BWA) at the radio frequency band of 2.3 GHz. The purpose of this policy is to arrange and utilize the radio frequency for the purpose of BWA service and also to increase the telecommunication penetration level, as well as the service spread evenly in all areas of Indonesia. Beside that, to encourage the availability of reasonable tariff internet access, encourage the opportunity of the telecommunication manufacturing industry development, which would open the opportunity of the development of Worldwide Interoperability for Microwave Access (WiMax) technology, application and content to encourage the optimizing and efficiency of radio frequency spectrum utilization.

Until now, according to its type of technology, there are five broadband operators, which implement the 3G technology with total users of more than 9 million, followed by the customers of asymmetric digital subscriber line (ADSL) and hybrid fiber coaxial (HFC). While in the competition of BWA technology users, there are some existing broadband operators,

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which are using the frequency band of 2.5 GHz, 3.3 GHz, 3.5 GHz, 5.8 GHz, and 10.5 GHz. In other words, the broadband operation was not limited to fixed line (cable/FO) and cellular, but also on the Fixed Broadband Wireless Access (BWA), which has already customers, either for data communication or internet. While the broadband operator with fiber to the home (FTTH) technology or metro Ethernet is more than five operators. However, as a whole, total broadband subscriber was relatively small compared to the cellular customer.

As there is a plan of tender for broadband wireless access frequency, there are some companies that have developed WiMax, such as PT Solusindo Kreasi Pratama (Technology Research Group - TRG) has cooperated with the foreign technology company, Tranzeo Wireless Technologies Incorporation from Canada. Both companies developed WiMax equipment with the standard of 802.16d at frequency spectrum of 2.3 GHz and 3.3 GHz.

In this study, the discussion covers the development of cellular telecommunication business and telecommunication equipment industry. Beside that, this study is equipped with the telecommunication operator profiles, including data communication, policies in the telecommunication sector and roadmap of satellite infrastructure in Indonesia.

We expected that this study would be useful for the business circle, especially the decision makers in the telecommunication sector, and the business circle involved directly or indirectly with the telecommunication industry, such as banking, insurance and contractor services. Beside that, this study would be useful for the investors or investor applicant that would cooperate with the companies that are currently active in the telecommunication business in Indonesia.

This study report is prepared for about 800 pages with the price of Rp 5,500,000 (Five million five hundred thousand rupiah) per two volumes for the Indonesian version, and US\$ 850 (Eight hundred and fifty US Dollar) per two volumes for the English version. To order and further information about this study, please contact PT Media Data Indonesia by telephone number (021) 809 3140, 809 6071, and facsimile (021) 809 6071, Mobile : 0852 1706 1945 (Mansur S) by filling the attached form. For overseas or outside Jakarta order, additional delivery fee would be charged. Thank you for your kind attention.

Jakarta, August 2009

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- Minister of Communication and Informatics Decree No. 05/Kep/M.Kominfo/01/2009 about the determination of radio frequency block band and wireless broadband zone in the radio frequency band of 3.3 GHz for the user of existing radio frequency band for the purpose of wireless broadband service
- Minister of Communication and Informatics Regulation No. 07/Per/M.Kominfo/01/2009 about arranging the radio frequency band for the purpose of wireless broadband service and its attachments
- Minister of Communication and Informatics Regulation No. 08/Per/M.Kominfo/01/2009 about the determination of radio frequency band for the purpose of wireless broadband service on the radio frequency band of 2.3 GHz
- Minister of Communication and Informatics Regulation No. 09/Per/M.Kominfo/01/2009 about the determination of radio frequency band for the purpose of wireless broadband service on the radio frequency band of 3.3 GHz and Migration of existing radio frequency user for the purpose of wireless broadband service from radio frequency band of 3.4 – 3.6 GHz to radio frequency band of 3.3. GHz

- Republic of Indonesia Government Regulation No. 7 year 2009 about Type and Tariff on Non Tax Nation's Revenue type (PNBP), which is valid for the Department of Communication and Informatics
- Joint Regulation of Minister of Domestic Affairs No. 18/2009, Minister of Public Works No. 07/PRT/2009, Minister of Communication and Informatics No. 19/Per/M.Kominfo/03/2009, and Head of BKPM No. 3/P/2009 about Guidance of development and joint utilization of telecommunication towers
- Minister of Communication and Informatics Decree No. 114/Kep/M.Kominfo/04/2009 about Changes on Minister of Communication and Informatics Decree No. 04 /KCP/M.Kominfo/01/2009 about business opportunity of Local Fixed Network Provider based on Switched Package using Radio Frequency Band of 2.3 GHz for the purpose of Wireless Broadband Service
- Director General of Post and telecommunication Regulation No. 94/Dirjen/2008 about technical requirement of telecommunication tools and equipment of Subscriber Station Broadband Wireless Access (BWA) Nomadic on the frequency band of 2.3 GHz
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