
Positive News in Fixed-Line Sector as Arminco Prepares to Launch Svc

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Momentum is building for competition in Armenia's fixed-line sphere.

Armenian internet service provider (ISP) Arminco has indicated that it is ready to begin offering fixed-line communications services by the end of May 2009, reports ARKA. Company director Andranik Alexanyan has indicated that technical preparation has been completed and that services will be rendered as soon as interconnection issues have been settled with incumbent Armentel. Alexanyan pointed out that Arminco was able to prepare for entry into the fixed-line market as it had anticipated receiving number capacity for the last year.

IHS Global Insight Perspective

Significance

Arminco has followed Cornet in indicating that it has plans in place for the imminent launch of fixed-line communication services.

Implications

Arminco is one of eight operators to have recently been granted numbering capacity and codes for the provision of services. This is likely to be positive for the sector, particularly for subscribers.

Outlook

The fresh competition is bad news for Armentel in terms of subscriber share, but it will nevertheless benefit from interconnection fees as each of the eight alternatives will be connected to its network.

Outlook and Implications

Increased Competition Beneficial for Fixed-Line Sector: Arminco was one of eight operators to receive number capacity and a public network code, facilitating the provision of fixed-line services, from the national Public Services Regulatory Commission (PSRC) on 25 February (see Armenia: 26 February 2009:). The other operators were iCON Communications, Comstar unit Cornet-AM, Bionet, Complex Dzoraghbyur, Hi-Tech Gateway, Inc, Softlink, Web and Comstar unit Cornet, which last week indicated that it also has plans to launch fixed-line services in the coming months (see Armenia: 6 March 2009:). The entrance of these operators is likely to be positive for the fixed-line sector, with subscribers obviously in line to benefit from the reduced pricing that competition naturally brings. Fixed-line subscriber growth has been modest in recent years, with penetration only just over 20% and subscribers leaning towards mobile telephony for voice services. While IHS Global Insight does not expect fixed-line telephony to now become the main mode of voice telephony, the increased competition ought to stimulate notable uptake in 2009.

Arminco to Draw on Established Internet Subscriber Base: Arminco has been offering internet services since 1992 and currently provides speeds of up to 1 Gbps along a fibre-optic network, as well as xDSL, Wi-Fi and dial-up services. It has not yet specified its pricing policy for fixed-line communication services, but anticipates that it will be able to offer both fixed-line and mobile calls domestically and internationally, and is also optimistic that its existing base of internet subscribers will help it to establish itself quickly in the fixed-line market.

Armentel Faces Competition But Will Benefit from Interconnection: The news is less positive for Armentel, with eight different competitors looking to churn its customers. In October 2007, Armentel renounced its monopoly of various telephony spheres, including the local, intercity and telephony markets, the leased-line market, the international transit and satellite services market, the public mobile communication market, the IP telephony market, and the broadband video-transmission services market. Since then, it has retained a de facto monopoly of the fixed-line sphere. It now appears that this is to finally end, given the imminent deadlines for service launches suggested by Arminco and Cornet. However, as the networks of each of the eight operators will be connected to that of Armentel, the operator stands to benefit from interconnection fees, serving as a reminder that it still dominates fixed-line infrastructure in the company.
