M3, Mobitelâ€™S Next Frontier In Communication

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Suren J Amarasekera, CEO of Sri Lanka Telecom Mobitel, speaks extensively to Keith Bernard about the launch of their revolutionary service under the brand M3, the company’s Super 3.5G service as well as their flagship experience centre, in an effort to take on the realm of the third
generation mobile experience to the masses.

Prior to assuming his role as the Chief Executive Officer of Mobitel in June 2005, Suren Amarasekera had acquired over 13 years experience working for Singapore Telecommunications (SingTel) initially in Sri Lanka and subsequently at its head office in

Singapore. While with SingTel, he was the first Sri Lankan to have been entrusted by the company with the position as head of its operations overseas with board member status.

A past student of Royal College, Colombo, he obtained his Master of Business Administration from the University of Chicago, Graduate School of Business, USA, and Master of Science and Bachelor of Science in Computer Systems Engineering from Syracuse University, USA.

“We can play an integral role in internet, enabling the country, as a whole.”

The latest at Mobitel is the launch of its M3. How would you explain the M3 and why do you think it is special?

Before I proceed to elaborate on our expansion programme, I wish to record my deep appreciation of the support and guidance I have always received from the Chairman and the Board of Directors. My Board has always been proactive and pragmatic.
M3 is the sub-brand for our third generation mobile services. We are excited about it because of the opportunity it presents to exceed expectations of a growing market. We have come to this realisation based on market study and insights gained from trials carried out over a period longer than a year, commencing in August 2006. If you look at the evolution of mobile telephony, the first generation was analogue and the like, the second generation was GSM, which subsequently moved to 2.5 G, with GPRS and EDGE. The third generation is driven by WCDMA technology, and 3.5G HSPA, a faster variant.

The voice communication did not change much between the first, second, and third generations, but with the transition from the second to the third generation, the data speeds increased at a phenomenal rate; with GPRS, data speed hovered around tens of kilobits per second, but with 3G, speeds increased to 384 kilobits per second. With the transfer to 3.5G, data speeds have soared to 7.2 Megabits per second on the downlink, and 1.98 Megabits per second on the uplink. That, you will agree, puts 3.5G in an altogether different league. What is more, super 3.5G has the capability to further enhance downlink and uplink speeds up to 14.4 Megabits per second and 5 Megabits per second, respectively.
Over the last decade, mobility has been augmented with high-speed data rendering voice communication, by itself, incomplete. We are fast entering an ICT dependent world in which people will embrace the internet, lest they may find themselves disconnected. In such an environment, data become more important than voice, and that is why we believe M3 has brought to bear something very significant.
During our trials, we found people referring to the internet repeatedly. Many expressed a desire for broadband or high-speed access to the internet, and to have it on the move-the

ability to get connected from two or more locations; for example, their home, their work place and a third place such as a place they study, a place they frequent or a holiday retreat. They want mobility as well as connectivity.
We looked at all this and understood that 3G in its basic form would not be sufficient, and that was when we actually launched our service: Super 3.5G. We are proud to be the first and only operator to do this in South Asia.

"We don't merely cover geography; we cover the populated geography."

Is it fair to infer that the main difference between 3G and 3.5G is speed?

Yes, similar to 2G and 2.5G, where the former is simply the GSM standard, whereas the latter allows GPRS and EDGE, 3G is UMTS standard with speeds of 384 kilobits per second, whereas 3.5G actually gives you High Speed Packet Access (HSPA), providing faster downlink as well as uplink speeds. So you are absolutely right.

And technically there should be a noticeable difference in speed between 3G and 3.5G?

Absolutely. Just when people thought the bubble burst, and the internet had hit a rocky road, the internet evolved itself into a new phase. Websites like YouTube and Facebook influenced social networking, or the user-generated content as well as video streaming. And this has led to about a 30% global growth in taking up of bandwidth to access the internet. The internet, in its present form, is much different from what it used to be at the turn of the millennium. Back then, people looked at the internet as if it were a catalogue to access information, but now, people want to see user generated content in a very different form – it should be in a form, built to convey a very uncensored version of whatever the person desires to communicate – hence video has become a de facto standard when looking at the internet. However, when trying to access some of the content, especially during peak hours of the day, at times, there could be a huge build up of frustration due to the inability to experience the full impact of the video streaming. And that is where I believe higher speeds will prove effective and productive.
In Sri Lanka it is rare to find frequent internet users connecting to the Web via mobile telephone. Do you think you could influence change?
As the national mobile telecom services provider, what we are looking at is the penetration level of mobile telephony in Sri Lanka, which has reached a level that is pre-eminent in the region. We have around 40% to 42% penetration. But if you look at our broadband penetration, it is far below 1%. Coupled with mobility, we can play an integral role in internet, enabling the country, as a whole. The mobile solution is the best-suited vehicle to

take internet to the rural areas of the country, and we want to unleash the full potential that Super 3.5G will bring to bear and offer it to the common man at an affordable price.

And will your network assure stable connections?

Of course that is coverage dependant, and our coverage is quite extensive. We don't merely cover geography; we cover the populated geography. So, as long as it is a populated area, our coverage would be good and stable.

You say you have invested over US$ 200 mn in developing your latest Super 3.5G services. Is that investment entirely to finance 3.5G technology?

When we look at our entire investment, we look at it from a customer centric point of view. Technology is an enabler, but our customer may not understand the significance of 3.5G as opposed to a 2.5G. So, it is in our interest to ensure that the investment made by us would help transform the service and add value to it in an innovative manner in the eyes of the consumer, user, or customer. Our investments have, therefore, helped to develop the coverage, capacity-handling capability, and to deliver to our customer the benefit of the up-to-date technology, so that they may enjoy the full potential of our service.

From a cost perspective, how cheap or expensive is it to use 3.5G services as opposed to standard fixed line service for broadband connectivity?

The broadband market has two distinct segments: one is the fixed and there is nothing that will serve that segment better than the fixed broadband and fixed lease line based solutions. We do not have any intention to penetrate into that area. We come into play when high-speed data accessories need to be coupled with mobility. In the absence of mobility, we will only serve to fill in a temporary vacuum, and that we do not believe as a sustainable proposition. For a person using a specific application from a specific location, use of fixed broadband may be a better option.

If so, is it fair to assume that your primary target is the individual rather than the corporate?

The corporate is an entity and encompasses a group or a collection of individuals. The corporate should therefore be viewed with the individual flavour in mind, because each constituent of the corporate has a home, a family, and most important, children who may need to access the internet. The corporate in its conventional form may not be our primary target, unless it promotes working from home or from the field. There is an emerging trend among companies to promote 'telecommuting,' where executives gain full access to corporate resources on their Laptops equipped with broadband connections, which they have found to be both productive and cost effective. This gives us an exciting opportunity to engage with corporate customers and explore areas of mutual benefit in the relevant fields of activity.

Do you see higher usage of 3G technology by business and corporate executives in the future, and if so, what do you think their main use of 3G will be?

Corporate or the high net-worth individuals today are not necessarily influenced by technology alone or peer group pressure. Earlier, the IT manager or the communications manager in the firm would advise important executives as to which technology, which handset they should go for, but, today, it has changed quite significantly, and the young children influence their parents who may be CEOs, or in the top management or other corporates, as well as high net-worth individuals.
With 3.5G, we have positioned the entire service offer around catering to those influences. We have positioned the service offer around 'infotainment' in order to target the new influences that actually have a lot to do with things that are adopted by the corporate world and high net-worth individuals.

"If you look around the world, it is unlikely for anyone to launch two networks within a short span of three to four years, but we have actually done it with success. "

Your M3 flagship centre is designed around an ambience that gives a feeling of convenience and sophistication. The hard reality though is that the high yield customer may not personally visit the facility. In this backdrop, how do you justify the investment in this M3 flagship centre that is likely to be frequented by customers who may not have the disposable income to realise the full service offerings at these centres?

There are two aspects to this. We have 3.5G as a network service, which offers a distinct capability and service at the network level. If you look at our flagship centre, it is a place that we have actually developed coinciding with the launch of our M3 so that our customers, as well as potential customers, can visit and experience the services we offer. So these are two distinctly different elements. One is the flagship store and the other is the 3.5G services at the network level.
We have carried out some strategic surveys and gained insights, which have helped us to improve our network to be in line with the service demanded. Many, be it the youth or young executives, have aspirations. One of their immediate and important aspirations is to subscribe to a very good mobile service and acquire a sophisticated mobile phone. It is not

that we are expecting people to make a paradigm shift, but it is already there. If you ask an average youth how he would spend a spare Rs 100, typically, he would reply that he chooses to spend Rs 50 on a top up, as opposed to consuming traditional FMCG type goods. Therefore, I see that communication in every sense of the word, has become an integral element of everyone's life. And it is increasingly becoming a dual income environment that we live in, and most things are being handled through means of communication. When you depend on communication, people want to be contactable -no matter where they are and in the most convenient way.
Handset manufacturers have also done very well to bring down the entry level of 3G phones. At our flagship store, there are phones priced as low as Rs 16,500 that have 3G capability. When the terminal equipment suppliers and service operators are able to match the customer aspirations, the resulting fusion causes the adoption of the services. We believe that it is happening.

So M3 also has the capacity to influence lifestyle adoptions further to catering to voice communication?

Voice communication is a common denominator through the first, second, and third generations, and increasingly, what happens is that the cost of voice communication with the later generation becomes cheaper. It is a bonus, if people adopt it for high-speed data access, where they access it for video streaming services, and the like. But having said that, even if the user just continues to use the voice services, the voice services in themselves are cheaper for the operator to provide over 3G and 3.5G. So from a cost standpoint, as long as the customer has a 3G handset, its cheaper for an operator to serve a customer, irrespective of whether it is for voice, data or video. Then, if you look at some of the transitions that we have seen in the internet world, it has gravitated towards video.
So it is evident that the trend today is to move with the tide than do otherwise as the lifestyle demands that the service provider should align itself as the trendsetter, in order to gain momentum and sustainability. What the 3.5G does better than 3G or anything earlier than that is, it empowers one if he or she so wishes, to access the internet and maybe video streaming services, for him or her to have a very pleasant experience.
So you are absolutely right. This is an evolving lifestyle but having said that, that is not something that we are making happen. It is already happening: The lifestyles are changing and it is becoming increasingly a very customer centric proposition, where people will be able to select from an array of benefits the ones that ideally suit them, and be able to adopt the ones that make sense to them. We believe that we have an entire plethora of service offerings, which our customers would stand to benefit from.

If lifestyle adoption will naturally follow developments in technology and

aspirations, why invest in an M3 flagship centre that may anyway not be frequented by high-yielding mobile phone users?

They don't have to. As I have said before, we have one flagship centre here, and that is for us to be able to demonstrate our services. If you look at the way we launched our M3 services, we actually launched it overnight, by enabling all of our prepaid and postpaid connections to be auto M3 enabled. That means all they have to do is to transfer their SIMs to 3G capable handsets, or if they are already equipped with 3G capable handsets, they could enjoy those services without any hassle. We don't expect anybody to walk into our flagship centre to enjoy our services, but it helps to showcase our products and services for the benefit of the customer. The M3 centre is therefore only an extension of the services, and helps to demonstrate our capabilities and an array of services available to the customer.

"Our early launch of HSPA speaks very well for the country."

Your superior technology coupled with mobility is only as good as your network coverage. What is your 3.5G service coverage at present?

You are absolutely right. From our trial focus group surveys, as I already shared with you, we learnt that people desired very good broadband access, with a semblance of mobility from at least three different locations. Based on these findings, before launching our M3 services on December 5, 2007, we made sure that we had at least 60% of the population covered. That meant enabling about 70% of our current GSM coverage with M3 services. We now have extensive coverage.

Picking your thoughts based on the general developments as you explained as regards to changing aspirations, if the evolving trend is towards 3G plus, why then are most smart phones still not enabled with 3G or 3.5G capability?

You actually have to take a closer look at the manufacturers of those phones you are referring to. If you are talking about manufacturers who are primarily addressing a North American market, these phones may not have 3G functionality because in that market 3G or 3.5G is not available as in Europe and Asia. But if you look at smart phone manufacturers who serve the European and Asian markets, they will all have at least one line of products that offer 3G capability. If you look at the latest phones by Nokia, Sony Ericsson, Motorola, HTC, Samsung, LG – all of those are available at our centres.

"Securing the leading position in 3G would pave the way for leadership in a future generic mobile market."

Sure, European mobile handset manufacturers dominate the handset market, but in the present ICT environment, broadband becomes very relevant and North America cannot be ignored. With developments in IT, BPO activity and entertainment, North America should ideally embrace 3G and 3.5G, but they do not. Do you have a view that you would like to share?

North America played a key role in introducing mobile telephony to the world. They were the inventors of the mobile telephony revolution. But thereafter, the unification of Europe made Europe the epicentre of communication based on need. So while the Americans were developing cellular technology as a product of research, cellular technology became a product by necessity in Europe as unification created the need for seamless communications. During the late eighties, Europe was preparing for unification and they had some fundamental requirements at that time: They wanted cross-border communication and that resulted in roaming. They also wanted security, because with the first generation you could actually eavesdrop by tuning into calls. That problem was overcome through very good encryption. This was the time the internet and e-mail were gaining widespread adoption in the US, and the Europeans knew that if they could come up with a user-friendly version of the e-mail on the mobile phone, they would actually stand to benefit – that saw the birth of SMS. That is how GSM came into being and was widely deployed in Europe and Asia. 3G was a natural evolution of GSM, and the beauty of 3G and GSM is that, for example, if you are using a 3G service, say our M3 service, and when you move beyond an M3 service area, you will automatically be handed over to the GSM service. All 3G handsets are GSM capable, so there is backward compatibility from 3G or 3.5G to GSM.

Mobitel I believe, was the second mobile operator in Sri Lanka. After an aggressive initial phase, the company settled into a quiet second phase and in the last three years, shifted once again to overdrive. How would you describe the pattern of growth of Mobitel since its inception up to now?

I have been with Mobitel for two and a half years. You are right; Mobitel has actually traversed a winding course to reach where it stands today. If you look at how Mobitel came into being, it was as a Build, Operate, and Transfer (BOT) arrangement between Telstra of Australia and Sri Lanka Telecom. Thereon, they moved from a BOT to a joint venture where 60% of the ownership was with Telstra and 40% with SLT. It was only in October 2002 that SLT finally bought the entire equity stake in the company.
If you look at the first 10 years from a technological perspective, Mobitel has failed to adopt the right technology at the right time. Fortunately with the complete acquisition by SLT, the company realised that the only way to make a formidable return and cause an impact, was by adopting GSM. Accordingly, GSM services were commercially launched by Mobitel in

January 2004. However, we were operating AMPS and DAMPS, even as late as June 2005 when I came on board. We then had to plan for phasing out the AMPS networks, while in parallel building our GSM service coverage and migrating users from AMPS to GSM, which we successfully accomplished by December 2006.
In comparison to the market leader in Sri Lanka, we were at least 10 years late into GSM, and in Sri Lanka, and in the absence of number portability, the first mover had a significant advantage because the number gets locked to the operator. These were some of the issues that we had to grapple with, and with my assumption of duties as the CEO, I had the privilege of having a very committed and passionate team at Mobitel, in formulating a strategy positioned around value innovation and customer centricity. That has been something that we have always tried to achieve. With the support and guidance I have always received from the Board of Directors and SLT, we have actually gone into, as you coined it, an overdrive mode, because we are positioning ourselves to take a lead role in third generation mobility. Since we were ten years behind with GSM, we want to leapfrog into the third generation, and build our position thereon.

It could be argued that uninterrupted ownership and continuity of a visionary CEO over a long period of time have been perhaps two contributing reasons to the success of the market leader. Would you agree?

That's a fine observation. If I am to articulate the success of the market leader, I would also like to focus on the two aspects that you mentioned, and on yet another. Obviously they have had very good shareholder commitment, through good and bad times. Secondly, they have a strong management team under their visionary CEO, who has been able to plan and execute on time. But they also had a third element, a pillar behind their success, and that is adopting GSM at the time they did. If you look at their success, they didn't achieve it overnight just because they launched GSM. It took them a long time, maybe five years. Thereafter, when the handset price of the GSM came down and they had spread their coverage, they were able to harness their full potential. Those, in my opinion, are in fact, the three pillars of success.

If you look at some of the others, leaving Mobitel aside, the operator who pioneered cellular telephony in this market, who educated the entire public about what cellular technology was, and thus, became a household name, actually was thrown off-course technologically, and met its fate for reasons similar to what we are presently grappling with. Maybe, the investment in the first generation was quite significant and therefore going from the first generation to second generation, there was a prolonged procrastination. Also, it just goes to show that in an industry like ours, technology has a huge impact. If you look at the

fundamental difference between the first and the second generation, and from second to third, the first generation was mainly a standard that developed from North America. Generally, when you move to GSM, the GSM phone could not hand over to a first generation. These were two absolutely separate networks and incompatible standards. The advantage we have in moving from GSM to 3G is that there is backward compatibility.
So, technology is an important and integral element in our investment decisions as well as going after the market. With our recent introduction of M3, I firmly believe that Mobitel as a company is now well positioned to unleash the true potential of mobile ICT and seize any market opportunities that will unfold. Fundamentally, we have a very good distribution system around the country. We have as our strategic distribution partner, Singer, who have a fantastic distribution network and they too, like us, have a similar vision around a value – Our tag line is 'We Care. Always.' And Singer's is 'Trusted Excellence.'

"A vision must be one that has credibility in terms of being achievable. "

How have the strategic decisions taken in the recent years affected your top and bottom lines?

Phenomenal. SLT acquired Mobitel in 2002, and this year, we will be, for the first time, recording a full profit despite having launched a brand new state of the art Super 3.5G network. Generally, if you look around the world, it is unlikely for anyone to launch two networks within a short span of three to four years, but we have actually done it with success. We launched GSM service in January 2004 and the Super 3.5G service in December 2007. That is quite an achievement for the team at Mobitel.

Now that the technology standard of all operators in the country is similar, what is the value proposition that you offer to the customer?

In our orientation, the customer is central in all that we do. Be it in our selection of technology, price, packaging, distribution, all elements are designed around the customer. We believe that we understand the customer insights quite well and we want to respond to those as best as we know. We want to be very sincere in our engagement for we believe that being the national mobile service provider makes it a little more difficult and gives us a much more responsible role. As the national mobile service provider, we strive to reach all people in all places. In the last three years, we have increased our subscriber base appreciably to reach 1.4 million at the end of 2007.
We require huge investments to grow our capacity. The market leader has grown steadily over an extended period of time, about 13 years, whereas we are trying to reach comparable levels in terms of new customer additions in a span of four years. There will always be a

healthy balance that we will have to manage. We believe that the market and the demand for our services are readily available and for us to actually pursue that will not be very difficult.

With several operators in a limited market, do you think there is more space for current and new operators to survive and grow?

Our industry is in hyper competition. I am very glad that Mobitel has been able to play a very significant role in making mobile communication affordable to all citizens of the country rather than choosing to go after a certain segment or a niche. And in that sense, when we look at our competitors and their respective partners that we are up against, the competition is intense. You have Millicom, Telecom Malaysia, Hutch, and, perhaps soon, Airtel.
We will continuously reinvent our value proposition. We cannot fix ourselves to a single value proposition, because someone else can come up with something tomorrow that could make that proposition redundant. From a customer's point of view, the competition will be beneficial. From a stakeholder standpoint, we have to always respond and manage the market in a win-win fashion.

What is your present GSM coverage?

We cover approximately 85% of the population as we speak, and maybe in the next few months, we would move to cover around 90% of the population. Obviously, we are waiting for the Northern and the Eastern Provinces to open up. In terms of geography, our coverage is about 60-65%, but in terms of population, we are reaching 90%. We will continue to not only increase our coverage, but also to increase the quality of the coverage. What I mean by that is, sometimes, when you enter a building, the coverage may not be as good as it was when you were outside the building. This is due to the propagation characteristics. We will want to improve both.

You mentioned number portability earlier. Why is number portability not possible in Sri Lanka?

Number portability is very important to uphold customer interest because it facilitates customers to choose or switch operators. Obviously, we support and will welcome number portability. We've already had several rounds of talks with the regulator.

As much as the mobile customer you also will benefit from number portability, but is there even the slightest chance of it happening any time in the future?

We would like it to, but, generally, number portability is not favoured by the market leader, hence, it will take a lot of lobbying for number portability to be exercised. As for us, we will stand to benefit immensely.

The streets are full of hoardings and all print and electronic media are used by mobile service providers to inundate the market with advertising that has reached a level of confusion. How would you explain the advertising extravagance by the operators?

The industry is in a mode of hyper competition and there is a lot of sales related activity happening across the nation. If you look at the level of activity, then relativity becomes very important. Top of mind recall and reassuring existing customers are of paramount importance, because for a person who is not an existing customer, then, when the sales activation is happening at the ground level, he/she will go for the one that is actually at the top of their mind.
It is important having that top of mind recall. Existing Mobitel users will be inundated with promotions from other service providers as opposed to ours. We have to therefore reassure our customers. All of this is a necessary evil, like with life insurance, where you actually have to look at retaining top of mind recall for your brand, to the extent to which the customer is attracted and loyal to you. In this industry, an aura has to be created around the brand.

“If you look at Mobitel advertisement, we pride our selves in being honest and straightforward in our communication.”

To address the comment you made about confusion, if you look at the Mobitel advertisements, we pride ourselves in being honest and straightforward in our communication. We choose not to misguide the customer in that they adopt the service and find that it is not exactly what they had expected. We prefer to be honourable and professional as the national mobile service provider and value our integrity above all.

“We practice CSR without expecting recognition, and projects that usually do not catch the public eye have often been our choice of CSR.”

The prepaid market is what all operators love and are after. How much of the prepaid market has Mobitel got?

Mobitel had been a postpaid player traditionally. When we confronted issues surrounding

postpaid, especially issues such as customer defaulting or having to disconnect lines when reaching credit limits, we came to realise that we were going against the grain of customer centricity. We also saw that trying to grow our market share, merely with postpaid and with a half-hearted approach on prepaid, would be futile. So in March 2006, we embarked on a massive campaign to move into prepaid, and we launched SMART5.
Recently, I have seen an article by the CMO of the market leader in the Sunday Times, in which he stated as doing 10,000 connections a month. I think that was a typo, he probably meant 100,000 connections a month, just about the number of connections we do ourselves. I think we stand shoulder to shoulder with any operator, and that is because we have a formidable emphasis on our prepaid line of business, while catering to the sophisticated upwardly mobile needs of the postpaid segment.

How much strength in terms financial backing and technology do you draw from SLT?

Immense. If you look at the telecommunications development in Sri Lanka, SLT has always featured, though in different shapes and forms throughout its long existence. SLT has great capability and an unparalleled reputation in the mind of the corporate and individual customer alike. We benefit from knowledge transfer and from augmenting our brand with their name. In late 2005, we changed the Mobitel brand to include Sri Lanka Telecom. Amongst the suburban and rural folk, SLT has very high brand equity and probably is the most trusted, and that lends huge strength to us.
We have access to their facilities, and in terms of branch presence, we are present through almost all of the RTO offices, teleshops, etc., and so I believe that we have great synergy. SLT is financially strong and stable, and that is one of the main reasons that we have been able to undertake a formidable charge towards adopting 3.5G so soon.

That said, you run your marketing campaigns independently and are not seen pooling resources in cross product development. Any reason for that?

It depends on what works best. To the extent that we look after our accounts, we are strictly a standalone subsidiary. There is no cross-subsidy between the group, it is all at arms length, which is very good from the stakeholder’s point of view. By virtue of the terms of our operator licence, we have to in any case remain independent. We respect and adhere to the terms of our licence, to the extent intertwined marketing communications will not be a violation. We will pursue such communications if there is a need.
If you look at the endeavour like becoming the first in South Asia to launch Super 3.5G, and be among the top ten networks in the world to deploy HSPA, such an endeavour cannot be pursued without a very strong, financially stable parent and we had the fortune of having

that in SLT.
Our early launch of HSPA speaks very well for the country. No operator within the SAARC region offers HSPA – Mobitel in Sri Lanka is the first. A group of people who actually own the patents around WCDMA Qualcom said to me recently that a high point of a discussion at a telecom summit in India was Mobitel and how we had launched HSPA. It has been reported that the Ministry of Telecommunication in India had in fact been warned that the failure to act promptly may result in India losing their formidable status in mobile communications to Sri Lanka.

Given the relatively small market size of Sri Lanka, what advantage do you think Mobitel may gain from an early adoption of HSPA besides the top ten operators in the world?

It gives a semblance of future proofing our investment because from 3G to migrate to 3.5G, there will be another substantial incremental investment. We have taken the best decision from a point of project viability. The data speeds are synonymous with developments in accessing the internet. The faster the speed of access, the more future-proofed your investment is. One of the main attributes that analysts would derive from it is that your network can last a test of yielding good returns. Secondly, it gives our entire vision credibility that we are indeed positioning ourselves to take a lead position in third generation mobile communications.

Mobile users felt let down because they think the operators didn't do enough to protect them from the recent government levies on mobile usage. Do you believe mobile operators in Sri Lanka act responsibly towards their customers?

Absolutely. Operators do their best to bring about benefits to the customer. At Mobitel, this is what we pride ourselves on. Let me give you some specifics. On September 26, the Mobile Subscriber Levy (MSL) was enhanced from 2.5% to 10%. On October 7, we at Mobitel brought down our prices by 60%. We were earlier having our Mobitel to Mobitel at Rs 5; we brought it down to Rs 2. Why? Because we wanted the customer not to be overly burdened, and like I said, we looked at all the citizens and we wanted them to be in a position to enjoy the service in a cost effective manner. We actually negated the impact that it would have had by introducing the Mobitel to Mobitel at as low as Rs 2 during peak or business hours. Now, in order for us to convey the benefits of 3G, we have actually brought the video call charges from Mobitel to Mobitel down to 50 cents. If you aren't capable of video conferencing and video streaming, how good is a top end phone? You might have the best SMART phone and you may show it off to someone, and that person may just pull up a phone and make a video call and ask you 'can you do that?'

May I ask you what is your vision for Mobitel?

Our vision has always been to become a market leader. It is in line with that vision that we took a leap into the domain of third generation mobile with the launching of Super 3.5G ahead of all other operators in South Asia. In that 3G realm, we want to be the market leader and M3 is the first move. We believe, a vision must be one that has credibility in terms of being achievable.

So you have resigned to the belief that lead position in the generic mobile market is beyond your grasp?

Let us look at it this way. Having found our way with GSM ten years later, it will be difficult for us to be a market leader in the present mobile communications arena, dominated by GSM. But, with the widespread adoption of 3G as the emerging standard by leading mobile operators, it will only be a matter of time before the GSM services are phased out. Therefore, securing the leading position in 3G would pave the way for leadership in a future generic mobile market.

Leadership in third generation mobile is a goal very dear to our hearts and we have already made our mark. The internet penetration level in Sri Lanka is at an absolute low, but we believe that with our M3, we could influence quantum leaps in the penetration levels.

For the future, we need to have a technological element that can effectively differentiate – one which makes us stand out. To break away from the number lock-in, we need number portability, which at present is beyond our control, so to establish our hold on the market, we are recreating ourselves and are on course to making a formidable impact at the top of the pyramid while reinforcing our strong position in the rest of the pyramid.

Are you a socially responsible company, and how have you responded to the CSR call?

I am intrigued by the general observation today that CSR has been reduced to a marketing tool, which actually defies its very purpose. To me, CSR means contribution to a worthy cause by way of time and money, which you do not speak of thereafter. We do it in the true spirit of CSR for the sole benefit of the less fortunate, as opposed to the company. The communication needs of rural folk has long been neglected, hence our focus, in the past, had been centred around enabling them to have access to communication, which we consider as important to them as their birthright. We help cancer patients, the mentally-challenged, those depressed and prone to commit suicide, among others. Summing it up, we practice CSR without expecting recognition, and projects that usually do not catch the public eye have often been our choice of CSR.

It is noble that you practice CSR conscientiously as a good corporate citizen in its true spirit. Although you may choose not to make your CSR yet another marketing gimmick, don’t your customers have the right to know about their indirect contribution towards humanity and society at large?

There are two aspects to it. If we are looking at engaging our customers in CSR through customer contributions, we have to disclose it, but we have never used that route to CSR. I can quote instances where other operators have engaged their customers, but at Mobitel we don’t do that. We may invite customers to volunteer contributions towards a needy cause and that is straightforward, clear and simple.
As I see it, if we try to build CSR into our business model, some may prefer to opt out saying, ‘No, I don’t want to do that, I will do my own CSR.’ Or ‘I don’t trust you to doing a good job as what I would, so give me that discount.’

Before we close this discussion, for purposes of clarity, how would you succinctly explain M3 vis-à-vis the M3 flagship centre?

M3 is a service that is available from our base stations, our switches, our infrastructure and with the use of a 3G capable handset. The flagship centre is just one aspect of it, where people can come see and request demonstrations of 3.5G in action. What we launched is both the service and our flagship centre.
The reason we named and launched it as M3 is because it is third generation mobility. Later on, there might be other versions that come about, like 3.6 or 3.7 and we don’t have to change our brand unless it goes into fourth generation. So we felt that we should brand around M3. The specific technology that we launched for M3 is 3.5G. If you look around, most companies have done this. In Europe, there have been companies that have done it with just a numeric 3. What we want to do over the long term is to make that ‘M’ our corporate identity.

In conclusion, I would like to emphasise that the launching of M3 is not merely a branding exercise – an attempt to sugarcoat an existing suite of services. It’s a culmination of a great deal of work behind the screen – introducing a Super 3.5G HSPA network, re-organising ourselves around customer centricity, which paved the way for us in blazing a trail in the South Asian telecommunications market.