



ANALYST INSIGHT

Graeme Lowther is a managing partner with Saliency Consulting, with expertise on telecommunications commercial negotiations, leading complex projects and strategic planning. Here, he discusses trends currently taking place in the Omani market – and what they might mean for the future.

Urban fibre transformation

Oman Broadband continues to roll out FTTH connections in Muscat, and is about to release a metro network in Salalah. It will release this in October, providing all three fixed operators with access to Oman Broadband's passive FTTH fibre network.

In Muscat, Oman Broadband now provides access to nearly 250,000 households and this network is expected to double before the end of 2019.

Three licensed operators are delivering services over Oman Broadband: Awasr, Omantel and Ooredoo Oman. Awasr offers home connections up to 1GB speed. In Muscat, the consumer response to the take-up of fibre broadband is good, with nearly 70,000 homes connected to Oman Broadband's network, compared to less than a 1,000 before the launch of Oman Broadband in 2014.

Oman Broadband has also become the clearinghouse for government fibre in Oman that is presently un-utilised. Fibre installed for SCADA or telemetry applications is now being released to Oman Broadband to be sold as a wholesale product to licensed operators. This will allow Oman, on a national level, to unlock the value of a significant number of long-haul fibres.

Growth of Awasr, the new fixed operator

Since starting operations two years ago, Awasr has continued strong growth in the fibre broadband space. After winning the fastest network in Oman award from Internet speed testing company Ookla earlier this year, Awasr continues to invest heavily in providing customer service.

Omantel is rumored to be undergoing mass-migrations of some areas presently served by old DSL technology, and this would make sense as the cost of operating and maintaining a DSL copper network is greater than the Opex overhead of utilising the existing fibre network from Oman Broadband.

Ooredoo Oman continues to utilise LTE as their primary means of delivering broadband services, but this is becoming less appealing to consumers in Muscat as fibre becomes available.

Consumer price reductions

The introduction of Awasr has seen the consumer price for broadband connections drop significantly over the past two years, with very aggressive pricing from some operators and offers that effectively reduce the cost to the consumer (free months, or extra capacity offers, for example).

Average revenue per user (ARPU) in Oman remains high, but competition is creating value for the consumer, as well as driving innovation in serviced packaging and delivery. From an average cost of 30 Omani rials for a DSL connection in 2015 to a cost of 25 Omani rials for a 20MB connection, this year shows that prices have dropped and services have improved.

Rural initiatives

Oman Broadband is presently exploring means to deliver high speed broadband services to rural areas using the OPGW fibre of the electricity grid. By creating a national dense wavelength division multiplexing (DWDM) ring, Oman Broadband will be able to deliver data services through electrical substations, extending the network over areal fibres to reach rural communities. This project is still in the early stages, but the industry expects that this will not be a success without some kind of subsidy from central government. Rural fibre remain generally unviable from a cost/profit perspective.

However, combining the benefits of commercialising the OPGW fibres, establishing a towers company, and providing active capacity to rural areas, this could help Oman overcome the digital divide.

Third mobile licence back on the table

The third mobile license in Oman is again being brought back to life, with Oliver Wyman contracted to review the offering and to recommend a new structure. The new structure is likely to reduce the rollout requirements of the physical network, while relaxing some of the other conditions, such as access to national roaming. It remains to be seen, however, if this will be enough to attract a serious third operator to a market which is already saturated with more than 152% penetration, and with a terrain that makes the installation of towers and backhaul very expensive.

The Ministry of Transport and Communications is in the process of creating a tower share company that will be responsible for facilitating the sharing of radio masts as well as constructing new towers that would be required. This is seen as a significant enabler for the future transition to 5G, and perhaps will help enable the launch of a third operator.