

RUST e-RESEARCH

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Asia/Pac still shows mobile growth

Asia/Pacific remains one of the few high-growth mobile markets in the world. Apart from the vast subscriber base, much of this growth is driven by drastically reduced calling rates, declines in handset prices, and the expansion of network infrastructure in the emerging markets of India and Indonesia.

As at June 2006, India had overtaken Japan as the second largest mobile services market in Asia/Pacific in terms of subscribers, after China. In fact, with 142.7 million subscribers in 2006 and a mobile penetration rate of only 13 per cent, the market in India still remains largely untapped.

Analysis from Frost & Sullivan's *Asia Pacific Mobile Communications Outlook 2007* revealed that the market — covering 13 major Asia-Pacific economies — grew at a compound annual growth rate (CAGR) of 24 per cent between 2002 and 2006, reaching a subscriber base of 0.95 billion in 2006. At a mobile penetration rate of 30.9 per cent in 2006, the Asia/Pacific mobile subscriber base is estimated to reach 1.14 billion by end-2007, driven by the robust growth in emerging markets.

"Of the expected 190 million net subscriber additions in 2007, 90.8 per cent is likely to stem from the emerging markets," an analyst explained.

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A VIP told me

Mark Rainbird

Managing director of AWA

RUST: Many of us know the name AWA — can you give us some of the highlights from its past

RAINBIRD: The company traces its origins to 1909 when Australasian Wireless Limited [AWL] was established by Telefunken to market the new technology of wireless in this part of the world. Wireless at the time was revolutionising communications in much the same way that the Internet is now. The Telefunken and Marconi operations in Australia were merged in 1913 to form Amalgamated Wireless Australasia or AWA.

From there AWA grew into a technology conglomerate. The Australian government was a major shareholder and Billy Hughes — sometime World War I Prime Minister — was a long term director. The government link was severed when the company's telecommunications operations were nationalised after World War II to form OTC, ultimately part of Telstra.

By the late 1980s the company had gone the way of many conglomerates and had diversified into a lot of businesses where it probably did not belong. Ultimately the "old" AWA was stripped down to its gaming and wagering operations and taken over by Jupiters, which in turn was taken over by Tabcorp. In late 2004 the "new" AWA was born when it was acquired back from Tabcorp.

RUST: And AWA today?

RAINBIRD: AWA today is again an independent Australian-owned company.

In our initial 12 months we focused on transitioning all the staff, major customers, and partners and we invested in new facilities in Sydney, Melbourne, Adelaide, and Perth and recently in Brisbane. The second year AWA focused on rebuilding the customer base and in 2006 we secured a number of major new contracts.

We focus on the restoration and deployment of technology. Years ago we would have described this as break/fix, but the reality is that we are as much a logistics company as anything these days, providing asset management and reverse logistics support to our OEM vendor and industry clients.

To date all of our customers have been large blue ribbon organisations. We are, however, working on a new project. In March 2006, we acquired Telefix, a service company that focused on supporting home entertainment technologies. We are using this as the leverage to create a franchise network to provide technology services to home and small business customers.

RUST: Who are AWA's customers these days?

RAINBIRD: We focus on OEM vendor support — this is about half of our business — and also on working with industry partners to provide technical and logistics backup for outsourcing, integration, and specialist in-house requirements.

Interestingly those are the people who pay the bills. The AWA business is actually built on a multi-customer model. While we engage with our clients the reality is that the vast bulk of our activities are actually directed at their customers — the end-users of the technology.

RUST: What does the future hold for AWA?

RAINBIRD: Today's AWA team is conscious and respectful of the proud history of the company. When we established the new AWA we started with a five year plan for growth and I am happy to report that we are well ahead of our schedule.