

Innovation and efficiency in Andorra

Jaume Salvat, Director General and CEO, Andorra Telecom, talks to InterComms about the company's strategy for the future



Jaume Salvat, CEO of Andorra Telecom.

Andorran, 53 years old, was appointed CEO of Andorra Telecom in April 2006. He is a Telecommunications engineer, with 30 years in the Telecommunications Sector, with a wide experience in different Telecommunication Operators, holding Executive positions in Strategic Planning, Commercial, Network Technology, Engineering, Planning, Deployment, Operation and Maintenance. Co-founder a Telecommunications and Information Services Consulting Company, based in Barcelona, Spain, very actively involved in projects with Regional Governments, Municipalities and private Telecommunication Operators related to Strategic, Business, and Technical and Organizational aspects.

Q: Can you give me a general overview of Andorra Telecom?

A: Andorra is a very small country situated between two large countries and Andorra Telecom is completely independent from any telecom operators from outside the country. Andorra's regulatory environment is very simple. There is only one operator in Andorra but services have to be universal. By universal, I mean that the operator has to offer all services to all the population at the same price. From a policy point of view, the objective of regulation is to ensure the best possible telecommunication services at affordable prices, promoting innovation and being available to the entire population. This is the path the government is following and as a result of that, because the market is very small there is only one operator in place. In such small country, the importance of international telecommunication are extremely important. Our population is 83,000 but we receive more than ten million visitors a year. We have to manage national and international customers and so we have to do so the right way.

Q: Is the government's plan to retain total ownership of Andorra Telecom in place for the foreseeable future?

A: The strategic position for Andorra Telecom for the future has been made very clear and there are no plans to change the telecoms situation in Andorra for the next few years. We are not following the same principles as other countries that focus on creating competition. What we are doing instead, is focussing on services. Then, if competition is needed in the near future, we will see what happens, but right now our prices are good as any other operators' offerings in neighbouring countries.

Q: How is your deployment of infrastructure skewed to support the evident need to support visitors to Andorra?

A: We have to cope with both types of traffic; national and that generated by our visitors. We have to be able cope with everything and our telecoms infrastructure is defined accordingly. Andorra is a commercial country, so you can imagine the importance of international communications for our businesses. The importance of international traffic for the day to day lives of people living in Andorra and in the companies is very high, compared to neighbouring countries.

Q: Has this prompted you to establish a clear international partner to support this need?

A: We don't have a single key partner. Instead, we have tried to have the best possible agreement with our neighbours' operators which are very large – Telefonica, Orange and Vodaphone for example. We have very good relations and interconnection agreements with them and we work very well. We don't rely on them to deploy any infrastructure or services for our customers. That however, may change in the future for international customers. What we will probably try to do is to offer joint services here in Andorra for information services, transit services etc.

Q: Without domestic competition what mechanisms are used to reduce prices?

A: On the one hand we have very tight obligations because, as you can imagine, providing universal services, offering the same prices, to customers throughout Andorra is very challenging. The cost associated with connecting a building in a town versus a

house on the top of a mountain is a lot higher in the second case. We don't have direct competition, but we do have a very indirect competition. What I mean by that is that our customers are very much aware of the prices that the telecoms operators are offering in Spain and France, because we receive many of the TV channels from those countries. They see the advertising and they expect us to supply cheaper and better services. What we are trying to do is from a cost point of view, to be as efficient as possible and design the services in such a way to meet our customers' needs, which may be different from those in other countries.

Q: How do your prices compare?

A: A call to a mobile for example is roughly the same prices, sometimes a little lower. It is however, very difficult to compare because we are very much pushing the idea of bundled services. In broadband we are offering fibre to the home with a 100Mbps symmetrical connection, plus local calls and some international calls for €49Euro per month, including all possible fees for the customer. We are offering the same price for ADSL.

Q: What are the additional services you are offering?

A: We have something like 45,000 telephone subscribers, 70,000 mobile users, 20,000 ADSL connections and the full range of services that other operators offer. Andorra Telecom is also the national TV broadcaster. We don't deal with content but we broadcast all TV and radio channels in the country.



Q: How are your services configured to support you disproportionately large numbers of international visitors?

A: Our international visitors use roaming services, so we have designed our mobile network in such a way that when we have visitors here we don't have any problems with the volume of traffic they are originating. We are lucky because they don't all come on the same day. In the busiest period during Winter for skiing and during the Summer, we may have over 100,000 visitors originating telephone traffic in Andorra. On the mobile side we rolled out a network that covers 100 percent of the territory – it's a mountainous country and we have many places where no-one lives but which we still have to cover. We also offer HSDPA services to all the population in 100 percent of where people live.

Q: What is Andorra Telecom's strategy for the future?

A: The government is building a New Economy for Andorra in which telecommunications have a critical role to play. We are not just a regular telecommunications operator. We have to offer the best possible telecommunications services to all subscribers, residential or business. Our objective is to move from a connection oriented services Operator to a full services Operator, trying to improve innovation, to offer the best possible services that fit our customers' needs. We know that we have to deploy the best possible infrastructure and be very efficient internally as company. Efficiencies are very important to us

because we want to review the operating costs at the same time as we improve the services we are offering. Right now what we are doing is deploying fibre to the home network that will connect 100 percent of homes and business in Andorra. This is a challenging project for us because we don't have millions of subscribers, but we do have to connect every one of them.

Q: Can you give me examples of how you are implementing this new strategy?

A: We are very much trying to push broadband services. We are also consolidating our backbone technology in such a way that we can reduce operational costs in the near future. We hope that by moving our entire subscriber base to our fibre network over the next few years, we can reduce operational costs by 30-35 percent from what we have right now.

We are also responsible for television broadcasting and we completed our digital television broadcasting switch over in September 2007. It was a challenge for us but it worked very well. Analogue TV is gone forever for Andorra.

We also have plenty of internal measures we are taking. We are trying to line up our processes to incorporate greater efficiencies and innovation inside the company. The Fibre To the Home network that we are now deploying is probably the start of that process and we are doing that right now. The FTH project is something we began last year. We have connected something like 35 percent of the homes to the network. By the end of the year we will probably be connecting 90-95 percent. By 1Q 2010, all homes and businesses will be able to connect to the network.

At the same time, we are also improving international connections. We have very good connections with Spain and France but we are also trying to improve those in such a way that we are trying to have higher bandwidth at the best price with very good services.

These are the starting points of what we want to offer in the future, because we don't want just to be an infrastructure operator. We want to become a true services and innovative operator.

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