



## 5G: Maxis' participation in DNB shows recognition of its cost-effectiveness, says BMI

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KUALA LUMPUR: Maxis Bhd's decision to take up a stake in 5G network operator Digital Nasional Bhd (DNB) signals industry players' recognition of the platform's cost-effectiveness with them having equal access rights, said BMI Country Risk and Industry Research.

The Fitch Solutions company said that all of the participating telecommunication companies seem to have recognised that it would be more cost-effective to pool their investments into a shared platform, in which all would have equal access rights, rather than for each of them to build separate networks and negotiate expensive interconnection agreements.

"Rising inflation, which is likely to be weighing on their heavily leveraged existing mobile businesses, could well have forced the decision on all five operators," it said in a note today.

On Friday last week, Communications and Digital Minister Fahmi Fadzil said CelcomDigi, Maxis, Telekom Malaysia (TM), U Mobile and YTL Communications will be finalising the negotiations on share ownership in DNB and support the development of the 5G network until it reached 80 per cent coverage in populated areas by the end of this year.

The minister said as per the commitment given before, Maxis has started the process to sign a 5G access agreement with DNB after several issues related to the matter were finalised on July 11.

BMI noted that the government's move to open up the equity of the DNB to the operators means that they now have the ability to influence DNB's commercial decision-making processes on vendor selection, infrastructure deployment timetables, and the setting of retail and wholesale tariffs.

"Maxis' reluctant agreement to join rivals TM, CelcomDigi, U Mobile and YTL in taking a position in DNB suggests that it sees no value in continuing to lobby the government to scrap the DNB scheme and instead allow operators to build their own 5G networks," it said.

BMI said it also suggests that Maxis either sees little value in joining a proposed second 5G network or does not believe that such a business would be commercially viable given its rivals' backing of the original platform.

BMI also suggested that the soon-to-be-established second 5G platform could be repositioned as a carrier-neutral network to which smaller players and virtual service providers could sign up.

"We currently forecast the number of Malaysian 5G connections to reach 33.8 million by 2032, representing 75.3 per cent of the total mobile user base.

"While many of these connections will be human-operated smartphones and similar devices, a growing number will likely be machine-based, supporting Internet of Things applications," it added.

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