

Ex-head of Austria telco watchdog sets record straight on post-merger price rises

By [Nick Wood](#), Total Telecom

Wednesday 09 March 2016

Georg Serentschy insists unit prices have fallen in wake of 3 Austria's acquisition of Orange, driven by MVNOs.

The former head of Austria's telecom regulator on Wednesday refuted claims that the cost of mobile services has risen in the wake of 3 Austria's acquisition of Orange.

"The public debate has focused on the level of the monthly bill, often misquoted as 'price'," said Georg Serentschy, who served as CEO of telecoms at the Austrian Regulatory Authority for Broadcasting and Telecommunication (RTR) between 2002 and 2014, and who now runs his own telco, media and technology consultancy, Serentschy Advisory Services.

He explained in an open letter that regulators and commentators often reference the RTR mobile price index – which does indeed show an uptick in bills since the completion of the 3/Orange merger in 2013 (see chart) – as proof that mobile services have become more expensive since the market consolidated.

Indeed, when Sharon White, CEO of U.K. telco watchdog Ofcom, [in late January](#) set out her concerns about 3UK's proposed acquisition of O2, she noted that Austria has seen a 15% increase in prices since the 3/Orange merger.

However, Serentschy said that the RTR index, which he devised, only tracks monthly bills and does not take usage into account.

"As a matter of fact, unit prices (i.e., euros per minute, text message or MB of data) have fallen continuously in Austria," he claimed. If monthly bills did rise, it was caused by subscribers using more mobile data, not because services are more expensive, he said.

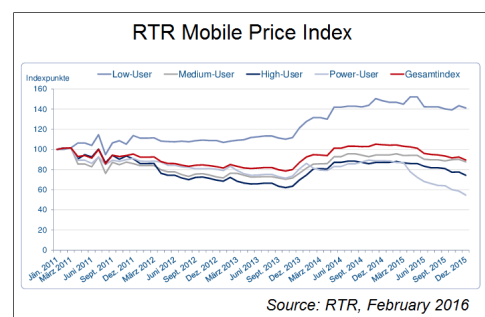
Similar sentiments were expressed by Vodafone CEO Vittorio Colao during [this year's Mobile World Congress](#).

Even the RTR index "is now below 2011 levels, with MVNO entry driving four consecutive quarters of tariff reductions in 2015," Serentschy noted.

Providing wholesale network access on favourable terms to virtual players was one of the conditions of 3's acquisition of Orange.

In addition, Serentschy argued that mobile network coverage and capacity has shown a marked improvement since the 3/Orange deal.

He cited the latest annual 'Connect' test carried out by German consultancy P3, which showed that in 2015, Austria's poorest-performing mobile network was on a par with the best-performing network in Germany when it comes to coverage.



"Consumers are getting more for less and the everyday frustrations associated with patchy signal, constant buffering and unreliable coverage are largely consigned to history," he said.

Serentschy's open letter comes at a critical moment for 3UK parent CK Hutchison, which is in the midst of trying to convince competition authorities to approve its planned purchase of bigger rival O2.

According to *Reuters*, Hutch this week held "fruitful" closed-door talks with the European Commission about the proposed transaction, which will reduce the number of mobile operators in the U.K. to three from four.