

## International Business News

## India's Infosys acquires UK-based Axon for \$753m

PALLAB BHATTACHARYA, New Delhi

India's second largest software exporting firm Infosys Technologies have announced that the company is on its way to acquire the UK-based consultancy services company Axon Group for 753 million dollars in an all-cash deal.

In perhaps the biggest ever overseas acquisition by an Indian firm in the area of information technology, Infosys is clearly aiming at moving up the value chain in the services sector. At the time leading Indian infotech companies, including Tata Consultancy Services, are expanding their presence in Europe, Latin America, the Middle East and other parts of Asia to reduce dependency on the United States market, which accounts for half of their revenue.

Infosys said that the buying of Axon would accelerate progress in some of Infosys' strategic corporate objectives, including continued expansion of consulting capabilities. The Indian company said it expects the acquisition to be completed by November this year.

Axon, which has about 2,000 employees, reported a post-tax profit of 20.2 million pounds in 2007 and has a market share of about 15 to 20 per cent in the United Kingdom.

## Hu says China committed to economic reform

AFP, Seoul

President Hu Jintao said Tuesday that China remains committed to bold economic reforms introduced 30 years ago and urged South Korean firms to invest more in his country's modernisation.

Hu, in a speech to business groups on the second day of his visit to South Korea, noted that this year is the 30th anniversary of Deng Xiaoping's reforms which have brought the communist-ruled nation unprecedented prosperity.

"China's development over the past 30 years was thanks to its policy of reform and openness," Hu said through a translator.

"Its future development should also be based on reform and openness. The Chinese people will persist in their efforts to push through with reform and openness and to speed up the modernisation of socialism."

Hu cautioned that China "still has to go a long way to achieve modernisation and common prosperity benefiting all its people" but added that it is inextricably bound to the rest of the world.



An employee of Japanese camera giant Canon displays the mobile photo printer "Selphy ES3", equipped with a 3.0-inch LCD display, which enables to make post card sized thermal print at the company's showroom in Tokyo yesterday. Canon will put it on the market at the end of next month.

## Dollar jumps to six-month euro high

AFP, London

The European single currency slumped under 1.46 dollars on Tuesday after the release of downbeat consumer confidence and business sentiment surveys in Germany.

In late morning trade, the euro sank as low as 1.4589 dollars -- which was last seen in February. It later pulled back to stand at 1.4602, which compared with 1.4751 in New York late on Monday.

German economic prospects took two big hits on Tuesday, raising fears of recession as both business sentiment and consumer confidence were reported to be falling further.

The monthly business climate index calculated by the Munich-based economic research institute Ifo fell to 94.8 points from 97.5 points in July, its lowest level since August 2005.

## Singapore's Temasek reports record profit

AFP, Singapore

Singaporean sovereign wealth fund Temasek Holdings, which invested billions in investment bank Merrill Lynch, on Tuesday reported a record profit of 18.2 billion Singapore dollars (12.8 billion US).

But the state-linked investment firm in control of some of Asia's best-known companies warned that slowing global economic growth following the US financial crisis could limit future opportunities.

"The fallout of the credit crisis will continue to dampen the global economy over the next 24 months, with sharply escalated oil and food prices beginning to test inflation expectations," said company chairman S. Dhanabalan.

The record annual profit for the year to March covered a period during which Temasek invested 4.9 billion US dollars in Merrill Lynch.

## TELECOM

## Hope dims for PSTN operators

MD HASAN

Multiple problems cast dark shadows over the entry of new private landline operators, leading them to question the recovery of investments.

Losses seem too crippling to the operators to bear. It is no wonder that the private public-switched telephone network (PSTN) operators ponder withdrawal, say industry insiders.

Since its onset in 2005, the first wireless landline operation started amid high hope to grab a major portion of the growing telecom market. The dream is yet to translate into reality.

Operators blame the regulator's discriminatory policies for less than satisfactory growth of the business.

When state-run Bangladesh Telecommunications Company Limited's connection had become a burden on customers, Bangladesh Telecommunication Regulatory Commission (BTRC) took a step to issue 29 PSTN licences in the 2005-06 period in bid to make the market more competitive.

As of August 2008, along with BTCL, 15 other private operators are operating their landline services across the country.

Although the subscriber acquisition growth is satisfactory for some companies, a major portion is below that glass ceiling.

"We entered the market in times of fierce competition, unlike some other leading mobile operators. We did not get anything for free from the government either," said ATM Hayatuzzaman, chairman of



Dhaka Telephone Company Ltd.

"A PSTN operator like me took up the challenge. But the whole industry now suffers unhealthy competition due to licence obligations," he said.

Initially, PSTN operators have to pay Tk 800 in taxes for each connection, which was not imposed on the mobile industry at its infancy. "Even after providing subsidies worth Tk 1,500, we have to charge Tk 2,500 for each multimedia landline connection, whereas anybody can buy a mobile connection for Tk 100."

As the PSTN market is yet to flourish here, it is difficult to convince international suppliers to supply small bulks of PSTN sets, he said.

Interconnection tariff is another dilemma for the industry. Industry insiders said mobile companies are reluctant to come with rational

revenue sharing. The PSTN operators have to pay Tk 0.40 a minute to the mobile operators and the same amount is charged when mobile operators' calls enter the PSTN network.

Hard as it seems, it becomes irrational when the volume of calls exchanged between the two is considered. Everyday, thousands of calls are generated by the PSTN operators to the mobile network. In contrast, a negligible number of calls enter the PSTN network from mobiles.

"So, when we go for revenue sharing, landline operators will have a lot to discuss when it comes to what they get from mobile phone operators," said a high official of RanksTel.

Among the 15 private PSTN operators, Ranks Telecom occupies the top position in the market, having 1.48 lakh customers, followed by

Telebarta's 56,000 customers, and Dhaka Phone's 54,000 customers.

Subscriber data shows that the companies who have nationwide licences are performing better than the zonal operators.

The BTRC issued seven private landline licences to operate in five zones across the country. But subscriber acquisition rates by the zonal operators are not even satisfactory.

The seven private operators have bagged only 40,000 customers in and outside the central zone (Dhaka) out of a total of 4,21,000 customers by all the private operators.

The industry insiders said rural customers are not willing to own a PSTN connection due to lower tariffs offered by mobile operators.

The new tariff offered by the state run BTCL also appears to be another hurdle for the pri-



PSTN phone subscribers as of July 2008 (in thousand)

Operators	Subscribers
BTCL	872.409
Ranks Telecom	148.468
Telebarta	56.424
Dhaka Phone	54.029
Onetel Communication	38.017
National Telecom	35.905
Peoples Telecom	44.931
Westec	17.000
S. A. Telecom System	13.553
Sheba Phone	9.571
Jalalabad Telecom	3.948
Banglaphone	0.026
<b>Total</b>	<b>1294.281</b>

PSTN licence obligations, every central operator has to acquire 10,000 customers every year in central zone and 4,000 for other rural zones. Each operator has deposited Tk 30 crore to BTRC as bank guarantee for execution of his or her roll out plan. If operators meet the targets, BTRC releases 5 percent of the total money on a yearly basis.

Hayatuzzaman said: "I doubt how many companies will be able to salvage the money." He urged the BTRC to ease the roll out obligation so that operators can invest the money in network development.

The country's total phone users, including mobile, reached 4.5 crore as of July 2008. Out of that, only 2.5 percent customers own landline connections.

hasan@thendaystar.net

## PROPERTY

## US subprime crisis: All aboard the foreclosure bus

AFP, Centreville, Virginia

Have a little money saved up? A few hours to kill? Why not take a new kind of tour -- to peruse the bank-seized properties of homeowners fallen on hard times?

The tour is free, soft drinks and donuts are included, and you might just make a killing on the wounded US real estate market.

"Hi, how is everybody doing today? I am Tommy and this is Sheri," said Tommy Burch, a real estate agent who with his wife has been conducting three-hour "Foreclosure Bus Tours" every weekend for the past four months.

"We have got about 12 to 14 properties we are going to see today. We are going to try to keep moving very quickly," he said, addressing his passengers from the front of the 12-seat bus, just like a tour guide.

The Burches have an unusual criteria for selecting properties to show: all of them have been seized by the bank.

Months, maybe weeks ago, these homes were still inhabited by families who fell victim to the inflated prices and risky lending practices of the US real estate boom.

Now the banks that repossessed them, in a desperate search for cash, are selling

them for a song.

Buyers are making out like bandits, according to Tommy Burch, who has been in real estate about a decade. The prices of properties on his tour have plunged 40 percent in one year.

"I had no idea that in such a nice location, I could get a house for a price that is half of what it was just three years back," marvelled Pankaj Giroti, a management consultant in search of a deal.

The idea for the bus tours came to the couple when they themselves were looking to buy one of the spacious homes in this far-flung Washington suburb.

-- There is a sad story involved --

"A lot of these foreclosures don't even have signs up saying that they are foreclosures, and they are gone in a day," Tommy Burch said.

"So, it's difficult to find them, and when we do, it's hard to work with the banks to get our contracts approved. So, we decided that if it was that hard for us to do, how hard it was for everybody else to do it."

According to real estate data firm RealtyTrac, 2.2 million foreclosure procedures were filed in 2007. And foreclosures soared by 121 percent during April to June this year com-



A tour of bank-owned homes in Las Vegas.

pared to the same period a year ago.

During the tour, they answer questions and educate would-be buyers on how to go about buying a home from a bank.

"They make it very organized and it's kind of fun, you know, to go on the buses to see

all the properties," said Eva Chen, who came with her husband and son.

"It does save me a lot of time instead of actually contacting all the agents to go through these properties," said Gary Chu, Eva's husband.

"But we want to make it an enjoyable experience, and fun, and a great opportunity for new people to have a home themselves that maybe couldn't afford a home three years ago," he added.

One man's tragedy is another man's opportunity, as potential buyers wander through the empty homes, inspecting every room, opening every cupboard and closet.

"Yes, there is a sad story involved if you are to see a foreclosed house. But, if you really look at it from an investment perspective, you know, it's like any other business," Giroti mused.