U.S. Regional and Small Operator LTE Network Infrastructure CapEx and OpEx Forecast, 2012-2017

Market Study
Third Quarter, 2013

U.S. Regional and Small Operator LTE Network Infrastructure CapEx and OpEx Forecast, 2012-2017

Market Study

Published Third Quarter, 2013
Version 1.0
Report Number: 3Q2013-03

*i*GR Inc.
12400 W. Hwy 71
Suite 350 PMB 341
Austin TX 78738

Table of Contents

Abstract

U.S. mobile operators are adding new LTE markets each week. The Tier One operators - AT&T, Verizon Wireless, Sprint, and T-Mobile USA - have led the way with LTE deployments, but several Regional and Small Operators (RSOs) have also successfully deployed LTE in their smaller markets.

Due to two major acquisitions in 2013, the number of subscribers serviced by RSOs has dropped significantly. In addition, AT&T has announced plans to acquire Leap Wireless (Cricket). If this transaction is approved, it will lead to further consolidation.

When forecasting LTE CapEx, *iG*R considers that once the LTE subscriber base starts to grow, more devices will become available and usage of the network will increase. At this point the mobile operator will need to increase the network capacity. Operators are continually balancing their network CapEx between coverage and capacity. The engineers strive to provide sufficient coverage to be competitive and sufficient capacity to meet the needs of the growing subscriber base, while minimizing unnecessary CapEx.

Also, as the number of subscribers using LTE increases, so the corresponding network operating costs increase. While *iG*R expects the overall LTE network operating cost per subscriber to increase, the operating expense per cell site will decline due to increased efficiencies in the network.

This report provides an update on the LTE rollout of both Regional and Small Operators (RSOs) and Tier One Operators. It also forecasts the total LTE infrastructure CapEx investment and LTE OpEx for the RSOs. Finally, it provides profiles of dozens of companies that provide network products and services to RSOs.

Key questions addressed:

- What is the current distribution of U.S. wireless subscribers between Tier One operators and RSOs?
- What is the current status of the LTE deployments for Tier One operators and RSOs?
- Which RSOs have deployed LTE through the Verizon Wireless LTE in Rural America program?
- How will the amount of data traffic carried on LTE networks grow in the U.S. in the next five years?
- What is the forecast for the number of LTE subscribers for RSOs in the U.S. in the next five years?
- How much mobile data is each LTE subscriber expected to consume and how does this change in the next five years?

- How much CapEx will the RSOs invest in LTE networks during the forecast period?
- When do the CapEx cost curves begin to trend downward?
- How big is the LTE infrastructure opportunity for U.S. RSOs in the next five years?
- How big is the LTE OpEx for U.S. RSOs in the next five years?
- Who are some of the vendors that provide products and services to RSOs?

Who should read this report?

- Mobile network operators, especially Regional and Small Operators
- LTE network infrastructure vendors
- Financial and investment analysts.