



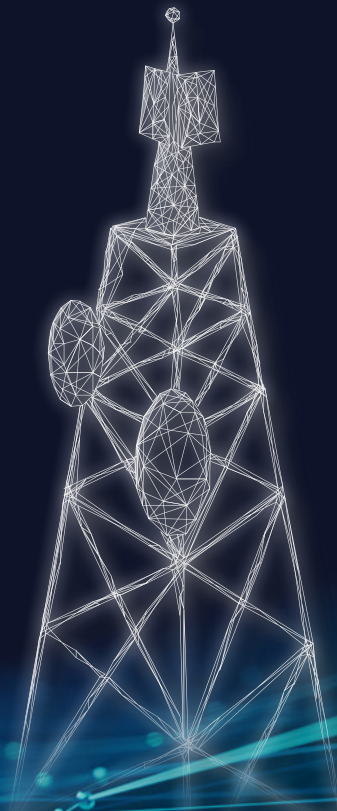
Meetup Americas 2022

July 13 - 14 2022

Palm Beach County Convention Center, Florida, USA

A senior-level networking opportunity with leaders of the CALA telecom tower industry

POST EVENT REPORT



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TowerXchange Meetup Americas 2022 at a glance



A complete and VIP representation of LATAM's tower owners



230+

attendees



49%

towercos and MNOs



29

different tower and MNO
companies represented



39%

of towerco attendees at
CXO level

A packed conference programme and exhibition



44
Speakers



15
Roundtable
Discussions



2
Focus
Groups



20
Exhibitors



Networking
drinks and
dinner

Testimonials



"I found TowerXchange Meetup Americas to be an incredibly authentic gathering with easy access to all participants. It's a great way to learn about what is happening in the Latin America tower industry."

Jim Young, Operating Partner, **Berkshire Partners**

"This event is a great place to catch up on what's going on with the industry within the region and evaluate opportunities to expand to new markets."

Carlos Barrantes, Managing Director, **GME Alliance**

"This was a very insightful event with lots of interesting discussions and interactions with key players of our industry. I updated my knowledge of the business and learned a lot about the current issues of our industry."

Rafael Rojo, Sales Director, LatAm, **Phoenix Tower International**

"It was a good opportunity to reconnect with old friends, colleagues and industry leaders, and also meet new members of this market segment."

Juan Cueria, Vice President and Chief Operating Officer, **Innovattel/Torresec**

"I think the event went very well and the attendance was higher than I expected."

Shylesh Moras, SVP, Operations, Development & IT, **Phoenix Tower International**

"TowerXchange Meetup Americas 2022 was a great experience."

Javier Wiechers, Sales Vice President, **Mexico Telecom Partners**

"Thanks for having me! It was a great event."

Geneviève Maltais-Boisvert, Managing Director, **DigitalBridge**



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EXHIBITORS





Take home 1:

Markets in Latin America are regaining their vigour after a few tough years of pandemic restrictions, political and economic turmoil

Difficult economic environment, but the region has a significant need for new sites

Latin America has been through a lot of turmoil in the last few years. The Covid-19 pandemic has had a particularly big impact here, and the economic situation has been challenging, accompanied by instances of social unrest and political instability in many countries in the region. The region continued its strong recovery in early 2022, but a slowdown in economic activity accompanied by rising inflation will test its resilience.

Despite the considerable challenges, the demand for data has been growing consistently. Across the region, macro site underbuild measures in tens of thousands of towers per country, with key locations such as Peru requiring an estimated 40,000 sites, and Argentina – 50,000 sites to meet the demand. Along with some initial activity around 5G network deployment in Chile and Brazil, this is an encouraging sign for tower companies.

High inflation isn't all bad news for towercos, but the focus is on keeping costs low

The towerco business model is seen as resilient by investors, but will the spiralling global inflation change that in the coming years? Is this the right time to consider diversification to complement the traditional towerco business model and create alternative sources of revenue?

According to **David Porte**, Senior Vice President, International Strategy and Business Development at SBA Communications, the towerco business model is inherently rational: "It is cheaper for our tenants to share. Their cost of capital is high, the cost of capital for towercos is lower." At the core of the model is deployment of large amounts of capital that's earned back over a long period of time. As a result, high inflation and increased interest rates may not be entirely bad news for tower companies.

Operators facing rising costs of building new sites are more likely to turn to tower companies to provide build-to-suit services - it being more economic for towercos to access capital to finance the construction. However, inflation may still impact towercos by putting pressure on investors, who would subsequently demand higher profit margins and operational efficiencies. So, in the current environment, tower companies will continue to look for ways to build cheaper and keep costs across all functions to the minimum.





Take home 2:

The M&A activity remains relatively low, while the industry observes the impact of major carve-outs

Industry leaders gathered at the Meetup discussed inorganic growth opportunities in Latin America, recent M&A deals and telco carve-out announcements.

PTI enters the Chilean market with an acquisition of a substantial operator portfolio

Dagan Kasavana, Chief Executive Officer of Phoenix Tower International, opened Day Two of the event with an exclusive interview on company's plans following a recently announced deal in Chile. The deal, made public just a week before the Meetup, sees PTI take over mobile operator WOM's tower portfolio of 3,800 sites in what is one of the most attractive markets in South America. The acquisition marks the towerco's entry into the country, while simultaneously making them one of the Chile's largest tower infrastructure owners.

Known for its stable economic profile, business-friendly conditions, transparent regulations, healthy carrier market, high penetration, and around 50 million mobile subscribers, Chile has been on PTI's radar since the beginning of its operations. In addition, Chile was the first market in Latin America to hold a 5G spectrum auction in March 2021. Tower companies active in the country expect significant investment in 5G infrastructure over the next decade.

WOM is a dark horse among the region's carriers. In a few years it has firmly established its reputation as a disruptive player. In addition to its Chilean operations, in 2021 it has entered the Colombian market with an aggressive growth strategy, which saw it amass 1 million new subscribers in the first four months of operations. The operator is expected to continue expanding its footprint across different countries in the region, and further collaboration with PTI might be on the cards looking further ahead.





Take home 2: (continued)

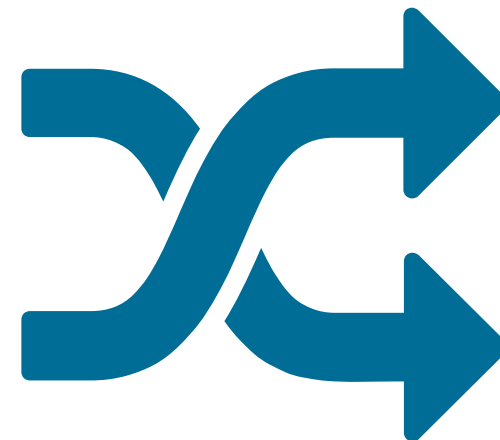
How will the MNO carve-outs impact the industry and change the market landscape?

In the meantime, the industry is yet to see the impact that the announced carve-outs of both América Móvil and Millicom tower assets into separate entities will have on the market dynamics. In late 2021, América Móvil has announced its plans to create a new tower company, Sitios Latinoamérica - which will trade as Sites, and will own and operate a portfolio of 29,090 towers in most of the LATAM markets, becoming the world's 10th largest towerco. The company's plans are yet to be announced, but it is reasonable to expect an IPO, mirroring América Móvil's move to list its carve-out Telesites on the Mexico stock exchange in late 2015. Millicom, has made a similar announcement in early 2022, and is currently in the process of forming a company with a portfolio of 10,000-sites across various markets in Central and South America. Senior representatives of both companies attended Meetup Americas, and we are expecting to hear more about their plans towards the end of 2022. How this will impact the industry in the longer term remains to be seen.



Limited opportunities for inorganic growth remain in the region at this point

On the whole, however, the current levels of M&A activity in the region are fairly low. Most markets have been penetrated, and while there are still some opportunities, these tend to be small- to medium-sized and away from the most attractive locations. On the other hand, most of the regional MNOs have already divested their towers. For the tower sector, growth opportunities come and go as operators deploy more towers, and at the moment tower companies are carefully watching the developments in the rollout of 5G infrastructure. There is an expectation of a significant growth for the MNOs, which will bring new opportunities - however, these may not be in towers but in other type of assets.





Take home 3:

5G in LATAM: optimistic outlook for urban areas in the biggest markets, whilst the rest of the region going through 4G densification

According to Ericson's "The state of 5G in Latin America" report, currently there are around 3% of total mobile users who have access to 5G technology and networks. By the end of 2027, 5G is expected to represent 44 percent of mobile subscriptions in Latin America and the average traffic per smartphone is forecast to be approximately 35GB per month. Such substantial growth in demand means that operators will be increasing investment in growing their capacities to meet the demand – good news for the tower sector.

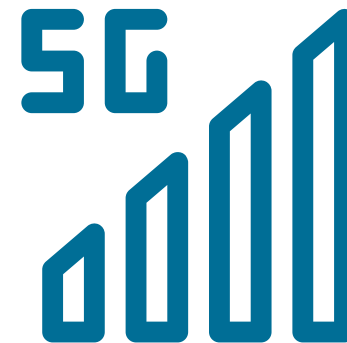
However, mirroring a global trend, 5G spectrum auctions in most LATAM countries have been delayed. As of August 2022, in all but a few markets in the region, the 5G spectrum auctions are yet to take place. Latin America is a large region, and when considering business strategies, tower companies think of individual countries rather the entire region, as each market is unique and does not necessarily share the characteristics and growth opportunities with its immediate neighbours. Some markets in the region are more advanced than others when it comes to progress in 5G deployment. The auctions were held in Brazil and Chile and are expected to take place in late 2022 in other major markets in LATAM such as Mexico and Colombia. By contrast, in Central America, the situation is markedly different with very little movement happening. While in Bolivia, where the discussion currently is about transitioning from 3G to 4G networks, 5G deployment will take a lot longer.

Towercos ideal partners to MNOs in 5G rollouts because of cheaper cost of capital

Across the entire LATAM region, the deployment of 5G infrastructure will require a huge cost. Access to 5G-enabled devices across LATAM remains a

problem, but the most critical issue is still pinning down the use cases that have high commercial potential. Hypothetically, we can talk about the use of 5G in such applications as remote surgery, but examples such as this may be not immediately relevant to market needs. At this early stage of 5G adoption, carriers are still working out revenue models that would make the investment into the technology worthwhile. A degree of uncertainty remains about how quickly the initial costs of obtaining licences and updating the network equipment can be recouped. With a much cheaper cost of capital, tower companies are ideal partners to MNOs in facilitating 5G rollouts across the region, while the details of the commercial applications are being finalised.

Even though the adoption of 5G is very much in its infancy in LATAM, it is just a matter of time until the technology becomes more widely available. And while the region may not be the first to bring 5G to the market, the technology is here, and the infrastructure will follow - this was the general mood shared by all speakers on the 5G panel at Meetup Americas 2022.



Take home 4:



Expect a significant uptick in rural site numbers as operators take on obligations to connect remote regions as a part of 5G licences

Connectivity is an economic multiplier. Good quality wireless (and broadband) links stabilise countries and markets and improve quality of life for numerous individuals around the world. However, building and maintaining wireless infrastructure in remote areas is challenging and more often than not – uneconomical. Building a new remote tower often incurs significant expenses, which can include building access roads, sourcing optimal power solutions, and having to deal with risks of theft and vandalism that is sadly endemic to the region.

There are several ways in which towercos and mobile operators can collaborate to bring connectivity to such underserved locations across Central and South America. There is a straightforward business sense to this, too. Over time, towercos want to help carriers make widespread deployment of 5G networks a reality, as that would translate into significant sources of income for the sector. However, across the region regulators have been including substantial remote area coverage obligations in the 5G licences already auctioned or expected to be actioned shortly.

That was the case with the first 5G spectrum auction in LATAM took place in Chile in 2021, with WOM, Entel, Movistar and Claro all winning various spectrum bands. As part of their licence obligations, the operators are required to meet strict coverage conditions, including reaching 90% population within three years. The 700 MHz band winner WOM will have to cover an additional 366 locations with up to 322,000 inhabitants, and 65 roads of a total of 9,170 km as a part of the licence. Other band licences include obligations to connect provincial medical, educational, administrative, and logistics facilities, which might eventually lead to increased coverage of more remote areas.

What are the most cost-effective ways to build and operate remote sites?

Both operators and towercos are still figuring out the most economical ways to construct and manage sites built in remote areas. The MNOs are exploring active sharing, new netco type models are emerging, and new low-cost site designs with energy systems included are being developed. Some companies looking into reducing rural site size to optimise for very low power consumption, which reduces the costs but also reduces the short-term potential for lease up and growth without upgrades.

Site security – a challenge for rural areas across some Latin American markets

Rural sites are also ideal for introduction of remote monitoring, site access and security solutions. These are especially important in the region where instances of theft and vandalism are recurrent. In order to increase remote site security, tower companies have been installing alarm and video surveillance systems, along with undertaking work on putting together third-party vendor vetting processes, to ensure accountability and adherence to ethical business practices.

Navigating such issues takes additional financial and human resources, and at the Meetup Americas **Mauricio Campos**, Director of Information Technology at Phoenix Tower International described the process that PTI uses to allocated sufficient budgets for site safety and security. Theft and vandalism-related data is collected from each site, aggregated centrally and analysed to help design new solutions to deal with the problem. Unfortunately, in some locations in Latin America the issue is so prevalent that the company has resorted to introducing 24/7 site security teams. As the number of remote sites across LATAM increases, the demand for alternative, effective but low-costs solutions for site safety and security will continue to grow.



Take home 5:

Power-as-a-service –not yet mainstream, but still a valuable addition to service offerings in LATAM

Most areas in Latin America have access to a stable, high-quality energy supply, with only 15% of sites being off the grid. Over the last few years some of multinational tower companies have been adding energy services to their offering. What are the prospects of power-as-a-service in LATAM? How relevant is this model for the markets in the region? A short answer to this question is - it depends. As with other strategic decisions, tower companies are looking closely at the conditions in each individual country to make decisions on the appropriate mix of services to offer.

Speaking at the session dedicated to power solutions at Meetup Americas, **Raul Oliveros**, Principal Business Development Director, International at SBA Communications, mentioned that it is always the needs and the expectations of the market that dictate whether a towerco chooses to provide a certain kind of a service - such as power management. Adding power solutions to existing towers in LATAM doesn't always make economic sense - in fact, it may significantly increase the risks to which tower owners expose themselves, due to high prevalence of theft and vandalism in the region.

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Speaking about Phoenix Tower International's position on energy-as-a-service offering, **Arnulfo Sanchez**, Director of Operations, LATAM at Phoenix Tower

International, said that "supporting customers in achieving their goals is what we do, so providing power is a part of the mix" for the company in the region, even if this might pose challenges for a company, which owns and operates macro towers as its primary focus.

One of the companies on the panel that has significant experience in bringing power solutions to the market was IHS Towers. A multinational towerco, founded in Africa, IHS Towers has over the last few years rapidly gained market share in South America. According to **Colby Synesael**, Senior Vice President of Communications at IHS Towers, in developing markets, power-as-a-service is already an established part of the overall service package. However, different geographies have different demands. In various African countries where IHS Towers operate, there is a considerable lack of access to the grid, or the quality of the grid can be poor and unstable. In LATAM, the situation is different. Here, almost all areas are connected to the grid, and 99% of MNOs have direct relationship with power providers. Still, the company sees potential in shared power service in the region. If a towerco is able to offer significant efficiencies and cost savings as a power provider to MNOs - that would be seen as attractive enough by the operators to switch their suppliers. As in other areas, the thinking behind this business model is to focus on creating value - and savings - for the customer.

In LATAM, rather than build full power-as-a-service teams in-house many towercos are working with ESCOs such as Caban Systems or Hyrbico – these ESCOs are providing energy expertise around battery technology and renewable energy management. Similar to IHS Towers' model in Nigeria with its ESCOs, the energy capex is being financed by the towercos to take advantage of their lower costs of capital, but the deployment and performance is being handled by the ESCOs in the region.



Take home 6:

Environmental, social and governance issues are high on the agenda – in the region where sustainable and ethical business practices are crucial

The importance of broader environmental, social and governance issues has grown significantly over the last few years among all the key stakeholders across the telecommunications ecosystem - from investors to infrastructure companies, to operators, to end users. Speaking at TowerXchange Meetup Americas 2022, **Rodrigo Jimenez**, Group Head Public Affairs, Communications and Sustainability in EMEA and LATAM at American Tower, commented that previously “no-one was asking during due diligence process about the ESG issues, but now they are important for financial and strategic investors, and have started gaining recognition in towerco growth strategies”.

Companies engaging in educational programmes for local communities

Historically, ESG focused heavily on risk mitigation, but increasingly, and especially in the context of rural connectivity, companies seek to actively position their businesses as a force for good in local communities. Talking at the Americas Meetup about the company’s approach to engaging with local populations, Colby Synesael, Senior Vice President of Communications at IHS Towers, described several educational programmes that the towerco is engaged with in collaboration with NGO partners: “ We have a responsibility to give back. Our employees are based in these communities, many of which are impoverished.” By participating in such programmes, a towerco entering a new market doesn’t just bring connectivity to a particular location but also helps improve digital skills of local individuals - vital for regional economic development.

Shared infrastructure is inherently green – but can improve its record

Compared to other industries, such as mining or oil and gas, passive infrastructure sharing is inherently sustainable. The towerco business model is centred around the idea of reducing parallel infrastructure, maximising co-location and optimising operational costs. Still, with green business practices high on the agenda for the younger generation, we can expect a larger emphasis on emission reduction and clean supply chains in the nearest future.

All participants of the ESG panel at Meetup Americas - American Tower, DigitalBridge and IHS Towers – discussed the specific ESG targets they have put into place to measure their process. American Tower is on course to reduce its emissions by 45% by 2035. DigitalBridge is aiming to achieve a net zero status across all of its businesses by 2030 - an ambitious goal for the investor, whose portfolio includes energy-hungry datacentres in addition to tower companies. For towercos, however, the ability to go fully carbon-neutral relies significantly on the market in which they operate. For example, Brazil offers an abundance of renewable energy options, while in other markets that may not be the case - so your targets will depend significantly on the geography you’re in.



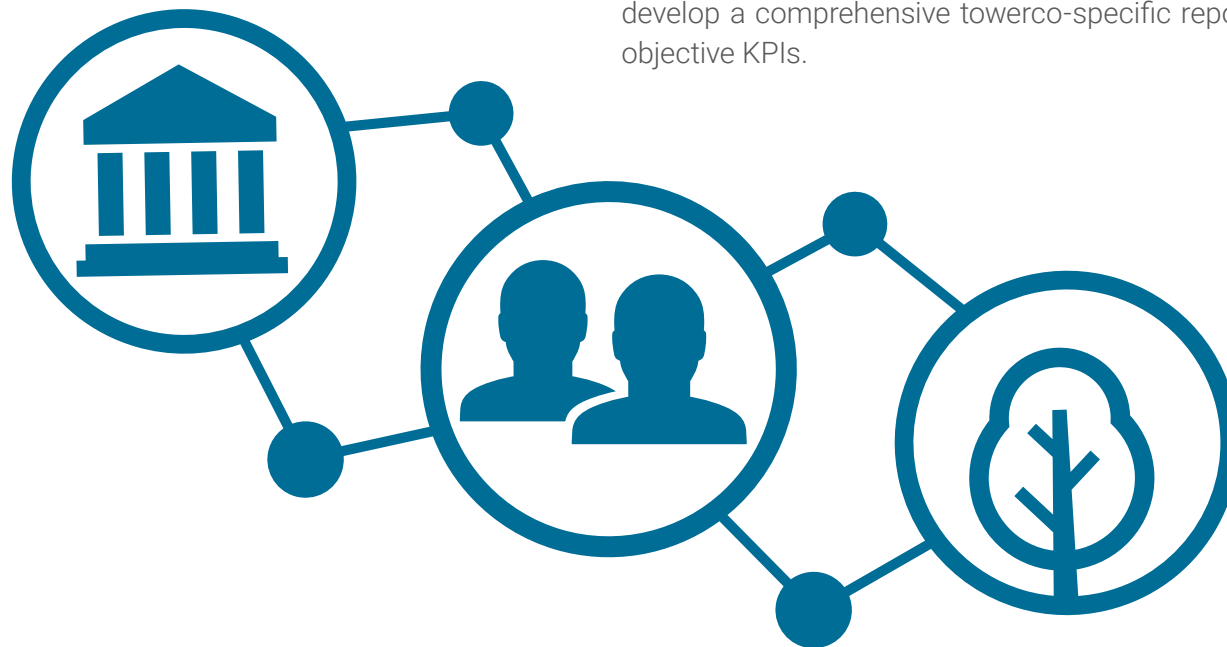
Take home 6: (continued)

Governance and ethical business practices critical for LATAM markets

Moving into governance and ethical business practices space, tower companies with global presences, such as American Tower, have been working towards improving working practices amongst its pool of local contractors and broader supply chain. The company has recently launched a supplier code of conduct for the construction, maintenance and other supplier contractors. External contractors represent towercos when performing their services. Stricter, zero-tolerance, supplier conduct policies is one way to achieve this aim - along with broader and more comprehensive governance and anti-corruption policies, especially relevant in emerging markets.

Towercos need to work together to devise a set of ESG metrics for the industry

While the progress of individual players and the industry as a whole on the ESG front is laudable, significant issues remain around appropriate metrics. The way that towercos set targets and KPIs, measure and report on their ESG progress is currently inconsistent and fragmented. The information that tower companies choose to disclose isn't standardised and can't be comprehensively analysed to measure the industry's impact as a whole. Whilst individual companies have been adapting external frameworks such as Global Sustainability Index or Science Based Targets initiative (SBTi), the gold standard for the industry doesn't yet exist. In the next few years, we will witness further attempts to develop a comprehensive towerco-specific reporting framework and a set of objective KPIs.





Take home 7:

Tower companies have embarked on the process of digitisation – from digital document storage to drone technologies

Seeking to maximise efficiency, reduce human error and increase value for clients, investors and broader stakeholders, towercos in LATAM are rapidly adopting digital solutions across all business functions. According to participants of the Digitisation Focus Group at the Americas Meetup, every part of the towerco business model has been long ripe for digitisation, but more business-critical functions are first in line when it comes to introducing new technological solutions.

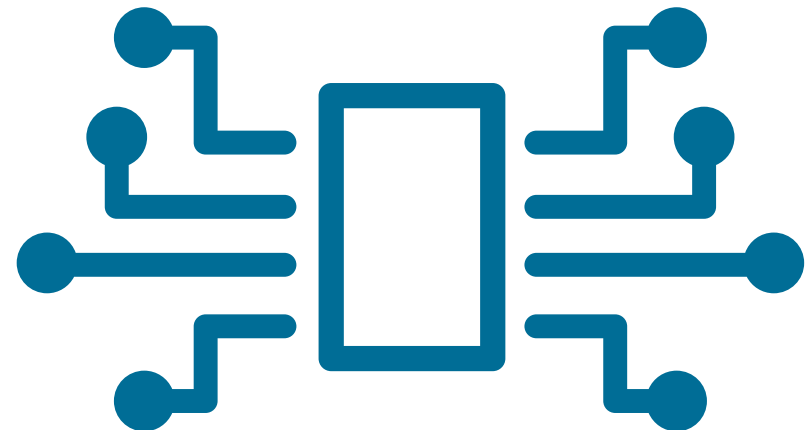
The need for automation is driven by the need to be more efficient and cut costs

In the words of **Glenn Bialy**, Director of International Operations at SBA Communications, getting transition to digital right is all about one thing: “Automation, automation, automation.” Tower companies have many legacy systems, procedures and processes in place that can’t compete with the new generation of automated systems on offer today. The efficiency is simply not there - but that’s what matters in an environment of investor pressure to minimise the cost of business.

From document management software to fully digital back-office

One of the first operational aspects that has been undergoing digitisation is document management. During the “Digitising Towerco Operations and Streamlining Back-office Workflow” focus group session at Americas Meetup, representatives of Mexico Telecom Partners, Torrecom and Phoenix Tower International all described their efforts in introducing digital systems to replace the old spreadsheet-heavy environment. Software developed by international

solution providers Sitetracker, Documaster and Tarantula are popular with the participants of the session. Tower companies tend to use off-the-shelf document storage, project management and asset management solutions in conjunction with in-house developed digital platforms that can more closely satisfy their unique needs. While that means that some parts of the process still rely on manual processing, across the board all towercos are looking into introducing more automation in their construction planning, site maintenance and commercial operations as the next step on their digitisation journey. Eventually, companies envision being able to fully link their various IT systems, enabling a fully digital back-office environment.



Take home 7: (continued)



Digitisation is a people issue – change management

Speaking at the Americas Meetup, **Shylesh Moras**, SVP of Operations, Development and IT at Phoenix Tower International noted that successful adoption of digital technology isn't just about the kind of systems that a company chooses, but about whether the company's employees end up using the technology effectively and efficiently. Digitisation is largely a people issue. When planning to introduce any new system, an IT department needs to dedicate as much time and effort to planning and executing the change management process and training plans, as to the choice of a particular technical solution. For companies operating across many markets, this process becomes critical.

Data management standardisation is critical for multinationals

In order to generate reliable and actionable insights and forecasts, all site data has to be gathered and recorded in a standardised way by local employees across multiple geographies where a tower company operates. This standardisation is critical but can be difficult to achieve. To deal with data inconsistencies and errors, for both new and legacy data, regular data audits have to be performed by the IT team members, which is largely a manual, time-consuming and costly process, which is, nevertheless, essential for business decision-making further down the line.

For senior executives what matters is having access to the right kind of data at the right kind of time to help guide the direction in which a business develops. And a business can't be paused while IT systems are being upgraded and data processes improved. Keeping operations up and running, while figuring out how to solve the data-related issues, is one of the biggest challenges facing towerco IT departments today.

Applications and benefits of using drone technologies

Some see an introduction of more technology and more automation as a way out of the deadlock - at least when it comes to site inventory. A number of bigger global tower companies with significant operations in LATAM have been turning to drone technology. Acquiring drone licences can prove to be a lengthy process marred by bureaucratic delays in some markets in the region, but once the technology is in use, the benefits are plentiful. Contemporary drone technologies not only offer access to high-quality site images, but also site data, which can be easily integrated into internal data management systems for reporting, analysis and forecasting.

According to **Mauricio Campos**, the Director of Information Technology at Phoenix Tower International, the company currently uses this information gathered from drone inspections to improve its regular maintenance visit schedule – the sites with visible problems can be prioritised for manual maintenance inspection.





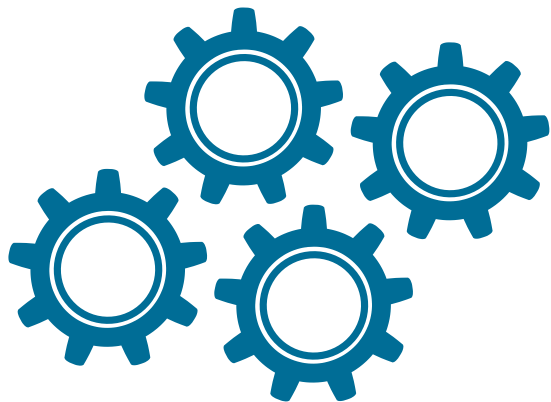
Take home 7: (continued)

As the next step, the company will be working towards introducing annual maintenance visits along with an annual drone flight for each site. In a much longer term, the technology might improve to be more instrumental as a preventative maintenance tool, however at the moment PTI largely sees the benefit of using drone systems as a due diligence tool useful in portfolio acquisition process. Accurate site inventory data is critical for valuation purposes – and offers a significant improvement comparing to the traditional site sampling method.

Another strong benefit of using drone-enabled site inspections is its use in ensuring error-free billing and providing truthful representation of deployed equipment as a basis for planning any network upgrades.

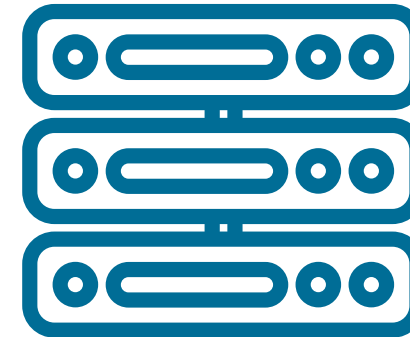
Drone tech not yet cost-effective enough to be used widely

The drone offering has progressed remarkably in the last few years, and despite considerable benefits of accuracy and speed, at this stage it still comes with a number of issues ranging from the cost of the initial investment to technical issues around storage of vast amounts of drone imagery.



Further, the use of drones by tower companies will not become more widespread until the technology becomes more efficient and cost-effective. Until then, especially in the regions of comparatively low cost of manual labour, such as LATAM, we will continue seeing only a limited use of the technology – primarily for portfolio inventory creation purposes to support financing and M&A activity - by a small number of multinational tower companies.

While it will take a little longer for a larger number of companies get on board with routine drone surveying, we can expect that some of the most forward-looking international towercos will be soon venturing into digital twin space, at least in some of the more advanced markets, where the use of such applications can be justified financially.



More sites – more data issues

As tower companies continue to grow the number of sites they operate – both macro towers and alternative assets - their data management issues will get even more complex. It is essential for tower companies to think about how they their businesses will look like in the long-term and invest in new digital systems that will be able to support their future needs.



Take home 8:

Tower companies are seeking to future-proof their businesses by exploring diversification into fibre, edge data centres and other assets

The reality of mobile network use today is that operator services are no longer being used just to make phone calls. End users see smartphones primarily as a tool to access internet services. From the industry perspective, this means having to deal with a new kind of competition - we're seeing the early signs of internet service providers and other new types of enterprises entering the space traditionally reserved for telcos and towercos.

All major international tower companies have business functions focused entirely on identifying and incubating new business initiatives and figuring out financially viable ways to enter such new areas. Towerco business model provides stability of long-term financial returns that is highly attractive for investors. So why are towercos across the Americas starting to expand their services and assets? The main motivation for towercos entering the fibre and edge data centre world at the moment is to gain experience and capabilities within those industry, understanding the business models, operational details, before scaling up alternative asset ownership.

For tower companies, the challenge in growing those new opportunities is to do so in a way that is complimentary to the tower business. How can these new investments be configured to be strategically aligned to the core businesses? And how can companies incorporate any potential diversification into their investment theses?

Finance for towerco ventures into broader digital infrastructure is here

About a decade ago a small number of private equity-backed tower companies started looking into opportunities to expand into adjacent industries, but the field was poorly understood, and efforts limited. The tower sector continued to be focused on traditional steel-and-grass business model. Fast forward to 2022, and the situation has shifted dramatically. Today, driven by substantial growth projections, infrastructure capital is starting to pour into the sector, and a lot of new finance is available for companies to explore the potential of non-traditional assets. Still, we can say that at this stage the convergence between tower, fibre, edge data and other asset types is in its infancy.

More is to come – and very soon, too. Speaking at TowerXchange Meetup Americas 2022, **Steven Sonnenstein**, Senior Managing Director at DigitalBridge said that a global portfolio company with interest in towers, fibre, data centre, small cells and more, sees significant cross-pollination across these previously separate sections of digital infrastructure. In 2022, saying that the world is on the cusp of digital transformation finally rings true. Off the back the changes in traffic demand caused by the Covid-19 pandemic, data-rich industries around the world have begun the process of mass movement to cloud services. Over the next 5 years, we will see personal and commercial mobile traffic grow fivefold.



Take home 8: (continued)

So, clearly, there is a need for investment to finance this transformation - but where will it come from? Their existing business model does not allow mobile network operators access to levels of capital required. Operators have been over the last decade divesting their infrastructure portfolios to focus on their core business and improve their balance sheets, and the trend will continue in the next infrastructure development cycle.

The shape of future networks: de-centralised system is all about speed

What's more, on their own carriers may not be best positioned to envisage what next generation digital infrastructure would look like. Driven by the move to the cloud, future networks will become a lot more de-centralised. A major factor in this is the need for rapid data processing. Mirroring the competitive market environment during the transition from 2G to 3G, and 3G to 4G, when it comes to 5G and beyond, winning the market will once again be all about who has the fastest networks.

In fact, the huge amounts of investment expected to accompany the deployment of 5G networks will not focus solely on upgrading the macro tower equipment. We're talking about densification on an entirely different scale comparing to 4G – this time, the capital will focused a lot more on densely populated urban areas, small cells, micro towers, street furniture.

Currently, a lot of traffic is transferred from home/enterprise to a remote data centre that processes the data centrally. This model has worked fairly successfully so far, but from a technical perspective it will not be optimal as the 5G networks are rolled out. The only technically viable solution to the exponential rise in data processing demand that's expected in the next decade, is to de-centralise the process - essentially moving the compute closer to data sources. Enter edge data centres.

With their networks of strategic real estate, pre-existing relationships with the target client base, and unique experience managing distributed telecom assets tower companies are perfectly positioned to bring the vision of widespread edge data centres to life - before the opportunity is grabbed by other businesses interested in moving compute from central hubs to periphery. In the next few years, we will see edge data centre deployment accelerate and move from Tier 2 to Tier 3 markets, where population is less dense. The connective tissue that will make the new generation of connectivity work is fibre.

Opportunities in fibre: LATAM companies entering residential fibre space

The outlook of investment potential of fibre today is markedly different to what we've seen pre-pandemic, and the context isn't just that of its role in edge compute. Looking back even just three years ago, the tower sector investors had little appetite to residential fibre. Now they look at it as yet another infrastructure asset. While enterprise fibre deployment in city centres is continuing to grow, the growth rate is nowhere near that of the residential areas - and investors are paying attention.



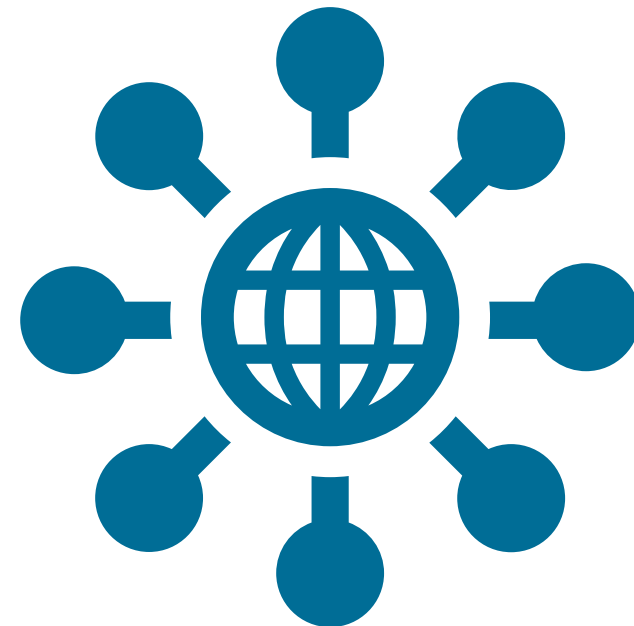
Take home 8: (continued)



Tower companies have always been on the lookout for evolution in their product, services, and markets, but the emphasis now is on actively looking for strategic diversification opportunities to guide investment decisions. **Timothy Dee**, EVP of Strategy and Technology at Andean Telecom Partners (ATP) commented that the company sees natural synergies of fibre infrastructure with the tower model. ATP operates in 5 markets in Latin America, and apart from a sizable tower portfolio of 35,000 cell sites, the company owns and operates 10,000 kms of urban dense fibre. ATP has deployed this network organically, starting in Chile in 2019. Building these networks from scratch allowed ATP to keep full control of the design of the network, while helping to develop in-house expertise so crucial for the growth of this part of their operations. ATP's fibre networks have been built to be multi-use and multi-tenant, guided by the same investment principles and co-location model of the towerco's main business. The company is one of the first ones in the region to actively seize the fibre market, which it says will be critical for the 5G world. The decision to expand into this area was driven primarily by the demand from their core client base.

Similarly, another international player that has been venturing into fibre space is IHS Towers. Speaking at Meetup Americas, its VP of Business Development, **Kieron Osmotherly** emphasised the need to align the core product and service offering with the needs of the clients. While IHS Towers also has a small fibre-to-business and fibre-to-tower footprint, the company made headlines in 2021 by entering into a joint operation with an international carrier TIM in South America's largest market, Brazil. The tower company now owns a 51% stake in I-Systems, which owns 70,000 kms of last-mile fibre in the country. The open fibre set up means that over time IHS will be expanding its client base to include other big operators and smaller local ISP, and creating multi-tenancy revenue streams, while having stability of having an anchor tenant.

This joint venture gives IHS Towers strong credentials as a neutral host, which the company sees as an important differentiator for further growth in Brazil, as well as other countries on the continent and beyond. This deal also illustrates the fundamental commonalities between the towerco and fibreco business models that make diversification so attractive to investors – the long-term revenue contracts and value creation through co-location.





Take home 9:

Looking further ahead: from DAS, IBS, small cells to private networks and Open RAN

Dense urban centres in LATAM require alternatives to macro sites

Towercos active in LATAM expect the demand for small cells, DAS and IBS to increase over time, although macro towers will remain the focus for these businesses. Diversification offers significant flexibility to tower companies, an ability to offer different solutions in different markets, depending on the type of services required by their clients, the level of competitiveness in the telco market, the regulatory environment and the overall economic situation. The size and shape of each individual country, each individual territory in different markets, will dictate what technology applications will work best - and generate most revenue for towercos. In dense urban regions, such as Sao Paulo, Buenos Aires, Mexico City, Lima, Bogotá, Rio de Janeiro and other metropolises in Central and South America, small cells, DAS and IBS will be significant in order to ensure stable and good-quality coverage.

Private networks not on the cards yet for LATAM

Looking further ahead, widespread adoption of 5G private networks in LATAM isn't on the cards yet but is certainly seen as a possibility in the longer term. However, as of today, the use case isn't yet there to make this particular application a priority from a commercial perspective.

Some separate capital-rich enterprises in Mexico, Colombia and Argentina, in such industries as mining, oil and gas, large-scale manufacturing or agriculture, have pioneered the use of LTE private networks, but such examples are localised and don't yet reflect the situation in the market as a whole. The demand for the 5G-enabled solutions is simply not there yet, so telcos and towercos alike see this trend as a more far-flung opportunity that is likely to be adopted in other regions first before becoming a realistic proposition in LATAM.

Having said that, smart factories and logistics centres are the future, and the demand may soon reach the tipping point in some of the more advanced markets in the region, and tower companies are continuing to monitor the situation for any developments.

Telco and ISP worlds collide: towercos predicting the journey from fibre to Open-RAN

The future shape of the tower industry depends largely on how carrier business model evolves. Open-RAN is one area that towercos in the region see as having potential from a commercial standpoint but making radio access networks openly available would require a new kind of infrastructure.

In the long-term, carriers will switch to a fully Open RAN model, but before that the industry will shift to virtual and then cloud-based RAN, driving the demand for local compute and a dense network of edge data centre. That journey requires carriers to have a lot more IT-type equipment.

In the next decade we will see the worlds of wireless infrastructure companies and internet service companies collide. Who will come out as a winner in this process? Tower companies are perfectly positioned to transform their business model and apply their technical capabilities, commercial acumen, operational excellence to satisfying the growing demand for expanded digital infrastructure. By investigating the use cases, running pilots, and starting to deploy new types of assets - fibre, edge data, small cells, DAS, IBS systems - leading tower companies have already set themselves up for future success.

Join us in 2023!



The 10th Annual TowerXchange Meetup Americas will take place in South Florida in July 2023

Interested in contributing to the programme or joining the speaking faculty?



Contact Natalia Gorohova

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TowerXchange's Meetup 2022-2023 calendar



TowerXchange Meetups have been bringing together leaders of the global tower industry for almost a decade. Held over two days, featuring visionary presentations, keynote panels, our hallmark roundtables and a dedicated exhibition, the scope of each Meetup covers M&A activity, organic growth prospects, operational excellence, technological advances and business strategy as towercos continue to diversify their service offerings and move into adjacent digital infrastructure.



10th Anniversary TowerXchange Meetup Africa

October 11-12 2022, Johannesburg, South Africa

TowerXchange plan to return to Johannesburg for the 10th Anniversary TowerXchange Meetup Africa. A new round of M&A is expected to continue in 2022 with remaining tower deals closing and new towers coming to market in emerging markets and from Tier 2 operators. New independent towercos have launched and will be building substantial new portfolios in urban and rural areas, taking the challenge to the existing Big Three. Join us all for our biggest show yet which will unite the full African telecom tower industry after a long absence from Johannesburg.

<https://meetup.towerxchange.com/africa>



9th Annual TowerXchange Meetup Asia

28-30 November, Singapore

TowerXchange is the force behind the creation of a unified voice for Asian towercos - we pride ourselves for having created a dotted pattern where there was none and uncovered the dynamics of the most diverse region in terms of maturity, player landscape and disperse geographies. The Asian telecom infrastructure landscape couldn't be more intriguing, with cutting edge, futuristic markets going hand in hand with remotely located realities where connectivity is still a struggle. From India to Indonesia, encompassing Myanmar, Bangladesh, the Philippines, Malaysia and more – TowerXchange will once again welcome the who is who in Asian telecom infrastructure under one roof for a deep dive into the regional tower ecosystem and its many facets and opportunities.

<https://meetup.towerxchange.com/asia>



5th Annual TowerXchange Meetup MENA

14-15 March 2023, Dubai, UAE

Tower sale processes are live or being considered in Saudi Arabia, Jordan, Iraq, Bahrain, Tunisia, Oman and Pakistan; a new towerco license in being awarded in Egypt; and ESCOs are now active from Pakistan to Morocco. The market is unlocking and new players, both regional and international are taking control of MENA's 274,310 towers. With this shift comes a heightened focus on driving co-locations and operational efficiencies, implementing best practice from across the globe in the sharing and optimisation of passive infrastructure. At this pivotal time, meet the region's pioneering towercos, alongside MNOs, investors and the tower industry supply chain at the 5th Annual TowerXchange Meetup MENA.

<https://meetup.towerxchange.com/mena>



7th Annual TowerXchange Meetup Europe

May 2023, London, UK

The flagship European event returns to London in May 2023. Recognised as the home of the tower industry, no other event gives you the same access to Europe's towercos as digital infrastructure grows in prominence. Wireless infrastructure owners and management teams will join us at the 7th Annual TowerXchange Meetup Europe to explore the trajectory of the towerco model, new service lines, investment priorities and operational initiatives. Expect heated discussions on M&A deals, special focus on energy and ESG, analysis of the digitalisation trends and emerging business opportunities.

<https://meetup.towerxchange.com/europe>

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