

3) Value-added application services

Value-added application service refers to the provision of telecom service by leasing telecommunication equipment and facilities from facilities-based operators. The service includes all services such as telecom, telex, and telecommunication equipment and facilities leasing except for services notified by the MIC. Value-added application service sales revenue doubled annually between 1997 and 2002. In 2004, it showed 6.6% year-on-year growth to KRW 2.88 trillion.

4) Online information processing service

The online information processing service includes online data processing service and computer time rental service. Since its beginning in 1995, this service steadily grew until 2002. Sales revenue decreased to KRW 49.8 billion or 25.8% in 2004.

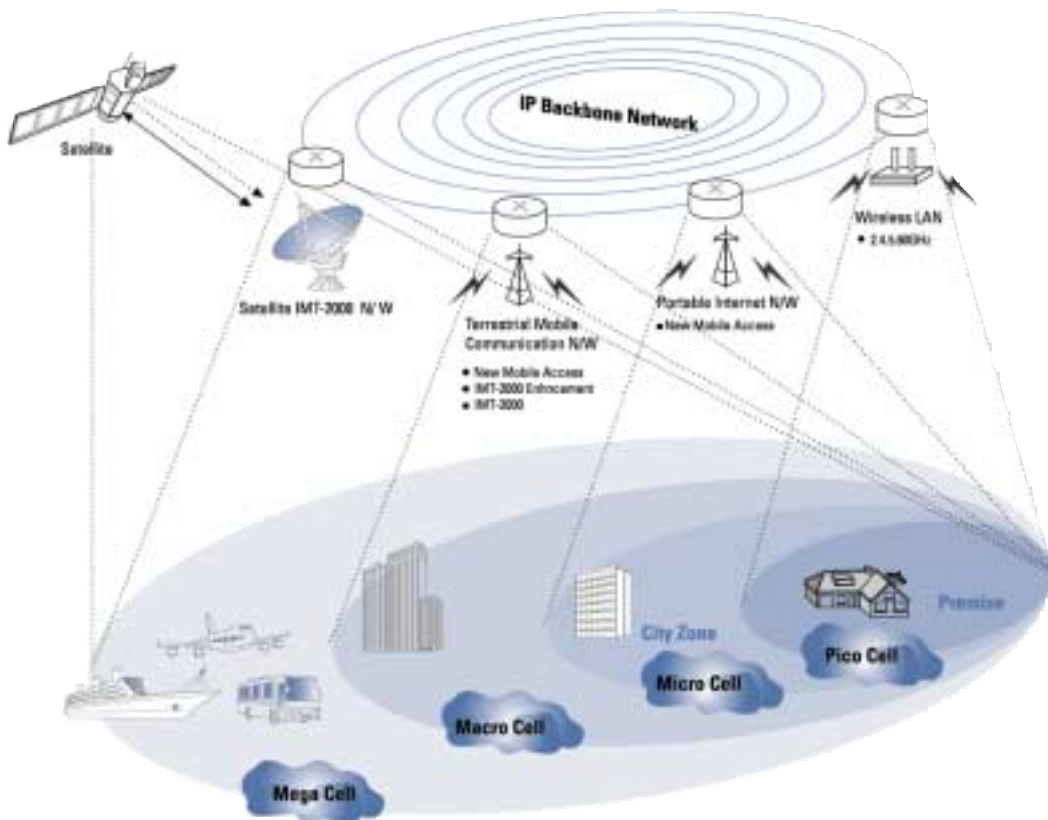
3. Fostering Eight New Services

The IT839 strategy aims to introduce new IT services that can trigger investment in network infrastructure which in turn can nurture development of cutting-edge devices, handsets, and the software and contents industries. The eight new services are as follows.

I. WiBro Service

Wireless Broadband service refers to portable Internet service which provides Internet connectivity at high-transmission speeds at any time and place, whether a user is on the move or not. WiBro service is emerging as a next-generation growth engine in the telecommunications market given market saturation of the fixed and wireless telephone and broadband Internet markets. The government announced details in September 2004 on the licensing of operators including the timing of licensing, the number of operators, frequency allocation price, and usage period. In January 2005, three operators (KT, SK Telecom, Hanaro Telecom) were selected after policy deliberations. With licensing conditions confirmed, the business licenses were issued in March 2005. The government also plans to set up a “WiBro Project Committee” comprising of WiBro

[Figure 4-8] *New Wireless Internet Service*



service-related experts to identify possible technical and managerial difficulties in advance and resolve them through joint actions. Doing so will help complete the development of the WiBro commercial system and associated terminals, and help keep launch trial services by operators on track before the commercial service begins in 2006.

The introduction of WiBro commercial service in 2006 is expected to contribute KRW 22.7 trillion to the Korean economy by 2010. The service will provide high-speed wireless Internet access at an affordable price, enhance consumer convenience and bring in various application services.