

centres. The Belarus move is seen by Bilietai LT as a stone that will help kill two birds: along with tickets to local events, Kvitki BY will be used to lure Belarusian population to Lithuanian events serviced by Bilietai LT. The Lithuanian online ticketing system is already used for the purpose but the flow of Belarusian visitors is now expected to rise with the possibility to pay locally for the tickets.

Last year Bilietai LT sold 0.6m tickets and turned over LTL 25m, down from LTL 40m in 2008. Its main local competitor **Tiketa** witnessed a similar impact of the economic crisis (0.5m tickets, LTL 27m turnover).

## IN BRIEF

### Cinema leader in the red

Finnish Rautakirja-owned Forum Cinemas cinema theatre operator posted a LTL 8m loss last year compared to a LTL 1m profit a year earlier. According to the firm's accounts submitted to the company registry, its turnover in 2009 slimmed by 15% to LTL 34m. Forum Cinemas operates 5 multiplexes in the country's biggest cities with 34 screens.

## IT & MEDIA

### MOBILE COMMUNICATIONS

#### Bite to expand network coverage, raise data speeds

The **Bite** mobile telecom group in Lithuania and Latvia has embarked

on overhauling its network. By the end of the year the firm promises to have markedly improved 3G network coverage, raised wireless internet speed, cut power consumption and built the foundation to provide 4G services.

In different markets Bite will use technologies from different suppliers: Swedish **Ericsson's** in Lithuania and Chinese **Huawei's** in Latvia. The latter recently opened a subsidiary in Vilnius (see no 289 page 9).

In Lithuania the number of Bite's 3G stations from Ericsson will be expanded by 45% to raise the existing market coverage area of 70% by another 40%. In Latvia Huawei's stations and technology will be used to add 60% to current coverage rate of 60%. Bite says it deliberately conceals absolute figures for competition considerations.

As for the choice of different technology suppliers in the two markets, Bite says competition helps to maintain lower rates.

"Data transmission speed for our *Vodafone Mobile Connect* users will triple from 7.2 Mbps to 21 Mbps that will be the fastest available 3G speed in both Lithuania and Latvia," says Fred Hrenchuk, Bite Group's CEO and president, to news2biz.

According to figures of Lithuania's telecom market watchdog RRT, Bite's speed is already the fastest on the market.

After the network upgrade, Bite will be ready to test an even faster 4G technology in Q1 2010 but will

only launch the service once the licensing issue is cleared.

Bite says the need to upgrade its Baltic network has been triggered by the spread of mobile internet use, that is especially strong with the advance and growing popularity of smart phones. Today Bite counts 1.2m users in the two countries.

We have talked to

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## IT SERVICES

### Ideal Invent eyes subsidies for service centre in Vilnius

Indian **Ideal Invent**, an IT services firm specialising in solutions for the banking sector in particular and the financial industry in general, is set to become the next company to benefit from direct government subsidies aimed at attracting high added value investments to Lithuania.

"That is true, we are in talks with Lithuania's ministry of economy regarding our investment. The negotiations are ongoing, and I'm not able to say when we will have a mutually accepted decision," says Premkumar Bhagwatsaran, Ideal Invent's CEO, to news2biz. He would not specify investment details.

According to Mr Bhagwatsaran, the plan is to grow the firm's year-old operation in Vilnius during the next three years to the group's second biggest location with around 100 of skilled staff of IT, technical analysis and service professionals. The firm's biggest unit is in Banga-

lore where employment should reach 400 staff in five years.

"Today we are very small yet in Vilnius, with just 5 employees. Both today and in the future the office's two main functions will be 1) to deliver licences for and implement our IT systems, and 2) to offer these solutions on the software-as-a-service basis," says Mr Bhagwatsaran.

Among Ideal Invent's Baltic customers is Snoras and DnB Nord banks. Earlier the IT firm told news2biz that it was an attractive mix of low costs and high service quality that attracted it to Lithuania (see no 276 page 9).

If the Indian firm does manage to secure aid for the investment, it will join the club of Barclays, Western Union, and IBM that are in different stages of government-aided Lithuanian investment projects.

### Study: there are better places

For the said firms, the aid would most likely come under the Invest LT+ scheme designed to attract world-wide known investors that would both create well-paid jobs for local service professionals and help spread the news about Lithuania's attractiveness for service offshoring.

A 2009 study by **A.T. Kearney**, a US business consultancy, placed Lithuania no 26 on the list of most attractive territories for offshoring. Both of Lithuania's Baltic sisters scored better (Estonia no 14, Latvia no 21) but, obviously, the study was conducted before the Lithuanian

government came up with the Invest LT+ scheme that favours investments of no less than LTL 20m.

We have talked to

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More on LT+ scheme: no 294 page 3, no 296 page 2

## IN BRIEF

### First ISO/IEC 20000 certificate

Lithuanian Etalinkas has become the first IT services provider in the country to be attested to comply with the ISO/IEC 20000 IT service management standard. Etalinkas says it needs the standard certificate ahead of the planned international expansion. The firm is engaged in the development, implementation and service of complex IT systems. According to Bureau Veritas Lit that certified the IT firm, only three other Baltic IT firms hold the certificate, (respective subsidiaries of Fujitsu Kagoshima Infornet and ATEA Services in Latvia and Estonian Hansab).

### Nature-friendly data centre

Baltic Data Center, a subsidiary of Vilnius-listed Teo telecom, launched in Vilnius what it calls the environmentally friendliest data centre. The LTL 6m overhauled facility uses the KyotoCooling technology that uses outside air to keep the servers from overheating, allowing to cut cooling energy costs eight-fold.

### Small ITC firms unite

Four small ITC sector firms in Lithuania formed the Unicenter grouping to offer complex solutions to its customers. The grouping comprises IT dizaino sprendimai (IT project management), Telenordi

(call centre services), Tenesys (office IT&T solutions) and Zorvidas (IT infrastructure).

## TRANSPORT & LOGISTICS

### INTERNATIONAL TRANSPORT

#### Rail Baltica project moves out of limbo

Rail Baltica, the ambitious regional railway line project that should link Poland with Estonia and Finland through Lithuania and Latvia, and thus fully integrate the Baltic railway infrastructure in the EU system, has been finally set in motion in Lithuania.

In May the government has included specific funding, technical and deadline features into the plan of immediate measures necessary to take for the project.



**In order to save costs and time, Lithuanians plan to build the European-gauge tracks along the wider existing Russian-gauge lines.**

Photo: transport ministry

The plan now includes the upgrade of the existing line from Kaunas to the Polish border by 2014 for LTL 850m, and the establishment of a public multimodal logistics centre in Kaunas by 2015 for LTL 75m. Another LTL 1.1bn will be required to upgrade the existing Kaunas-Siauliai-Latvian border line by 2017.

In mid-June Rail Baltica was also approved by the European Parliament (together with other 8 transport projects) as an initiative that requires priority funding status. The MPs have also extended the term for the project implementation from 3 to 5 years.

Earlier in June transport ministers of the five participating countries agreed on individual responsibilities concerning the project.

### CARGO

#### Road transport still affected by crisis

Most of cargo transportation modes appear to have left the economic slump behind them, Q1 2010 statistics show, although the most popular sector, road hauliers, is still in the red in terms of cargo volume.

In general, cargo transportation volume rose by 8% year-on-year to 22m tonnes in the beginning of the year.

Railways, the most important transport mode, showed a strong 20% jump thanks mostly to transit and international traffic. Meanwhile, road transport recorded a 7% decline as Lithuania's export recovery

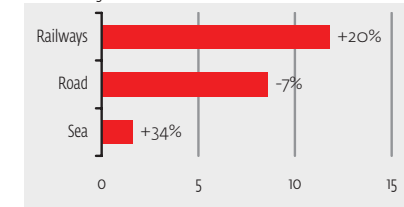
is still in its infancy while import continues to suffer from subdued consumption.

However, transportation service rate data suggest the light in the tunnel is now nearer than it was for road hauliers: in Q1 the sector posted the first yearly price inflation (1.6%) since Q4 2008, signalling a slowly rising demand (but also higher fuel prices).

Passenger transportation figures in Q1 show a decrease in domestic travel and a rise in international travel: transportation by railroads and roads slimmed by 9-10% year-on-year but expanded by a healthy 16-24% by air and sea.

### Bumpy road

Cargo transportation volume by mode in Q1 2010 in m tonnes, annual change near bars



Source: the Lithuanian Statistics Department LSD

### IN BRIEF

#### 0% excise on natural gas fuel

The government has okayed a zero excise tax on natural gas used as fuel by municipal passenger transport on regular routes. This will as of January 2011 scrap the existing LTL 758 per 1,000 cb.m of gas tax and help municipalities cut expenses, as local public transport operators are normally heavily subsidised by