

Informa Telecoms & Media identifies Top 10 trends for 2013

LONDON, UK: Informa Telecoms & Media today revealed its Top 10 trends for 2013 for the telecoms and media sectors. Five of the predictions relate directly to telecoms operators and the other five cover the TV, digital media and OTT communications sector.



"We reckon that 2013 is going to be another tough year for the telecoms industry with a continued emphasis on cost control," according to Mark Newman, chief research officer at Informa Telecoms & Media. "For operators, the migration to a data-centric business and revenue model will continue apace. And we see risks for those operators that do not invest properly in building wide-area networks that can deliver high-quality data services".

Continued migration to smartphones and tablets

"When it comes to new services, there will be a continued usage migration to smartphones and tablets. However, both established and new players are trying to figure out how best to monetize mobile usage. Don't be surprised to see some of the disruptors being disrupted by new technologies and business models in 2013".

1. Wi-Fi will become a victim of its own success

There will be a shift in operator sentiment away from public Wi-Fi as it becomes evident that the growing availability of free-to-end-user Wi-Fi devalues the mobile-broadband business model. Mobile operators will respond by articulating the value of their cellular networks better, but others not affected by this trend will double down on their public Wi-Fi investments to continue to propel the deployment and monetization of Wi-Fi.

2. Facebook goes all in on mobile

Facebook is having a tough time translating its popularity on mobile devices into revenues. Although its most recent financial results at last showed some improvement in mobile advertising revenues, we do not believe that this alone will be enough to sustain and grow its mobile business. There are three new monetization strategies currently available to Facebook: 1) develop new premium services to sell to its existing customers; 2) take a share of revenues from third-party content providers that develop services on its platform; or 3) expand into the device or device software business. We believe that the first two are Facebook's preferred options and that billing and marketing / distribution relationships with operators, particularly in emerging markets, could bring tangible benefits. With regards to the devices business, we expect Facebook to emerge as a strong backer of the new Mozilla mobile operating system which is expected to challenge Android

in the low-cost smartphone device sector.

3. What's up with WhatsApp

The hype bubble around WhatsApp and other OTT messaging services will continue to expand in 2013, especially driven by frequent acquisition rumours, but the emergence of early anecdotal evidence that some consumer segments are starting to migrate their attention and usage to alternative services, both old and new, will start to dampen expectations and highlight the fickle and fragmented nature of consumer behaviour.

4. Digital services: Show us the money

Investors will demand a clear path to revenue from investments into digital services before operators begin to feel any share-price benefit from initiatives. PR-friendly they may be, but demands and expectations from shareholders will grow that they are also friendly to the bottom line. It will become apparent to many operators that material revenue streams that can shift the dial of group-level revenues will be very hard to come by.

5. Content providers continue to spend on infrastructure

Google, Netflix et al will continue to invest heavily in extending their infrastructure closer to users in 2013. Informa recommends that operators consider these proposals carefully and recognize where they are likely to gain more from reduced costs and increased network efficiency than lose out in terms of uncertain revenues from so-called two-sided business models.

6. Subsidies under the microscope, but not necessarily for the right reason

Handset-financing models established themselves in Europe in 2012 and will continue to spread globally in 2013. However, a reduction in subsidies and changes to traditional ways of retailing devices will come at a cost to operators. Physical and online retailers, such as Amazon, as well as device-platform owners, such as Apple or Google, will accelerate their own initiatives to disrupt traditional device distribution models. Every slip in the share of devices sold through operator channels will serve to erode the balance of power further between operators and Internet and platform owners at the negotiating table.

7. Shared network, shared pain?

The logic of network-sharing will increasingly be questioned by the industry given the core strategic importance of a differentiated network platform. In Europe, especially, we expect more operators to forsake dividends and free cash-flow in order to ramp up investments into network infrastructure in the hope of establishing a competitive advantage built upon network quality of experience. However, despite this reversal of attitude by some, network-sharing and operator consolidation will sweep through emerging markets, especially in Africa.

8. Voice over LTE: Only fools rush in

Boosted by a lack of any negative customer feedback about interim voice for LTE solutions (such as falling back to circuit-switched 2G and 3G networks), more operators will join Verizon Wireless and EE in pushing out their timelines for the commercial deployment of VoLTE. A business case that looks to be based solely on spectrum efficiency will struggle to gain enough executive support to justify a rushed investment plan.

9. APIs: The new currency of the digital economy

APIs will become the leading currency of the digital economy - speeding service activation, configuration, customer experience management and time to revenue. Whether directly monetized or not, APIs are the new "interconnect standard" among digital service stakeholders.

10. Netflix will have a breakout TV hit in 2013

In 2012, a previously niche channel player, AMC, owned the most popular show on US TV - "Breaking Bad". In 2013, it will be the turn of an OTT provider to break through - perhaps with "House of Cards". Pay-TV operators should respond by looking at how they might partner with Netflix, rather than seeing it only as a threat.

For more, visit: <https://www.bizcommunity.com>