
Finding a converged communications strategy for telecoms and postal services

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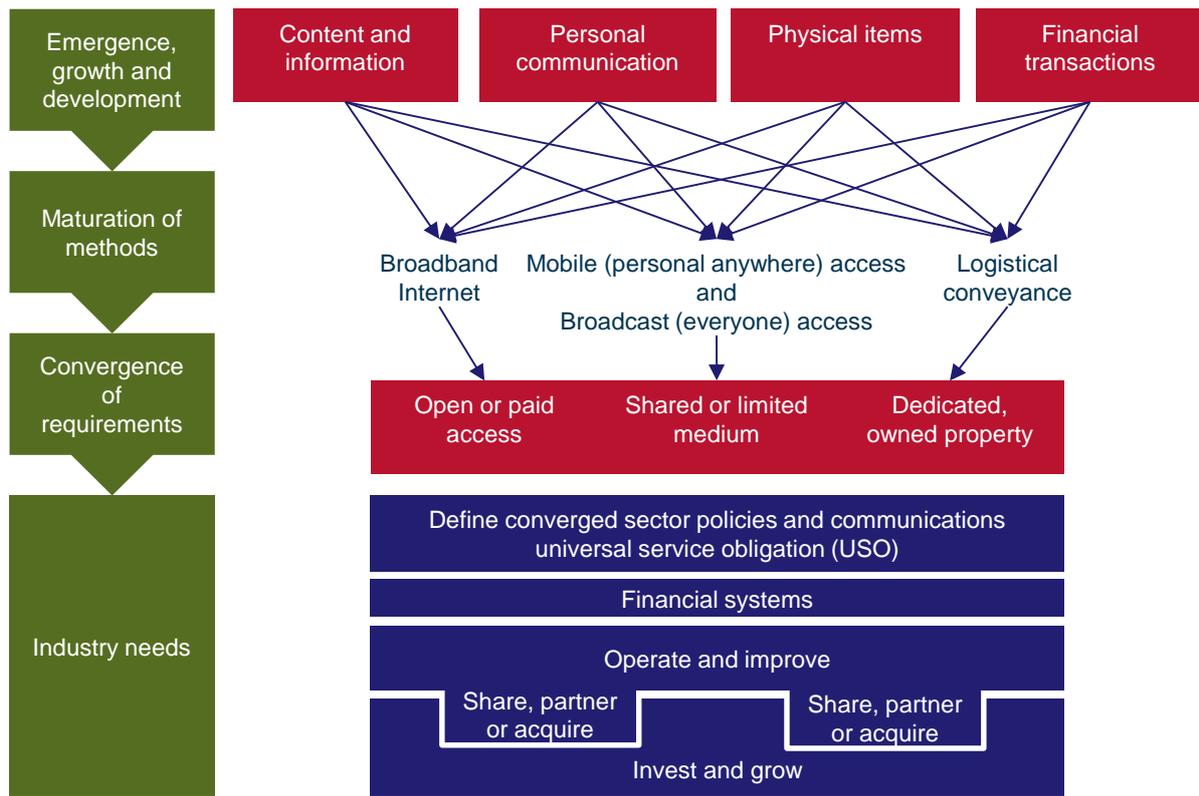
The communications sector has rapidly evolved during the last decade, and some of the new trends will bring about the need for our industry to consider broader strategies. Smartphones have emerged and now represent a major communications and collaboration enabler. Internet access is becoming ubiquitous, and being 'off the net' increasingly excludes consumers, businesses and government from efficient and modern economic and social activities. Virtual, electronic and mobile money systems are changing financial behaviour, particularly in emerging economies where traditional commercial and banking models are less widespread. This article sets out the role of telecoms and postal industry players in the convergence of information, communication, physical and financial services.

The communications revolution: from conversation and information exchange to social and commercial activity

Conversation and information exchanges between communications providers were intangible: just signals and data bits supporting the interactions and growth of economies. But many governments and regional policy makers are now looking at e-government, online transactions and cross-border ecommerce as the next area to benefit from the communications technology revolution (that is, after intangible voice and information communications, comes tangible social, civic and commercial activity).

This now requires an understanding of, and integration between, communications and the physical delivery of goods, documentation and services. Future consumer and business growth opportunities will increasingly require converged electronic, financial and physical systems (see Figure 1).

Figure 1: Communications developments [Source: Analysys Mason, 2014]



This convergence leads to a number of requirements and opportunities.

Regulators

Given the evolution of the communications sector, policies will need to adapt or develop to support this convergence. Some regulatory authorities cover both telecoms and postal services, placing them in a key position to directly consider the needs of electronic and physical convergence. Cyber-security, ecommerce and related ICT activities often fall under the guidance of the regulator or its associated ministerial bodies.

One important foundation for supporting this converged growth is a future-oriented communications universal service obligation (USO). Basic voice telephony and traditional daily mail services are important, but not the driver of the future. Over-the-top (OTT) applications, Internet-based connectivity and physical support of ecommerce will drive new economic opportunities.

Operators

As traditional subscription, voice and data charging models disappear, operators will need to consider the services and applications that consumers and businesses are using. Net neutrality is being widely debated but in this article our focus is on the opportunities for network operators, as the traditional owners of communications customers, to broaden their involvement in a new value chain. By sharing, partnering or acquiring, communications providers can support ecommerce and capture important adjacent value segments. Mobile money, content partnerships and the seamless combination of virtual and physical goods are some of these.

Investors

The network industries of fixed-line telecoms services, mobile connectivity, Internet access and the handling and delivery of letters and physical goods have many similarities in respect of investment decisions. These include technological change, and the opportunities and risks of convergence. Investors also need to seek new areas of growth, and enable profit-making ways of servicing business and consumer needs. Market liberalisation and competitive entry in the physical delivery (postal) sector, and involvement in the adjacent communications sector could lead to innovation in capturing parts of the value chain. The privatisation of national postal providers is also a growing area of interest to investors in the communications space.

Conclusions

The convergence of information access, communications, physical ecommerce and financial interactions provides players in the broader communications industry with new requirements and opportunities. To define the policies, business and financial investment decisions in these sectors need a wide viewpoint and breadth of experience.

Analysys Mason is holding a week-long training course in the second half of 2014 in Manchester, UK, on the topics of postal sector policy and regulation. For more information on this course, please contact Ian Streule, ian.streule@analysysmason.com.