



Operator business services: USA forecast 2018–2023



Catherine Hammond and Terry van Staden

Contents

5. Executive summary

6. Executive summary: operator revenue from legacy services is declining, but we expect to see revenue growth from IoT and other value-added business services

7. Implications for operators

8. Forecast results

9. Operator business revenue in the USA will remain broadly flat, and growth in fixed and mobile data services will compensate for the decline in legacy voice services

10. Most operator revenue will come from large enterprises, but growth will come from micro enterprises

11. Mobile data revenue partly compensates for declines in voice and messaging; the increased number of IoT deployments drives small overall growth in mobile services

12. Revenue growth from broadband and dedicated connections will largely offset declines from legacy fixed voice services

13. High-bandwidth broadband and dedicated connections services will continue to grow in importance

14. The addressable market for other business services will continue to grow as enterprises adopt additional cloud-based business solutions

15. Operator revenue from other business services forms a small but rapidly growing share of the overall business revenue

16. The broader enterprise IT and managed services market includes more services than those addressed by operators and is currently worth around USD550 billion

17. Operator profiles

18. The US enterprise market is characterised by the presence of a large number of regional players

19. Operator profiles: AT&T

20. Operator profiles: Verizon

21. Operator profiles: CenturyLink

22. Operator profiles: Comcast

23. Operator profiles: Zayo

24. Operator profiles: Sprint

25. Operator profiles: GTT

26. Forecast methodology and assumptions

27. Forecast methodology and assumptions: presentation of results

28. Forecast methodology and assumptions: market definition

29. Forecast methodology and assumptions: modelling approach

30. Forecast methodology and assumptions: mobile services

31. Forecast methodology and assumptions: fixed services [1]

32. Forecast methodology and assumptions: fixed services [2]

33. Forecast methodology and assumptions: other business services [1]

34. Forecast methodology and assumptions: other business services [2]

35. Forecast methodology and assumptions: broader IT categories

36. About the authors and Analysys Mason

37. About the authors

38. Analysys Mason's consulting and research are uniquely positioned

39. Research from Analysys Mason

40. Consulting from Analysys Mason

List of figures

Figure 1: Change in telecoms operator retail revenue from businesses by service type, USA, 2018–2023

Figure 2: Connections for businesses and CAGRs by type of connection, USA, 2018–2023

Figure 3: Telecoms operator retail revenue from businesses in 2018 and CAGR for 2018–2023 by enterprise size, USA

Figure 4: Telecoms operator retail revenue from businesses by service type, USA, 2014–2023

Figure 5: Percentage of operator retail revenue from businesses in 2018 and CAGR for 2018–2023 by service type, USA

Figure 6: Percentages of retail revenue, total employees and total enterprises by enterprise size, USA, 2018

Figure 7: Telecoms operator retail revenue from businesses by service type and enterprise size, USA, 2018 and 2023

Figure 8: Telecoms operator mobile service retail revenue and connections for businesses, USA, 2014–2023

Figure 9: Telecoms operator fixed service retail revenue and connections for businesses, USA, 2014–2023

Figure 10: Number of business fixed broadband and dedicated connections by type of connection, USA, 2014–2023

Figure 11: Other business services retail revenue from businesses by service type, USA, 2014–2023

Figure 12: Other business services retail revenue from businesses by service type and provider and operators' share of this revenue by service type, USA, 2023

Figure 13: Enterprise IT and managed services market, 2018– 2023

Figure 14: Number of business and government-grade voice connections, by type of subscription and operator, December 2016

Figure 15: AT&T business revenue, by service, 2017–2018

Figure 16: Verizon business revenue, by type of product, fixed only, 2017–2018

Figure 17: CenturyLink business revenue, by size of business, 2017–2018

Figure 18: Comcast business revenue, 2012–2018

Figure 19: Zayo business and wholesale revenue, by type of service, 2017–2018

Figure 20: Charter business revenue, by business size, 2017–2018

Figure 21: Percentage of enterprises, employees and business sites by enterprise size, USA, 2018

Figure 22: Diagram of the forecast modelling approach

Figure 23: Definitions and key drivers for mobile services

Figure 24a: Definitions and key drivers for fixed services

Figure 24b: Definitions and key drivers for fixed services

Figure 25a: Definitions and key drivers for other business services

Figure 25b: Definitions and key drivers for other business services

Figure 26: Description of broader IT categories tracked by AMI Partners

About this report

This report analyses the demand for telecoms services by micro, small and medium-sized enterprises (MSMEs) and large enterprises, expressed in terms of revenue, the number of connections or users and the average revenue per user (ARPU).¹

The report highlights that operator enterprise revenue from legacy services in the USA is broadly flat or declining, and identifies those services that are most likely to deliver future growth.

It quantifies the market for fixed and mobile voice and data services, IoT connectivity services and other business services such as security, unified communications and public and private cloud services. It also profiles the main operators that are active in the US enterprise market.

The report is based on several sources, including the FCC, US Economic census, operator reporting and other third-party reports as well as the Analysys Mason 2017 enterprise survey.

WHO SHOULD READ THIS REPORT

- Operators that want to identify key areas for revenue growth, both in terms of enterprise segments and individual services.
- Vendors that are considering targeting the enterprise market.
- Third-party service providers seeking collaborative relations with operators.

REPORT COVERAGE

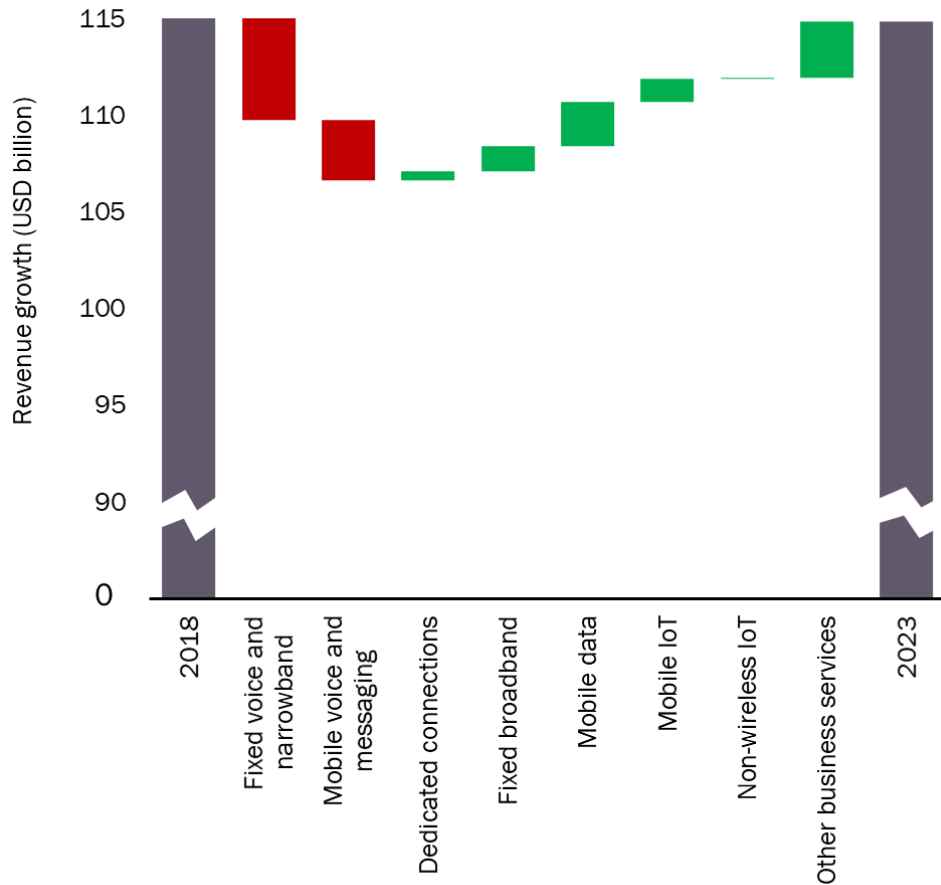
Geographical	Services ²	
Countries modelled individually: <ul style="list-style-type: none"> ▪ USA 	Mobile: <ul style="list-style-type: none"> ▪ Voice, messaging and handset data ▪ Mobile broadband ▪ IoT connectivity (mobile and LPWA) 	Other business services: <ul style="list-style-type: none"> ▪ Unified communications ▪ Security ▪ Co-location and hosting
Enterprise size	Fixed: <ul style="list-style-type: none"> ▪ Narrowband and VoBB ▪ ADSL/SDSL, vDSL, FTTP/B, cable, BFWA, other fixed broadband ▪ Dedicated connections up to 100Mbps, >100Mbps and up to 1Gbps, and >1Gbps ▪ Traditional managed services ▪ IoT connectivity 	<ul style="list-style-type: none"> ▪ Private cloud ▪ Software-as-a-service (SaaS, public cloud) ▪ Platform-as-a-service (PaaS, public cloud) ▪ Infrastructure-as-a-service (IaaS, public cloud) ▪ Enterprise mobility ▪ Desktop management
Segments: <ul style="list-style-type: none"> ▪ Micro (0–9 employees) ▪ Small (10–49 employees) ▪ Medium (50–249 employees) ▪ Large (250+ employees) 		

¹ For the complete data set, see Analysys Mason's [DataHub](#).

² See service taxonomy in the 'Forecast methodology and assumptions' section of this report.

Executive summary: operator revenue from legacy services is declining, but we expect to see revenue growth from IoT and other value-added business services

Figure 1: Change in telecoms operator retail revenue from businesses by service type, USA, 2018–2023^{1,2}

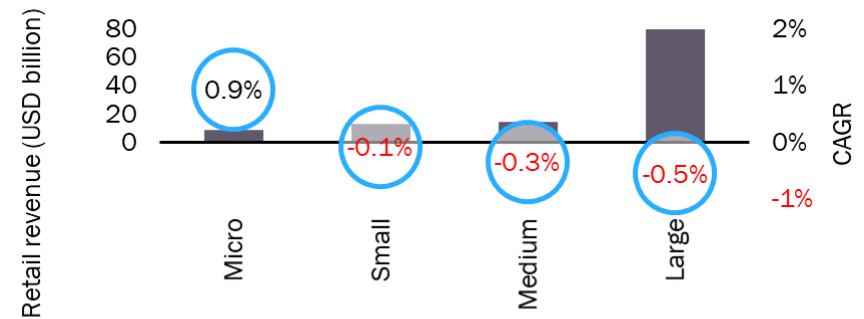


Source: Analysys Mason

Figure 2: Connections for businesses and CAGRs by type of connection, USA, 2018–2023²

Connection type	Connections (thousand)		CAGR	
	2018	2023	2014–2018	2018–2023
Mobile handsets	29 750	30 700	1.0%	0.6%
Mobile broadband	6100	7700	10.4%	4.8%
Mobile IoT	82 900	377 000	22.7%	35.4%
Fixed voice	56 500	53 200	-0.2%	-1.2%
Fixed broadband	9200	9800	2.3%	1.3%
Fixed dedicated lines	3950	3940	-0.5%	-0.1%
Non-wireless IoT	112 500	128 600	8.2%	2.7%

Figure 3: Telecoms operator retail revenue from businesses in 2018 and CAGR for 2018–2023 by enterprise size, USA²



Source: Analysys Mason

¹ Red denotes a decrease, and green an increase.

² See the 'Presentation of results' slide in the 'Forecast methodology and assumptions' section of this report for full definitions of the aggregate categories presented in the figures.



Contents



Executive summary

Forecast results

Operator profiles

Regional comparison

Forecast methodology and assumptions

About the authors and Analysys Mason

About the authors



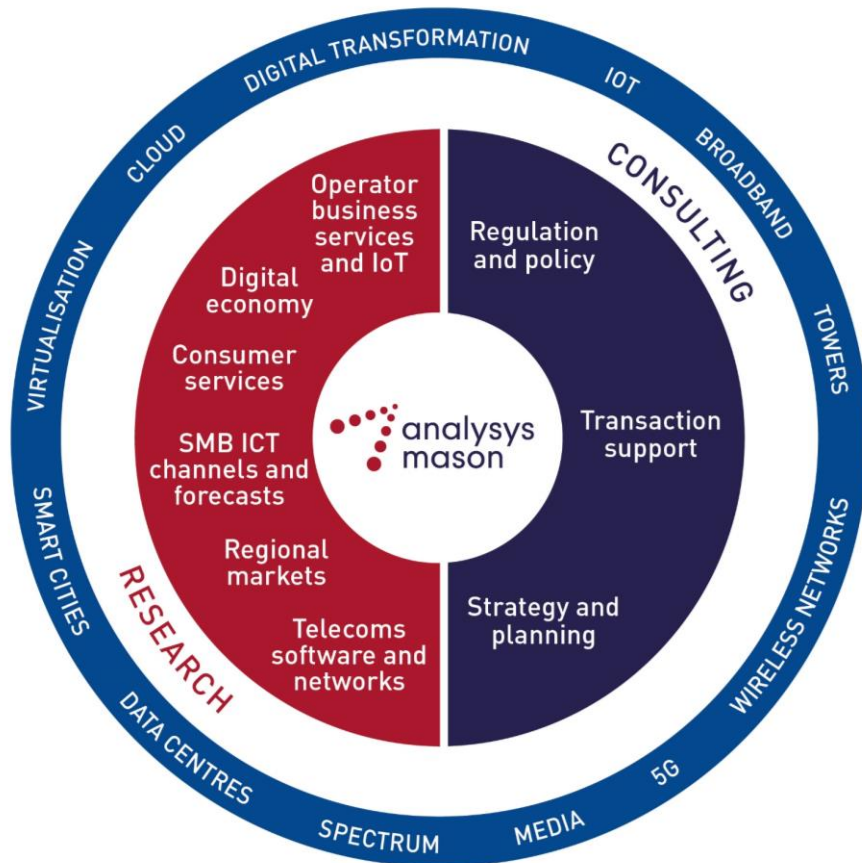
Catherine Hammond (Principal Analyst) is member of Analysys Mason's *Enterprise and IoT* research programme, specialising in market forecasting. She previously worked for nine years as a Senior Manager within Analysys Mason's Consulting practice, undertaking work for a wide range of operators, regulators and government agencies in Europe and Asia. Her work included the development and review of quantitative models, assessment of business plans, development of market forecasts, collation and analysis of benchmarks, development of white papers and leading client workshops and major presentations. She holds an MA in mathematics from the University of Cambridge.



Terry van Staden (Research Analyst) is a member of Analysys Mason's *Operator business services and IoT* research practice, focusing on operator strategies for the enterprise market. He specialises in SME bundling strategies, primary research and is responsible for our enterprise survey work. Prior to joining Analysys Mason, Terry received his masters in economics under full scholarship in South Africa, where his research papers won – or were nominated for – several national awards. He is a member of the Golden Key International Honour Society and the recipient of the Gold Duke of Edinburgh's Award.

Analysys Mason's consulting and research are uniquely positioned

Analysys Mason's consulting services and research portfolio



Consulting

We deliver tangible benefits to clients across the telecoms industry:

- communications and digital service providers, vendors, financial and strategic investors, private equity and infrastructure funds, governments, regulators, broadcasters and service and content providers

Our sector specialists understand the distinct local challenges facing clients, in addition to the wider effects of global forces.

We are future-focused and help clients understand the challenges and opportunities new technology brings.

Research

Our dedicated team of analysts track and forecast the different services accessed by consumers and enterprises.

We offer detailed insight into the software, infrastructure and technology delivering those services.

Clients benefit from regular and timely intelligence, and direct access to analysts.

Research from Analysys Mason

Consumer services programmes

- Mobile Services
- Mobile Devices
- Fixed Broadband Services
- Convergence Strategies
- Video Strategies

Operator investment programmes

- Operator Investment Strategies
- Network Traffic
- Spectrum

Telecoms software and networks programmes

- Software Forecast and Strategy
- Telecoms Software Market Shares
- Network-focused**
- Next-Generation Wireless Networks
- Video and Identity Platforms
- Service Design and Orchestration
- Automated Assurance
- Network Automation and Orchestration
- Digital Infrastructure Strategies

Customer-focused

- Digital Experience
- Customer Engagement
- Monetisation Platforms
- AI and Analytics

Digital economy programmes

- Digital Economy Strategies
- Future Comms

Operator business services and IoT programmes

- Large Enterprise Voice and Data Connectivity
- Large Enterprise Emerging Service Opportunities
- SME Strategies
- IoT and M2M Services
- IoT Platforms and Technology

SMB ICT programmes

- Managed Service Provider Strategies

Regional markets programmes

- Global Telecoms Data
- Americas
- Asia-Pacific
- Middle East and Africa
- European Core Forecasts
- European Telecoms Market Matrix
- European Country Reports

DataHub

- ~2500 forecast and 250+ historical metrics
- Regional results and worldwide totals
- Operator historical data



Consulting from Analysys Mason

REGULATION AND POLICY

- Policy development and response
- Ex-ante market reviews, remedies, costing...
- Universal Service Obligation (USO)
- Scarce resources: radio spectrum management, auction support, numbering...
- Ex-post/abuse of dominance
- Postal sector



analysismason.com/consulting

TRANSACTION SUPPORT

- Commercial due diligence
- Technical due diligence
- Mergers and acquisitions (M&As)
- Debt and initial public offerings (IPOs)
- Joint-venture structuring
- Mid-market financial sponsors

STRATEGY AND PLANNING

- Commercial expertise
- Technology optimisation
- New digital frontiers



PUBLISHED BY ANALYSYS MASON LIMITED IN **MARCH 2019**

Bush House • North West Wing • Aldwych • London • WC2B 4PJ • USA

Tel: +44 (0)20 7395 9000 • Email: research@analysismason.com • www.analysismason.com/research • Registered in England and Wales No. 5177472

© Analysys Mason Limited 2019. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means – electronic, mechanical, photocopying, recording or otherwise – without the prior written permission of the publisher.

Figures and projections contained in this report are based on publicly available information only and are produced by the Research Division of Analysys Mason Limited independently of any client-specific work within Analysys Mason Limited. The opinions expressed are those of the stated authors only.

Analysys Mason Limited recognises that many terms appearing in this report are proprietary; all such trademarks are acknowledged and every effort has been made to indicate them by the normal USA publishing practice of capitalisation. However, the presence of a term, in whatever form, does not affect its legal status as a trademark.

Analysys Mason Limited maintains that all reasonable care and skill have been used in the compilation of this publication. However, Analysys Mason Limited shall not be under any liability for loss or damage (including consequential loss) whatsoever or howsoever arising as a result of the use of this publication by the customer, his servants, agents or any third party.