

COVID-19 is revolutionising digital communications and testing providers' reliability and ability to innovate

April 2020

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Social distancing, self-isolation and other measures aimed at suppressing the COVID-19 pandemic are drastically changing the communication behaviour of billions of people worldwide. Operators and OTT communications service providers are being tested in terms of the resilience of their services and their ability to innovate and adapt to a changing consumer demand. This comment analyses the impact of COVID-19 on operators and OTT communications service providers, and outlines their responses and the long-term changes that they will have to address.

Most operator and OTT communications services have been able to cope with the surge in demand with limited disruption

Governments in all countries affected by the COVID-19 outbreak are enforcing policies aimed at slowing down the contagion by dramatically curtailing physical contact between people. Consumers are resorting to all types of digital communication to compensate for the lack of in-person communication, thereby generating unprecedented levels of traffic for operator and OTT communication services (Figure 1).

Figure 1: Growth in traffic for operator and OTT communication services in countries with epidemic suppression policies

Provider	Country	Service	Traffic Increase	Timeframe for growth
AT&T	USA	Mobile voice	27%	1 day
AT&T	USA	Fixed voice	48%	1 day
AT&T	USA	Wi-Fi calling	82%	1 day
AT&T	USA	Messaging	46%	17 days
Verizon	USA	Mobile voice	10%	5 days
Sprint	USA	Mobile voice	20%	Unknown
Sprint	USA	Messaging	25%	Unknown
Telefónica	Spain	Mobile voice	37%	7 days
Telefónica	Spain	Fixed voice	30%	7 days
Vodafone	UK	Mobile voice	42%	Unknown
All Chinese MNOs	China	Messaging	37%	30 days
Spark	New Zealand	Mobile voice	350%	Unknown
Orange	Poland	Mobile voice	50%	2 days (weekend)
Teleconferencing apps (such as Skype and Zoom)	USA	OTT teleconferencing	300%	2 days

Provider	Country	Service	Traffic Increase	Timeframe for growth
WhatsApp and Facebook Messenger	Italy	Group calling	1000%	30 days
WhatsApp and Facebook Messenger	USA	Messaging and voice	500%	1 day

Source: Analysys Mason, 2020

Mobile voice traffic has grown strongly in the affected countries, driven by an increase in both the number of calls and their duration. Operators were caught out by this surge in voice traffic because many had reallocated spectrum resources from voice to data. Indeed, some operators' voice services experienced disruption in the initial stages of lockdown.¹ However, consumers are at home, so operators and regulators have encouraged them to enable Wi-Fi calling on their devices in order to minimise the traffic on cellular networks and reduce the magnitude of the potential disruptions. Some operators have also opened up their public Wi-Fi hotspots to all of their customers.

The biggest disruption for OTT communications service providers was caused by group and video calling because these services went from being niche features to mainstream services in a matter of weeks. Service providers such as Zoom experienced localised service interruptions while they were rushing to scale up capacity.²

Communications service providers are removing consumption limits and introducing new features

Communications service providers have shown flexibility in responding to the surge in demand. Some operators have offered free call minutes allowances (Wind-Tre and TIM in Italy), free international calls to affected countries (Sprint in the USA and MásMóvil sub-brands in Spain), free calls for elderly customers (Turkcell is offering free calls on BIP for users aged 65+) and fixed-line voice bill caps (BT in the UK); many have also prioritised calls to emergency numbers.

Competition has intensified among OTT communications service providers in a bid to capture the attention of new users. Many services have removed or relaxed some of the limits in their free services. For example, the video calling service Zoom removed its 40-minute limit, Viber increased the maximum number of participants in a group call from 10 to 20, Google Duo increased the maximum number of participants from 8 to 12 and Discord increased the participant limit from 10 to 50.

The strong demand for digital entertainment has also been reflected in the rise in the number of gamified elements in communications services. Houseparty is a video calling app whose consumer proposition is centred on in-call games and activities and it is currently one of the most downloaded apps in Europe.³ Snapchat has launched the 'Stay at home challenge', a location-based gaming competition aimed at rewarding teenagers who comply with suppression policies. Foursquare has also announced plans to develop a similar gaming feature.

¹ Vodafone UK reported that 9% of calls were affected by congestion issues, Three UK reported that 3% were affected, and Telstra Australia reported that 3–4% were affected.

² CNBC (2020), *Zoom CFO explains how the company is grappling with increased demand*. Available at: <https://www.cnbc.com/2020/03/18/zoom-cfo-explains-how-the-company-is-grappling-with-increased-demand.html>.

³ Financial Times (2020), *How the viral app Houseparty is entertaining a generation in lockdown*. Available at: <https://www.ft.com/content/c7ce2ad3-7276-4d8a-9deb-21acca871082>.

Operators and OTT communications service providers must adapt to the long-term changes in consumers' communication behaviour

Sustained levels of traffic and engagement with all types of communications services will continue for as long as suppression policies are in effect, and the longer they last, the more profound the changes on consumers' behaviour will be.

- Native voice to OTT VoIP substitution will accelerate. Consumers are using voice interfaces on OTT apps more frequently and in contexts that were previously offline (such as for schooling and access to health services). This habit will be hard to break.
- The revenue associated with voice services will most likely decrease, as most operators will continue to provide voice services for free or at a capped rate. Roaming revenue will be negligible until travel restrictions are lifted, but even then it will be far from pre-crisis levels.
- All OTT communications service providers will rush to launch in-call entertainment features such as gaming, video co-watching and other collaborative functions to close the gap with services that have become popular recently. This will strengthen the stickiness of such features.
- OTT application-to-person (A2P) communications services will benefit from the suspension of in-person business-to-consumer (B2C) interactions because this will lead to a significant increase in demand for A2P (and P2A) direct-to-consumer communication channels. It will also teach consumers that have never engaged with a chatbot to interact with brands and organisations through their OTT communications services and social media apps.