RESEARCH

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Operator business services: worldwide forecast 2018–2023

Catherine Hammond

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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]

It quantifies the market for fixed and mobile voice and data services, IoT connectivity services and ICT services such as security, unified communications and public and private cloud services.

The report highlights that while revenue from legacy business services is in decline in many developed markets, operators have an opportunity to stabilise revenue by delivering ICT services and supporting IoT deployments. It also identifies the need for operators to keep pace with changing business requirements and technology developments.

The report is based on several sources, including data from operators, national regulators, government agencies and other third parties, and from Analysys Mason's own enterprise survey.

WHO SHOULD READ THIS REPORT

- Telecoms 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

Regions modelled individually:

- Western Europe
- Central and Eastern Europe
- Developed Asia–Pacific
- Emerging Asia–Pacific
- North America
- Latin America
- Middle East and North Africa
- Sub-Saharan Africa

Enterprise size

Segments:

- Micro (0–9 employees)
- Small (10–49 employees)
- Medium (50–249 employees)
- Large (250+ employees)

Services[2]

Mobile:

- Voice, messaging and handset data
- Mobile broadband
- IoT connectivity

Fixed:

- Narrowband and VoBB
- ADSL/SDSL, vDSL, FTTP/B, cable, BFWA, other fixed broadband
- Dedicated connections up to 100Mbit/s, >100Mbit/s and up to 1Gbit/s, and >1Gbit/s
- Traditional managed services

Other business services:

- Unified communications
- Security
- Co-location and hosting
- 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

[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.

Operator revenue from ICT services forms a small but rapidly growing share of operators' overall business revenue

We estimate that operator business revenue from ICT services was USD34 billion in 2018 and will grow to USD47 billion in 2023 at an average CAGR of 6.8%.

Co-location and hosting, security, and private cloud services will be important for telecoms operators because these are large overall markets and ones in which operators are well placed to have significant market shares. Operators will also play a key role in delivering unified communications and enterprise mobility services, although these are smaller overall markets.

SaaS and IaaS represent large overall market opportunities, but we do not expect operators to have more than about 5–8% of the total retail revenue generated from these services in 2023.

Overall, we expect operators to account for 11.6% of the USD409 billion addressable market for ICT services by 2023.

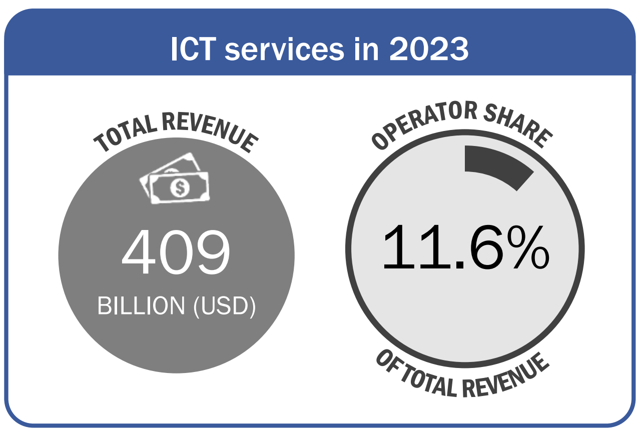
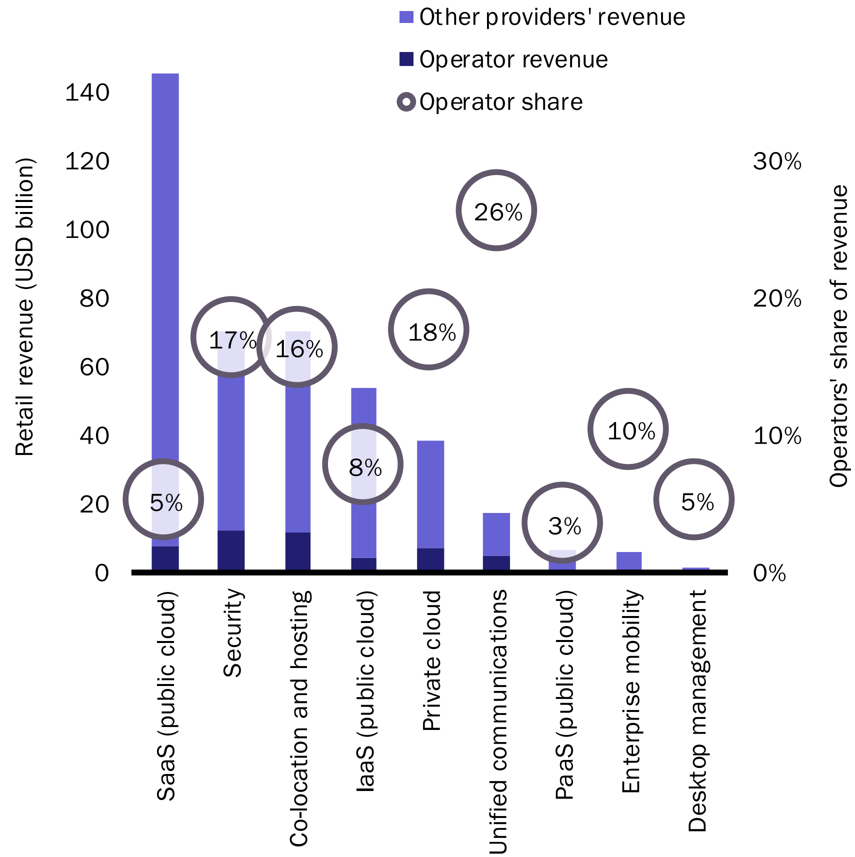


Figure 17: ICT retail revenue from businesses by service type and provider and operators' share of this revenue by service type, worldwide, 2023



Source: Analysys Mason

Developed Asia–Pacific [1]: growth in operator revenue will be driven by increasing mobile data usage and adoption of ICT services

We estimate that operator business revenue for telecoms and ICT services in developed Asia–Pacific was USD53.1 billion in 2018 and to increase to USD54.9 billion by 2023 at a 0.7% CAGR.

Fixed business services continue to decline in importance in revenue terms, with a shift to internet connectivity and SD-WAN adoption, which is resulting in a decline in revenue for dedicated connections. We expect limited growth in fixed broadband services.

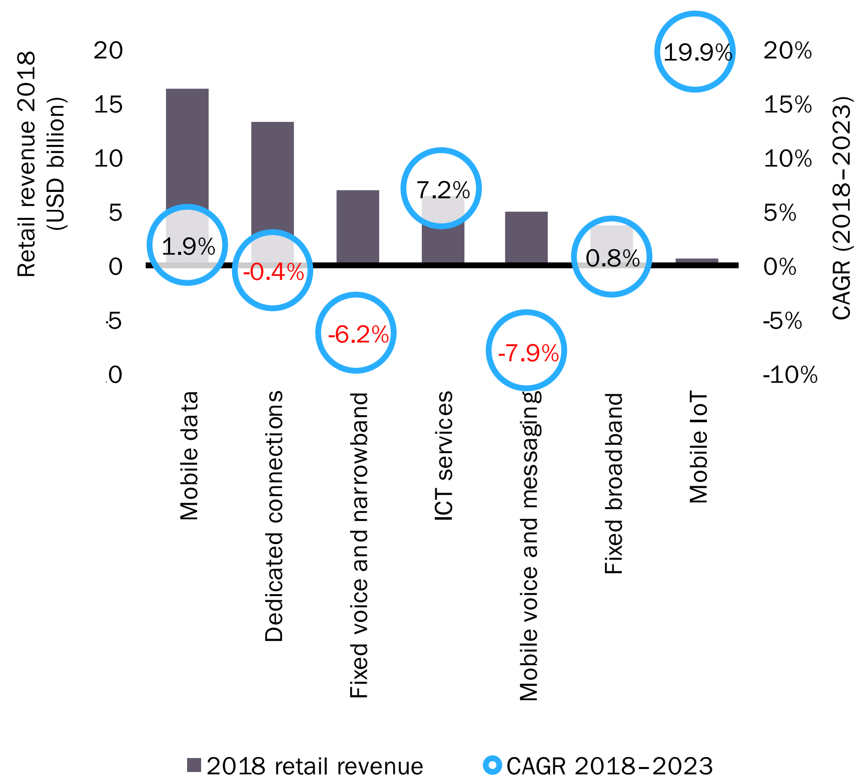
Mobile data accounts for the greatest share of business revenue and we expect to see continued growth due to an increased number of devices deployed and 5G roll-out. IoT connectivity services will deliver strong revenue growth but from a very small base.

Operators in the region are deploying a wide range of ICT services and associated revenue is expected to grow strongly.

Figure 28: Business connections and CAGRs by type of connection, developed Asia–Pacific, 2018–2023

Connection type	Connections (million)		CAGR	CAGR
	2018	2023	2014–2018	2018–2023
Mobile handsets	44.1	46.8	5.7%	1.2%
Mobile broadband	4.6	4.9	-7.7%	1.1%
Mobile IoT	33.0	199.0	18.4%	43.3%
Fixed voice	37.9	33.4	–2.5%	–2.5%
Fixed broadband	9.0	9.6	2.9%	1.2%
Fixed dedicated lines	1.7	1.7	0.9%	0.6%

Figure 29: Telecoms operators' retail revenue from businesses in 2018 and CAGRs for 2018–2023 by service type, developed Asia–Pacific[1]



Source: Analysys Mason

[1] 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.

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About the author

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.

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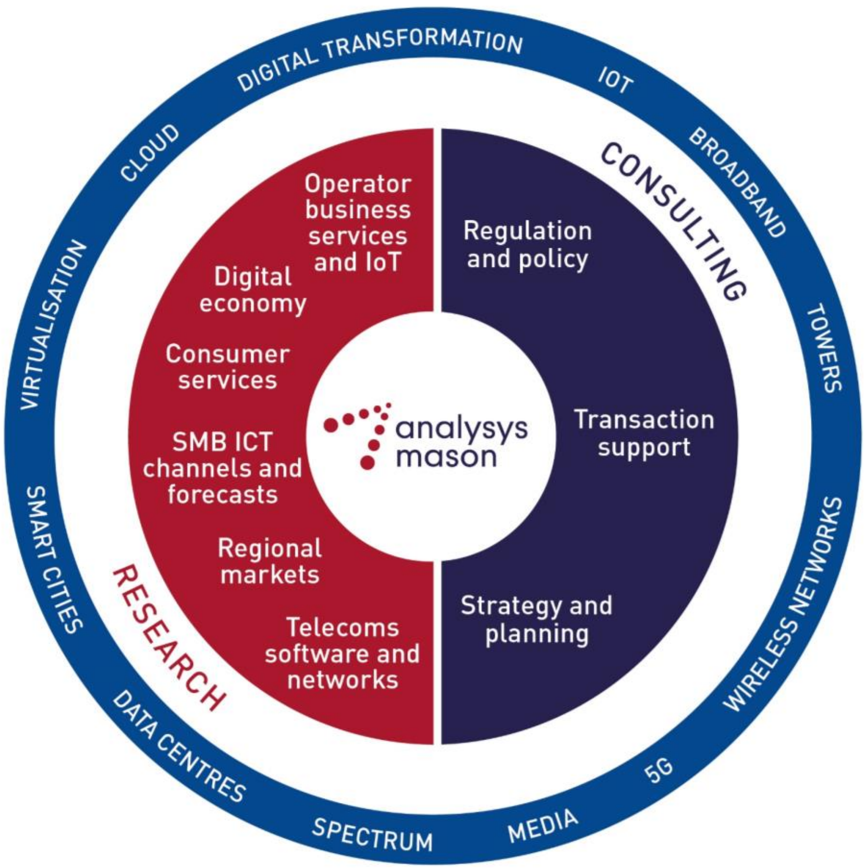

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