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Operator business services: Netherlands forecast 2019–2024

Igor Babić

RESEARCH

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About this report

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

It highlights that operator revenue from business services in the Netherlands is expected to fall during the forecast period, driven by a continued sharp decline in revenue from fixed voice services.

It quantifies the market for fixed and mobile voice and data services, IoT connectivity services and ICT services such as unified communications (UC) and hosted voice, security, co-location and hosting and software-as-a-service (SaaS).

The report is based on several sources, including data from operators, Statistics Netherlands, the Authority for Consumers and Markets and Analysys Mason's 2019 survey on businesses' telecoms and ICT usage. We have not assumed a significant negative impact arising from the Covid-19 virus.

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 that are seeking to collaborate with operators.

REPORT COVERAGE

Geographical

Countries modelled individually:

- Netherlands

Enterprise size

Segments:

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

Services[2]

Mobile:

- Voice and messaging
- Handset data
- Mobile broadband
- IoT connectivity

Fixed:

- Narrowband voice
- VoBB
- ADSL/SDSL, vDSL, FTTP/B, cable, FWA, other fixed broadband
- Dedicated connections: below 100Mbit/s, 100Mbit/s and up to 1Gbit/s, and at least 1Gbit/s
- Pay TV

ICT:

- UC and hosted voice
- Security
- Co-location and hosting
- Software-as-a-service (SaaS)
- Infrastructure-as-a-service and platform-as-a-service (IaaS/PaaS)
- Enterprise mobility
- Desktop management

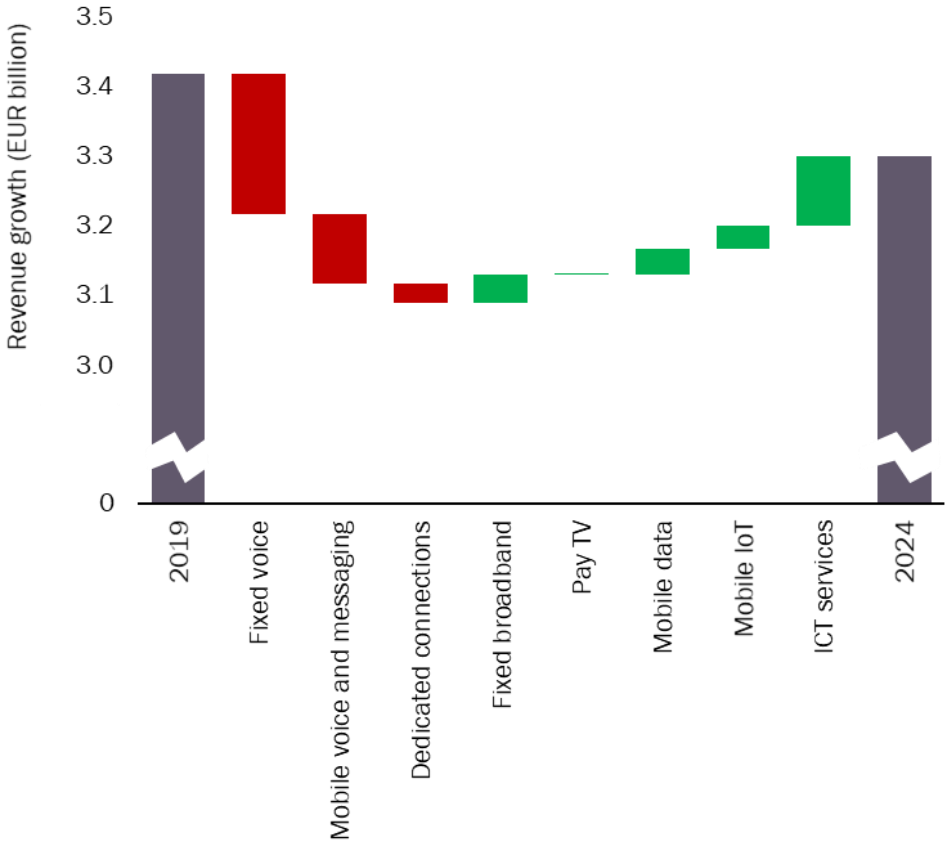
Our forecasts are refined throughout the year. This report presents the results at the time of publication and will continue to give useful background information about key drivers. However, we recommend that you always use the Analysys Mason DataHub to view the latest data associated with this report.

[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: the continued sharp fall in fixed voice revenue will drive a decline in operator business revenue in the Netherlands over the forecast period

Figure 1: Change in telecoms operator retail revenue from businesses by service type, Netherlands, 2019–2024[1,2]



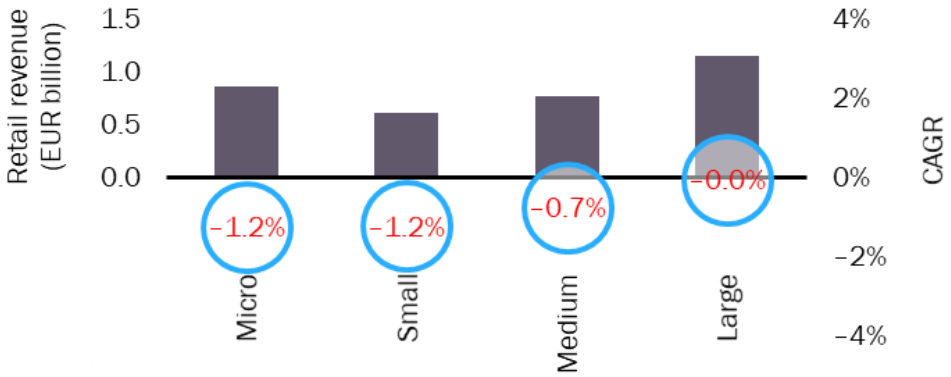
Source: Analysys Mason

Figure 2: Connections for businesses and CAGRs by type of connection, Netherlands, 2019–2024[2]

Connection type	Connections (thousand)		CAGR	
	2019	2024	2014–2019	2019–2024
Mobile handsets	4590	4840	4.1%	1.1%
Mobile broadband	181	99	–19.0%	–11.4%
Mobile IoT	6290	17 970	18.9%	23.4%
Fixed voice	1860	1560	–4.0%	–3.5%
Fixed broadband	779	857	2.7%	1.9%
Dedicated connections	167	170	0.6%	0.3%
Pay TV connections	65	66	0.2%	0.2%

Source: Analysys Mason

Figure 3: Telecoms operator retail revenue from businesses in 2019 and CAGR for 2019–2024 by enterprise size, Netherlands[2]



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.

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The fall in revenue from legacy services will drive a decline in total operator business revenue despite strong ICT services revenue growth

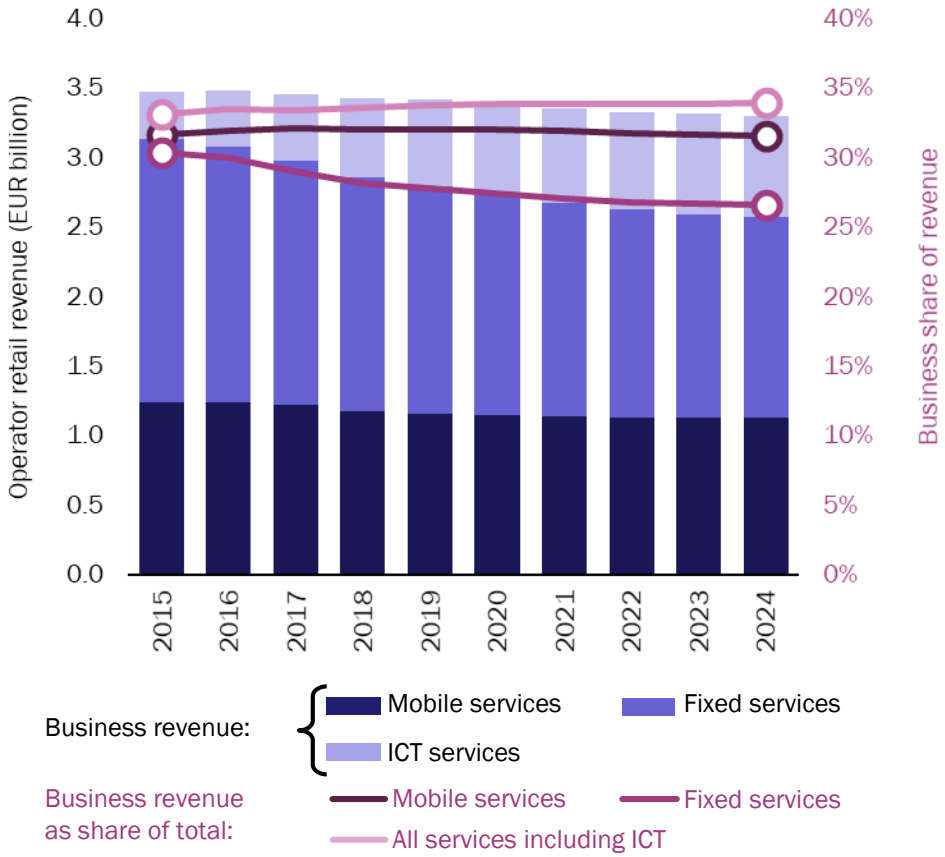
We forecast that operators' retail revenue from businesses in the Netherlands will fall at a CAGR of –0.7% between 2019 and 2024 (primarily driven by a decline in fixed services revenue).

We estimate that operators' enterprise revenue from telecoms and ICT services in the Netherlands will fall from EUR3.4 billion in 2019 to EUR3.3 billion in 2024. This decline will be caused by falls in both revenue from fixed and mobile services. The growth in revenue from ICT services (such as SaaS, security solutions and co-location and hosting) will partially offset these declines.

Business revenue currently accounts for around a third of the total operator revenue in the Netherlands, and this share is expected not to change much during the forecast period. This share varies by operator, depending on their current market position and level of ambition for new services.

Business mobile services ARPU will continue to gradually fall towards that for consumer services (pricing pressure is particularly visible in the large enterprise segment of the market), and the number of business handsets will increase (this will primarily be driven by an increase in the number of employees in the Netherlands). We expect that business fixed services revenue will continue to decline more rapidly than consumer revenue, driven by migration away from legacy voice and price pressure in data services, particularly as the quality of cheaper consumer-grade products improves.

Figure 4: Telecoms operator retail revenue from businesses by service type and share of total market, Netherlands, 2015–2024[1]



Source: Analysys Mason

[1] Revenue from consumer products is excluded from our business revenue estimates, in line with operator reporting practice.
[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.

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About the author

Igor Babić (Analyst) is a member of Analysys Mason's Operator business services and IoT research practice and the lead analyst for the company's Cyber Security research programme. He mainly focuses on developing market forecasts for business telecoms, IoT and ICT services, and on analysing industry trends within the cyber-security space and route-to-market strategies of security vendors selling to small and medium-sized businesses (SMBs). Before joining Analysys Mason, Igor completed a BEng in Engineering Business Management at Warwick and an MPhil in Industrial Systems, Manufacture and Management at Cambridge.

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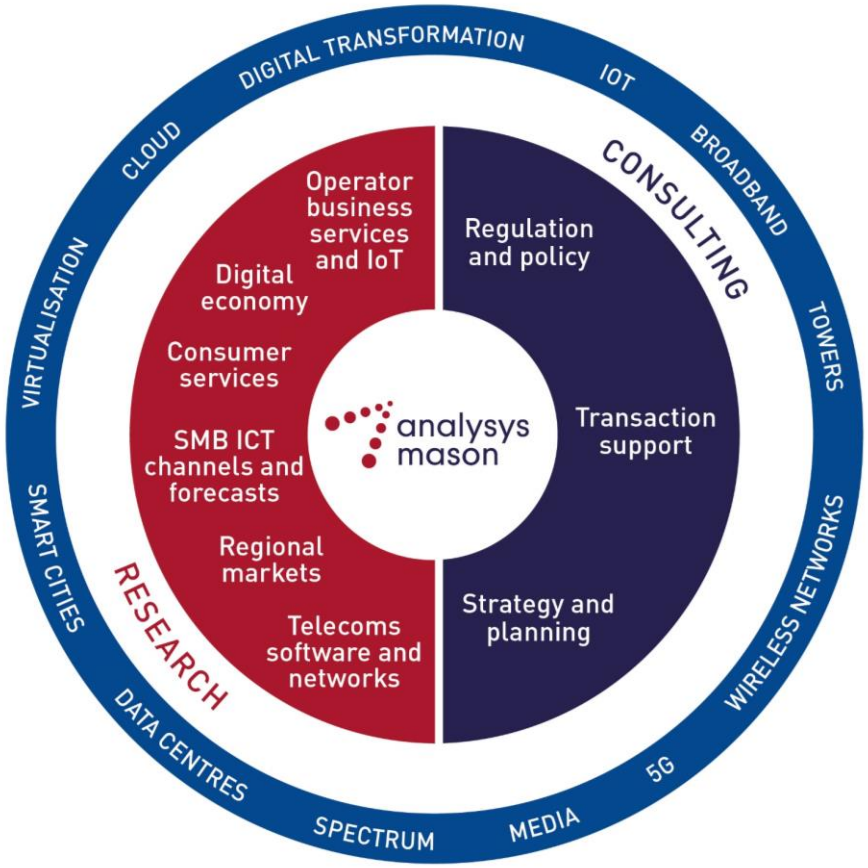

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