



Analysys Mason Research's telecoms, media and technology predictions for 2020



Analysys Mason reveals which trends will
make an impact in the next 12 months



Predictions



All eyes are on 5G, but the 5G experience will remain largely '4G-plus'; an increasing number of deployments and a wider range of lower-priced handsets will create a growing base of 5G mobile phone users. Meanwhile, behind the scenes, 5G will be influencing a range of use cases that involve much more than 5G mobile handset services.

Here are Analysys Mason's predictions for 2020:

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1. Mobile cloud gaming: this will be a critical year for this key 5G consumer use case



The roll-out of 5G mobile services will enable mobile cloud gaming services, and many mobile operators are offering these services on their newly launched 5G networks, often in partnership with providers such as Hatch or Microsoft.

- Casual users account for the majority of mobile gaming revenue, but it is not yet known whether these consumers will want to pay for subscription-based gaming services. The industry will watch carefully for conversion rates when the promotional deals offered with 5G plans have expired.
- Avid gamers are known to pay for services but they need to be convinced that cloud services will support the game-play of AAA titles.
- The industry will require a clearer view of demand before investing heavily in edge computing to support improved performance of cloud gaming.

2. Competition in the OTT video market will approach its apex



The OTT video market will struggle under the weight of competition during 2020. New services (such as Disney+ and HBO Max) continue to launch but the market can only sustain so many players, and consumers will start to rationalise the number of subscriptions that they take.

- The average number of services that any one person uses will continue to increase in 2020, thanks to further launches by US players, but this trend will not continue. Forward-looking service providers will spend 2020 preparing for future service rationalisation and accordingly will diversify the way they sell TV and video services. Those that aggregate services will make it easier for customers to swap between OTT 'channels' within their subscription. More OTT players will adopt flexible pricing approaches including hybrid (free/paid) models and transactional sales.
- Standalone OTT players will push for differentiated in-app experiences and will focus on original and exclusive content in order to differentiate themselves from the homogenous nature of service aggregators.
- 'Super aggregators' (providers that integrate multiple OTT services into their own service) will struggle with their role as brokers of a range of OTT content. Operators are contenders to play this role but they must work harder on platforms, partnerships and user experience.

3. Wi-Fi 6 will become a differentiator for in-home connectivity operations



Many operators are adding Wi-Fi 6 to their in-home connectivity portfolios to address quality-of-experience (QoE) issues and to improve multi-device entertainment and connected home propositions.

- Wi-Fi 6 will support the roll-out of multi-gigabit fibre and cable services in many countries, providing faster and more-reliable services for individual premises, rooms and applications.
- Operators will use the launch of Wi-Fi 6 hardware as an opportunity to revamp and enhance their smart/connected home services.
- Wi-Fi 6 will limit the impact of 5G fixed substitution. An improved in-home experience will be more resistant to any fixed-mobile substitution plays from 5G mobile, and will enhance the advantage of fibre access compared to the more-limited capacity of mid-band 5G fixed-wireless access (FWA).

4. Standalone 5G will be rare, which will limit the impact of 5G



Operators will continue to deploy 5G using non-standalone (NSA) technology and migration to standalone (SA) connectivity to the 5G core (full 5G) will face delays in 2020 because of uncertainties about business benefits and the need to implement unfamiliar cloud-native technologies and edge computing to support it.

- Many sophisticated use cases based on widely deployed, low-latency 5G networks will be delayed further while operators slowly put in place building blocks including telco cloud platforms and new internal development processes.
- Operators and vendors will continue to announce new 5G SA live deployments, but these will have limited geographical reach and new vendor revenue will also be limited.
- Operators and vendors will make significant progress towards making the changes required for 5G SA.

5. Extending the appeal of SD-WAN services will come with challenges



SD-WAN has so far mostly been sold to larger companies that have been willing to be early adopters. The technology is expected to expand into new markets in 2020, which will come with new challenges.

- More service providers will look to sell SD-WAN services to medium-sized enterprises, both directly and through partners. Service providers will need to invest in processes, including automation, for SD-WAN to scale down to smaller businesses, and the challenges are likely to be considerable.
- Telecoms operators may need to respond to alternative models for SD-WAN. Telecoms operators have concentrated on selling SD-WAN bundled with connectivity, supported by traditional vendors, such as Cisco and Nokia. Other models are separating connectivity from SD-WAN, such as application-focused SD-WAN (for example, Citrix), security-focused SD-WAN (for example, Fortinet), or standalone SD-WAN sold at an aggressive price (for example, Cato Networks). Operators will need to react if these models are to find favour with businesses.

6. 5G will not have much impact on the IoT market, but NB-IoT should finally start delivering



Operators have been pursuing IoT for a long time. 5G should expand the opportunity long-term, but operators need results from the investments that they have already made.

- Radical use cases for IoT based on 5G will depend on the future capabilities of 5G (for example, very low latency and network slicing). We will see more pilots and demonstrations in 2020, but the hard work will take place behind the scenes as vendors, service providers and enterprises try to establish what role 'full 5G' can play.
- The number of NB-IoT connections is expected to increase dramatically. The full capabilities of 5G are some time in the future, but NB-IoT has arrived. More commercial networks will be available in more countries.

More international roaming agreements are in place. Device prices are declining (modules are less than USD4 and full tracking devices are under USD25), and the broader set of potential customers are getting excited about the possibilities of the technology.

- However, this is make or break time; if NB-IoT does not gain traction in 2020, operators (and vendors) may question whether demand will ever emerge.

7. Automation will move beyond 'process automation' to something more central to operators' business strategies



Automation as historically implemented has often meant 'isolated process scripting', but operators are endeavoring to apply automation to a much broader, more service-focused set of lifecycle operations.

- SD-WAN in particular will drive operators to increase investment in enterprise automation for customer engagement as well as service design, activation and ongoing operations.
- Automation will increasingly help to connect operators to partners, customers and other operators, for example through the use of standardised APIs, enterprise marketplaces and cloud-deployed platform solutions.
- Some operators will be afraid of making bad technology choices and will continue to refrain from embracing network function virtualisation (NFV)-based automation, but operator spending on related software and services will nevertheless continue to increase to roughly USD2 billion, nearly double that in 2019.

8. Operators will embrace new operating models



Financial pressures and digital disruption are leading many operators to embrace new operating models and are wresting some degree of control from traditional integrated operators.

- The fully integrated operator model is giving way to a disaggregated model where local access control does not dictate the full service model. IT assets are an increasingly important part of the communications value chain, whether in managing video content, virtualising networks or edge computing. These IT/data assets are more easily dissociated from the access networks from which traditional integrated operators derive their power.
- All communications technology, including 5G, rests upon full-fibre transport and access technology. Outsiders are investing in wholesale fibre backhaul and local access, independently of offering end-communication services. Traditional operators will wholly or partially divest their own fibre in some cases. These changes are driven primarily by financial pressures including the higher valuation of infrastructure assets, the opportunity to maximise utilisation by wholesalers serving many retail operators, and the search for the lowest cost of capital.



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