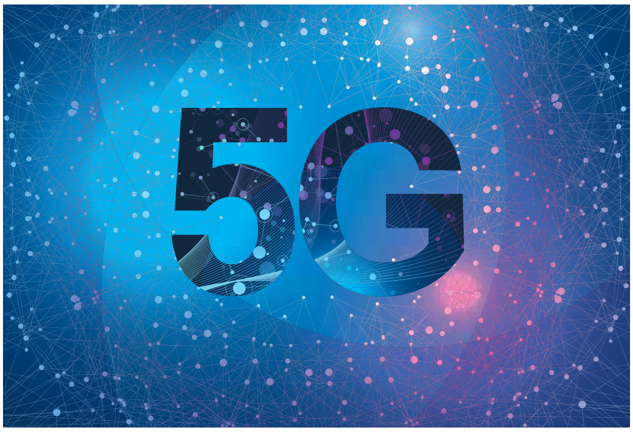
RESEARCH

Predictions from Analysys Mason Research for the telecoms, media and digital economy markets in 2019

5G: there will be many commercial 5G launches but consumers will not notice



- The lack of devices and coverage will defer the impact of 5G to 2020 at the earliest.
- 5G fixed-wireless services, in particular those using C-band (3.5GHz) will gain a foothold in some markets. The dominant commercial model will be from mobile challengers pitching low-cost alternatives for cord cutters rather than as full alternatives to FTTH and cable.

IoT: the market for IoT connectivity will continue to develop and new models will appear

- 1NCE and Twilio introduced IoT connectivity offers in 2018 and we expect ARM to introduce connectivity embedded with its processor in 2019. Others will emulate these disruptive models, threatening traditional operators' claim on connectivity.

Enterprises: operators will buy IT operations to expand portfolios and there will be many SD-WAN launches

- The trend of operators buying IT operations to expand their enterprise portfolios will spread from Australia, Europe and North America to the rest of the world. The acquisitions will be made with a view to obtaining staff – countering the more general trend of operators reducing the size of their workforce.
- There will be many SD-WAN launches in 2019 but actual adoption will spread slowly because of established contracts and the conservative buying habits of enterprises – as evidenced by the slow take-up of hosted VoIP.

Small and medium-sized businesses: this market will streamline with DaaS and cloud apps

- The device-as-a-service (DaaS) market will grow in popularity, particularly in the medium-sized business segment, where this business model will help IT staff to manage a large number of devices and software. Business spending on DaaS solutions will reach USD23.5 billion worldwide in 2019.
- Investments in cloud-based line-of business (LoB) software will underpin the digital transformation of small and medium sized businesses (SMBs) in 2019 and beyond. Digitalising intricate vertical-specific business processes and customer experiences will be key to staying competitive for SMBs, which are expected to spend USD20 billion on LoB apps in 2019.

Homes: the battle for control of the emerging home ecosystem will intensify

- Most telecoms operators do not want their home services to become Alexa accessories, but some will admit defeat in the smart home in 2019. An easier proposition for operators is to focus on improving in-home connectivity, and many home network service-level guarantees will be announced.

- Increased competition in FTTx will lead fixed–mobile convergence (FMC) operators to build retail offers around connectivity. Many telcos will continue to look to video services for growth, but their offers will be increasingly curatorial and partnership-based. This shift to OTT video will drive average per-capita data consumption above 100GB per month in some markets (about 250GB per household).

Digital transformation: operators will offer mobile apps for customer care, and will push into edge computing and network slicing

- Network operators' digital transformation efforts will focus on getting mobile apps that customers will really use. This will create a more digital experience, reduce the use of the 'detested' interactive voice response (IVR) technology and help operators to automate customer care.

- Operators will capitalise on their investments in virtualised networks to push into edge computing and network slicing. These technologies will enable operators to exploit virtual networks to offer new types of services, including those that will be facilitated by 5G networks.

Artificial intelligence: automation will lead operators to cut jobs and MSPs will capitalise on the needs of SMBs

- Operators will expand the scope of automated job functions by applying AI and machine learning to an ever-increasing base of data. Some operators will fully automate some network operations, which will lead to reductions in the number of staff needed to run the core network.

- AI will become a more-important factor in consumers controlling their network-enabled services, but Amazon, Facebook and Google will dominate.

- Managed service providers (MSPs) will use AI and machine-learning solutions to help the growing number of SMBs that are coping with a burgeoning number of devices and rising labour costs.

Investor value: business simplification initiatives will enable telecoms operators worldwide to reduce headcount

- The telecoms operator industry will shed at least 5% of its workforce worldwide in 2019 despite investing in new lines of business such as enterprise services. Most of the job cuts will be due to business simplification rather than automation. Most operators have the potential to cut 25% of positions within 5 years as they simplify and start to realise the payoff of digital transformation.

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