

Mobile operators' service revenues head for record US\$1 trillion in 2011

LONDON, UK: In 2010 alone, the world's mobile operator community, composed of more than 900 operators globally, generated US\$965 billion (about R6498 billion) in annualised service revenues according to the latest research from Informa Telecoms & Media (www.informatm.com/gmf-report).



As the impact of the economic downturn on the industry eases and as data continues to offset regulatory-driven pressures on core voice and SMS revenues, overall service revenues are forecast to exceed US\$1 trillion (about R7200 billion) on an annualised basis for the first time during 2011. They are then expected to grow to reach US\$1.14 trillion (about R8208 billion) by the end of 2015.

"The operators may earn big, but it should never be forgotten that they also invest heavily to generate these returns.

Deploying and operating mobile networks to support more than 5.3 billion connections is an extremely resource-intensive business and Informa Telecoms & Media estimates that operators worldwide invested more than US\$175 billion (about R1260 billion) in capex during 2010 alone. Cumulatively, total capex spend shelled out by operators has been in excess of US\$1 trillion (about R7.2 trillion) over the past decade," comments Thomas Wehmeier, principal analyst at Informa Telecoms & Media.

The chief engine behind the explosive growth...

The investments that operators make into deploying next-generation networks, into subsidising the latest high-end smartphones and building out extensive multichannel retail footprints are paying dividends in helping to spur the growth of new revenue lines. The provision of basic Internet connectivity to smartphones, USB modems and other connected consumer electronic devices has been the chief engine behind explosive growth of mobile data revenues. Informa forecasts that revenues from all mobile data services, including SMS, will grow to US\$453 billion (about R3261.6 billion) in 2015, up from just over US\$253 billion (about R1821.6 billion) in 2010.

"If the media hype is to be believed around the impact of over-the-top VoIP players such as Skype and Viber and the emergence of competing forms of social communication from Facebook and Twitter, you'd be easily pressed into believing that operators should start thinking about writing off their voice businesses. Such talk is of course foolhardy and revenues from voice services will still make up more than 60% of the industry's revenue base at the end of 2015," adds Wehmeier.

However, voice will enter a period of managed decline during the first half of this decade. European voice revenues have been going backwards for a couple of years and by 2015 voice revenues will have declined in every major global region for the first time ever. The imperative for operators to offset eroded voice revenue streams through the provision of services based on the foundation of their connectivity pipes remains as strong as ever.

The good news is that most operators still find themselves at the lower reaches of the data revenue curve. Global smartphone penetration still lies below 15% - even in more advanced markets such as Western Europe or North America the smartphone market is still under-penetrated.

"Put simply, getting more smartphones into users' hands and successfully persuading them to spend on data represents the single largest revenue upside opportunity for operators worldwide," Wehmeier concludes.

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