PwC view
Five trends to watch in Indian telecom in 2016

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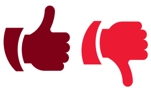
Revisiting our forecast of key Indian telecom trends of 2015: Hits and misses

Five trends we had predicted for Indian telecom in 2015	*Were we right?*	*Where do we stand now?*
#01 *LTE will become mainstream in India as well.*		LTE remained a key discussion topic throughout the year with one significant launch, multiple handset launches and year-end spectrum deals and 2016 launch announcements by major telcos. Although the LTE subscriber base is not being reported, we feel that our forecast of 10 million LTE subscribers by the end of 2015 has turned out to be optimistic.
#02 *Public Wi-Fi will be a bigger phenomenon; wired broadband will remain work-in-progress.*		The year 2015 saw multiple announcements of public Wi-Fi projects, including announcements from the Delhi government, Pune municipality and Prime Minister Narendra Modi's announcement of the Indian Railways Wi-Fi project in partnership with Google. We also saw two leading telcos coming together and forming a JV to jointly roll-out Wi-Fi hotspots.
#03 *Wearables in health and lifestyle space and security apps for smartphones.*		Wearables in the healthy lifestyle space became commonplace this year with the adoption of fitness tracker bands by health-conscious executives and urban individuals. Smart watches have also started flooding the market. Smartphone security uptake has not been commensurate with increased smartphone penetration even though cyber security in a connected world was a widely discussed topic this year.
#04 *Unconventional data monetisation options will appear.*		The first unconventional monetisation options appeared in the form of major Indian telcos being associated with payment bank licenses that will help leverage their existing ecosystem. We believe many more such options will appear, though they may be 'discovered' by vertical players or other savvy third-party innovators.
#05 *Intense competition in the telecom industry due to delayed M&A activities.*		In the absence of RJio's 4G launch, we did not witness the 2010 kind of price wars being played out, though there have been sporadic price cuts on data plans by major telcos to drive data usage and volume.

Indian telecom in 2016: Top wish

Indian telecom in 2015: Top wish - granted

Regulatory roadmap on key pending issues so that trust and confidence in the sector is restored for all stakeholders

Indian telecom in 2016
Our forecast of key trends

#01

Consolidation towards 5+1 network market: Consolidation driven by expensive spectrum and depleting voice revenue share will result in the market consolidating to five private networks and one public sector player market by the end of 2016. The consolidation can be an outright MTS-Reliance like merger or via spectrum trading/sharing deals like Idea-Videocon announced recently.

#02

Network experience to prevail over customer service experience as selection criteria: In 2016, telcos will continue to remain focussed on providing a basic high-speed network experience and customers will therefore choose accordingly. We do not expect differentiated customer service experience to be a dominant criterion for operator selection by customers.

#03

Fulcrum of data monetisation to shift away from telcos: Building on our 2015 prediction of unconventional data monetisation options, telcos associating with other entities to launch payment banks is the first in that trend. However, with accelerating smartphone penetration, government-mandated GPS capability in basic handsets and app-based payment options, telcos will lose their hold over customers to the larger ecosystem.

#04

OEMs to go up the value chain: Original equipment manufacturers (OEMs) are expected to leverage their network proximity to go beyond plain vanilla network services to offer customer network usage-based analytics, packet probing, advertisement content-based offerings, etc., to protect their revenues.

#05

Enhanced regulator focus and scrutiny on network quality: We expect the regulator to push for higher levels of transparency and accountability in ensuring network quality through demands for disaggregated network data reporting by licensees and related mandatory requirements. Compensation to customers for call drops mandated in 2015 is one of the several regulator initiatives expected in 2016 in this regard.

If you would like to discuss our findings further, please contact our telecom leaders:

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