





PwC view

Five trends to watch in telecom during 2013



Before we move to 2013, it's worth revisiting our predictions for 2012. We find that we scored a tad higher than 3/5. Here's what we predicted and what actually happened...

<i>The 5 trends PwC predicted for Indian telecoms in 2012</i>	<i>Was PwC right?</i>	<i>What do we think now?</i>
#01 Consolidation in the mobile service provider space		The number of players per circle reduced from a dozen-odd to 8-9, but there is a long way to go.
#02 Data will drive new sources of revenue growth		We got it wrong here. We expected more momentum from the industry. The pressure is still on.
#03 More consumers will start using tablets		Tablet sales have risen dramatically in 2012, but they are still at a low base
#04 Cloud coverage for the enterprise market		Most enterprise segment service providers are working on cloud services.
#05 Established players will start reinventing their operating models		Operators have started work on areas such as acquisitions, retail and distribution, but there is much to do.

A photograph of three people sitting in a theater with rows of red seats. On the left, a woman with long brown hair is wearing a light pink sleeveless top and large earrings. In the center, a man with a beard is wearing a dark suit and a blue striped tie. On the right, a woman with long brown hair is wearing a dark blue cowl-neck top. The background shows more rows of red seats and a wooden wall with gold accents.

The best-laid plans for the industry were punctured by the Supreme Court decisions of February, and so much of the agenda for 2012 is unfinished. So for 2013, we could have been boring and chosen the same five trends again. However, in the long term, we believe further regulatory developments will open the way for reforms to gather more pace (with a few stumbles too). So we've had a go at a fresh set of trends to look out for in 2013...

Telecom in 2013

Our forecast

- #01** **Slowdown in subscriber growth:** growth is already down to 6 million subscribers per month, compared to 3 million a week two years ago. With rural network expansion still slow and disconnections increasing due to operators ridding their bases of dormant accounts, we expect a real slowdown in overall subscriber growth.
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- #02** **The network comes back to life:** The next few years will be underlined by intense network planning, rollout and innovation. Every operator has spectrum challenges and opportunities, and most are looking for ways to manage scarce network resources to deliver better quality at lower cost. This is a long process, but 2013 will see the start of a new phase of activity.
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- #03** **Focus on return on capital:** As headline revenue growth slows up, CFOs will knuckle down hard on departments to justify investments and expenditure, especially in the network, product development and IT. There will be a constructive tension between the need to contain costs and the desire to increase activity in new areas such as innovation.
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- #04** **Excite the customer:** Data services disappointed us in 2012, and rather than predicting that 2013 will change all of that, we think operators will refocus their efforts on engaging customers through services and 'experience'. So we'll put our money on one niche service launching this year that may make an impact: mobile advertising, and on one operator opening an exciting retail store somewhere in Mumbai or Delhi.
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- #05** **Litigation, litigation:** We do not believe that all of the regulatory decisions that will be taken in the next few months will be easily accepted. The industry will take positions, sometimes united and sometimes divided, on spectrum, re-farming and liberalisation.

*If you would like to discuss our findings further,
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