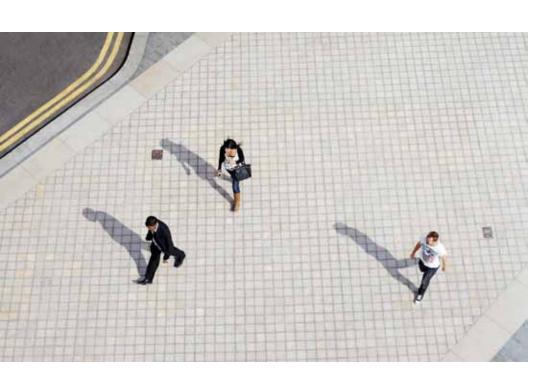
PwC viewFive trends to watch in telecom during 2013





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...

	The 5 trends PwC predicted for Indian telecoms in 2012	Was PwC right?	What do we think now?
#01	Consolidation in the mobile service provider space	Yes No May be	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	\bigcirc	Tablet sales have risen dramatically in 2012, but they are still at a low base
#04	Cloud coverage for the enterprise market	\bigcirc	Most enterprise segment service providers are working on cloud services.
#05	Established players will start reinventing their operating models	\bigcirc	Operators have started work on areas such as acquisitions, retail and distribution, but there is much to do.



Telecom in 2013Our 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.
- #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.
- **#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.
- #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.
- #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, please contact our telecom leaders:



Mohammad Chowdhury
India Telecom Industry Leader
+91 22 6669 1560
mohammad.chowdhury@in.pwc.com



Sandeep Chaufla India Telecom Tax Leader +91 124 330 6506 sandeep.chaufla@in.pwc.com



Avijit Mukerji India Telecom Assurance Leader +91 124 4620 515 avijit.mukerji@in.pwc.com



NJ 429 - December 2012 TelecomTrends.indd Designed by: PwC Brand and Communications, India