



SECTOR ANALYSIS

LOUD AND CLEAR

The coming year looks set to be an exciting one for the utilities and telcom outsourcing sector, following a plethora of activity including new partnerships in 2009.

Mobile heavyweights Orange and T-mobile have been cleared by European regulators to go ahead with their proposed merger, creating the VIC's largest mobile provider.

This is an exciting start to 2010 but telcoms and network outsourcing has had its fair share of ups and downs over the past 12 months, according to industry experts. Alistair Maughan, partner at Morrison & Foerster LLP, argues that 2009 saw something of a slowdown in the transformation of the sector: "More sophisticated network and telcoms outsourcing – such as the transformation to VOIP platforms – was put on hold, at least temporarily, last year," he says.

However, the telcoms industry has also received praise for its IT spend during the recession. Furthermore, the industry received acclamation for many outsourcing

contracts. Its success was attributed to the competitive nature of the industry and consumer demand for service providers to deliver rich applications at lower costs meaning industry experts could not afford to make mistakes.

January 2010 hinted that the industry may return to more challenging times, however, when a study revealed widespread dissatisfaction amongst large enterprises with telcom and network sourcing projects. A study conducted by Forrester Consulting on behalf of Hudson & Yorke earlier this year showed that large enterprises globally are losing £12bn annually through failures in the sourcing and governance of their telcom services. These losses are due to 80 per cent of all telcoms sourcing projects not being as efficient as they could be, the survey indicated, with firms potentially able to save a much needed 20 per cent on each contract spend.

So, what next for the sector in the months to come? Harry McDermott, CEO at Hudson & Yorke, suggests that managed mobility services will become a big issue in 2010, and expects to see a big mobile operator acquire a major player in the fixed telco or IT outsourcing space.

"Technology is becoming more intricate, mergers and acquisitions are on the cards and companies will start to look at outsourcing for growth rather than cost reduction.

"This will ensure that telcos and utilities outsourcing in 2010 can spend more management time on innovating new products and services," he believes.

Alistair Maughan argues that the next big stage of transformation in utilities is via smart metering.

"This will involve a mix of IT and networks engineering plus, of course, issues as to how to handle the vast amounts of data that would be generated by such metering projects," he argues.

"In most cases, utilities will look to roll-out this type of project in conjunction with a large and sophisticated service provider in an outsourced or semi-outsourced fashion," he concludes.

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Utilities and Telecommunication news

- **55 per cent of telcos to increase outsourcing**

Firstsource Solutions' research predicted a boom in telcoms outsourcing, with 55 per cent of companies planning to increase sourcing in the next 12 months.

- **AVG signs outsourcing deal with ntl:Telewest**

Internet security firm AVG chose ntl:Telewest Business to deliver a telcoms system for customer support.

- **Dundee call centre creates 40 new jobs**

Dundee domestic utilities advisor Call Centre Dynamics revealed it would create an extra 40 jobs in 2010.

- **United Utilities to divest outsourcing business**

United Utilities announced it was selling off its metering, waste treatment and connections BPO business.