

TELECOMMUNICATIONS

# Predictions for 2012



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**Despite all the continued economic unpredictability the need to balance the consumer power shift with an increasingly tight budget will be the major challenge for both the provider and supplier for the next twelve months and beyond.**

As expected, in 2011 smartphones dominated the headlines and it looks fair to say that this will continue to be the case in 2012. iPhone-maker Apple finally overtook the troubled Nokia to become the global market share leader in smartphones during the second quarter of this year, as its share of the market dropped by 23% to 15%, and Apple's grew by 5% to 18%.

Therefore it is fair to say that 2012, in terms of opportunities, will be one dominated by mobile. The rise and rise of the smartphone, and the corresponding rise in demand for speedy mobile data and the continued proliferation of social media will mean significant changes within the industry. These opportunities of course, will bring their own challenges.

With the aspect of all things 'cloud' permeating how we access data over the forthcoming year, International Data Corporation (IDC) predicts externally sourced business and IT services from the cloud will form the basis of what we see as the "Outsourcing 3.0 period", and will "provide an extensive portfolio of services from which innovative solutions can be constructed." IDC argues that under Outsourcing 3.0, the cloud will metamorphose into a universal service catalogue of individual cloud services. This will begin to replace both

traditional information technology outsourcing (ITO) and business process outsourcing (BPO) engagements as well as on-premises infrastructure. Changes to such as these will no doubt open up further telco outsourcing opportunities.

Also, convergence based on common IP networks and systems technology looks to offer up excellent outsourcing opportunities for wireless and wired providers over the year. Insight Research believes that while business spending on all telecommunications services is expected to grow in single-digit percentages over the next six years, global spending on managed services will grow at an annual compounded rate of 14.7% over the period.

Rob Bratby, Managing Partner, Olswang Asia said: "As networks are likely to become jammed with data, mobile operators are likely to move away from flat-rate data pricing towards usage based mobile data tariffs so they can finance the investments in additional capacity, upgrade 4G technology and purchase additional spectrum. With digital dividend spectrum from the 800 MHz 'sweet-spot' being auctioned across Europe and governments worldwide making additional spectrum available, the auction rules and process will be keenly scrutinised."

As in all industries the need to continue being 'green' will continue to play its part. The very existence of telecommunications and the rapid march of technology mean the need for global travel for major business transactions is slowly disappearing and thus reducing the carbon footprint of major companies. A good example of best practice in this arena occurred this year when Antonio Horta-Osorio, chief executive of Lloyds Banking Group, banned employees from travelling for a week every month for the rest of the year, expecting them instead to make more use of video conferencing.

The smart utilities agenda is driving developments to ensure all industries meet their carbon reduction commitments, and research carried out by Emerson Electric notes that the telecoms industry alone is estimated to use 164 terawatt hours per year, making it responsible for 1% of all global power consumption. It is also responsible for generating 110.7m tons of CO<sub>2</sub>, equivalent to the emissions of 29m cars. The common consensus in the telecoms industry is that virtualisation and cloud computing are the friendliest ways of staying green.

Data centres look set to expand in 2012 with Google, Facebook, IBM and Microsoft aiming to build a variety of data centres in places like Hong Kong, Singapore, Eire and China. The rapid expansion is thanks to major growth in internet services and cloud computing, as well as private equity firms and telecom company investments acquiring established providers. Asia particularly looks healthy with according to Frost & Sullivan, an estimated 30% of Asian companies to have adopted some form of cloud computing by the end of 2012.

So as the adoption of smartphones and social media becomes the norm, cloud computing takes its expected grip and new technological innovations on the handset and in the network continue to improve important services like caching, compression and signalling to enhance mobile user experience, battery life and network access, the telecoms market will continue to battle against the odds.