Worldwide Telecommunications Services Market Prepares for 5G Impact, Says IDC

FRAMINGHAM, Mass., May 10, 2019 – Worldwide spending on telecom services and pay TV services totaled $1.6 billion in 2018, reflecting an increase of 0.8% year on year, according to the International Data Corporation (IDC) Worldwide Telecom Services Database. IDC expects the worldwide spending on telecom and pay TV services to reach nearly $1.7 billion in 2023.

Mobile services will continue to dominate the industry in terms of spending, with mobile data still expanding, driven by the booming smartphone markets. At the same time, growth in mobile voice is slowly declining due to fierce competition and market maturity. The mobile segment, which represented 53.1% of the total market in 2018, is expected to post a compound annual growth rate (CAGR) of 1.4% over the 2019-2023 period, driven by the growth in mobile data usage and the Internet of Things (IoT), which are offsetting declines in spending on mobile voice and messaging services.

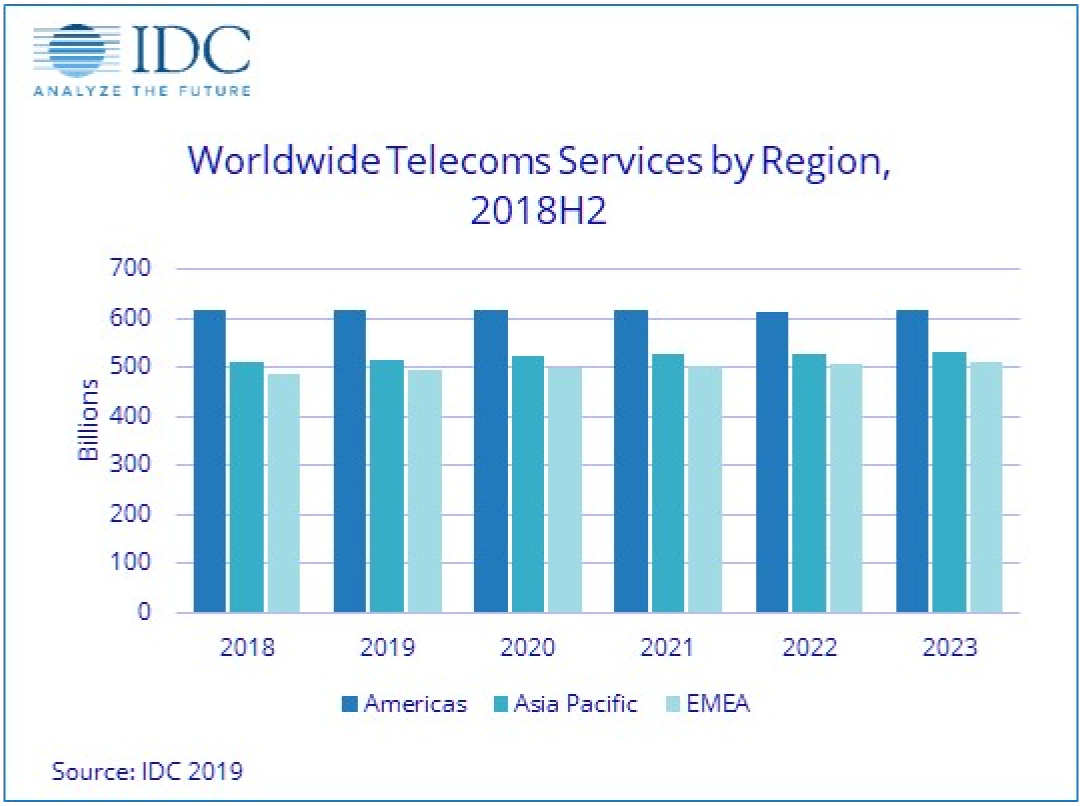
Fixed data, especially broadband internet access, is still expanding in most geographies, supported by the increasing importance of content services for consumers and IP-based services for businesses. Fixed data service spending represented 20.5% of the total market in 2018 with an expected CAGR of 2.6% through 2023, driven by the need for higher-bandwidth services. Spending on fixed voice services will record a negative CAGR of 5.3% over the forecast period and will represent only 8.5% of the total market through 2023. Rapidly declining TDM voice revenues are not being offset by the increase in IP voice.

The pay TV market, which consists of cable, satellite, IP, and digital terrestrial TV services, will remain flat over the forecast period; however, these services are an increasingly important part of the multi-play offerings of telecom providers across the world. Spending on multi-play services increased by 7.1% in 2018 and is expected to post a CAGR of 3.7% by the end of 2023.

On a geographic basis, the Americas was the largest services market, with revenues of $616 billion in 2018, driven by the large North American sector. Asia/Pacific was the second largest region, followed by Europe, the Middle East, and Africa (EMEA). The market with the fastest year-on-year growth in 2018 was EMEA (mainly by the emerging markets), followed by Asia/ Pacific.

Global Regional Services 2018 Revenue and Year-on-Year Growth		
Global Region	**2018 Revenue ($B)**	**CAGR 2018-2023 (%)**
Americas	616	0.0
Asia/Pacific	512	0.8
EMEA	487	0.9
Grand Total	**1,615**	**0.5**
Source: IDC Worldwide Semiannual Services Tracker 2H 2018		

Figure 1



The calm stability that currently marks the telecom services market will not last for long. The advent of 5G is the focus of massive media attention as it represents new architectures, speeds, and services that will remake the mobile landscape.

"5G will unlock new and existing opportunities for most operators as early use cases such as enhanced mobile broadband and fixed wireless access will be gaining traction rapidly in most geographies, while massive machine-type communications and ultra-reliable low-latency communications will debut in more developed countries," says Kresimir Alic, research director with IDC's Worldwide Telecom Services. "Additionally, the worldwide transition to all-IP and new-generation access (NGA) broadband will help offset the fixed and mobile voice decline. We are witnessing a global digital transformation revolution and carrier service providers (CSPs) will play a crucial role in it by innovating and educating and by supporting the massive roll-out of software and services."

About IDC Trackers

IDC Tracker products provide accurate and timely market size, vendor share, and forecasts for hundreds of technology markets from more than 100 countries around the globe. Using proprietary tools and research processes, IDC's Trackers are updated on a semiannual, quarterly, and monthly basis. Tracker results are delivered to clients in user-friendly excel deliverables and on-line query tools.

For more information about IDC's Worldwide Semiannual Services Tracker, please contact Kathy Nagamine at 650-350-6423 or knagamine@idc.com.

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