Thanks to 4G expansion, industry disruption continues

When the Mobile World Congress was held in Barcelona in February of 2016, PwC took the opportunity to host its one-day Digital Revolution Summit, a conference within a conference. The smaller conclave had lofty goals: to bring together players in the global service provider ecosystem to learn more about how mobility, digital transformation, and the Internet of Things (IoT) interleave.

John Hoffman, CEO and President of the GSMA Ltd., kicked off the summit with a keynote tied to the release that week of its 2016 Mobile Economy Report. The GSMA report provided a snapshot of trends and issues affecting the worldwide mobile industry, and it was an optimistic snapshot.

Mobile continues to boom. 2015 was a year of continued and amazing growth. It saw more than 7.6 billion connections, 4.7 billion unique subscribers, and an economic impact of 3.1 trillion dollars to the world economy, some 4.2% of global GDP (2016 GSMA Mobile Economy Report)

For more information
Shahid Ahmed
IoT and Emerging Technology Leader
PwC US
+1 (312) 208-9562
shahid.ahmed@us.pwc.com
What’s driving this growth? One contributing factor is the acceleration of 4G technology, with more than 1 billion users using it in more than 150 countries. At the same time, digital technology in a wide variety of areas brings new capabilities, from automated machines, the IoT, sensors, and improved analytic capabilities; it also brings cost rationalization pressures that inspire companies to seek higher levels of efficiency. Finally, underpinning this growth is network Internet access: the number of connected devices, such as smartphones, tablets, wearables, and IoT, continues its boom.

This growth has significant ramifications for multiple industries; few are exempt from being ripe for disruption and innovation. Hoffman noted that we’re already seeing the impact of the network in healthcare, education, financial services, home automation, and the energy sector. It’s clear the digital revolution is underway.

This growth also has ramifications for mobile operators and other vendors. The boom creates clear opportunities for mobile operators, as well as other ecosystem players—but it also brings challenges. No matter where they play in the ecosystem, vendors must adapt their business models so that they and their customers can use their networks in a more strategic and more influential manner.

After all, value in the digital economy comes from attracting complementary participants. Companies must look for partnership opportunities in all phases of their work, from the network itself to identifying users’ location, preferences, and billing systems. It’s important to form new ecosystems and partnerships because going at it alone won’t work. Not only do mobile operators have to cooperate and partner more, but they need to get better at doing it.

The digital transformation is not without challenges for mobile operators. The rise of Internet players and their disruptive business models present a challenge to established companies, which means that operators must continue to drive innovation and develop new applications and services to be relevant to customers, especially millennials. Operators must explore opportunities to expand their portfolio of services beyond simply providing connectivity, and do so amid renewed and flexible regulatory environments. As Hoffman noted, other areas of focus include data management, service delivery, and customer management.

But even with these challenges looming, however, the digital transformation across industry sectors represents a clear opportunity for players to seize and expand the mobile ecosystem. With mobile operators offering higher levels of service innovation, consumers and businesses will reap the benefits of significant technological and socioeconomic growth. It’s an exciting time, because overall, the industry is on the threshold of a new way of doing business.

Three Key Points

- Mobile continues to boom in 2015, with more than 7.6 billion connections, 4.7 billion unique subscribers, and an economic impact of 3.1 trillion dollars to the world economy.
- Mobile continues to be a challenge for operators, what with startups on one hand and increasing regulatory issues on the other.
- Companies that understand the needs of the grander mobile ecosystem, who partner and collaborate efficiently, will thrive.