

February 2018

# *Five trends for Australian telecoms in 2018*



# Welcome to PwC's first Five trends for Australian telecoms

*Australia is one of the world's most advanced societies, on its way to completing a national communications infrastructure which will be the envy of the world. Despite that, we lag our G20 peers and Asian neighbours in adopting the 21st century digital services we need to transform our society.*

While others are leap-frogging technologies to improve the lives of citizens, communities and business, Australia has more to do to spread the benefits of digitisation. Having a successful and vibrant telecommunications industry lies at the heart of furthering the digital imperative for Australia.

In PwC's five trends for telecoms we draw out the themes we believe are most pertinent for the year ahead. We will do this every year in Australia, as we do in other parts of our AsiaPac practice.

Please have a look, think about how the trends may impact you in terms of opportunity, risk or threat, and contact any of our leaders to engage in a discussion.



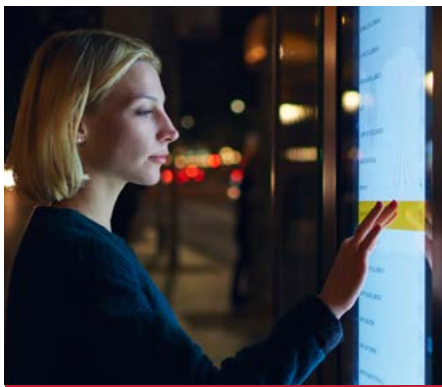
## ***Gloves off in the fight for mobile***

At PwC we expect 2018 to be the year when competitive intensity heats up in Australia's consumer mobiles segment. The telecom industry is not alone: according to our CEO survey, over 80% of Australian CEOs expect competition to intensify over the next few years, due to new entrants. With the entry of a fourth mobile network operator into a saturated market, the fight will be on for 'marginal' customers who shop around for a better deal. To win in the market we see a need for understanding customer cohorts more smartly and delivering greater customer intimacy, including a step change in retail and care so that experiences are more engaging, 'omni-channel' and slick.



## ***Democratising broadband***

Australia is pursuing a path to connecting our immense continent and its 24 million people to a world-class national broadband infrastructure. The NBN model has been under intense scrutiny, and we believe 2018 will be the year of reckoning to see if high speed broadband connection into homes and offices scales up en masse. In addition to the broadband connection, at PwC we would like to see Australians start to enjoy convergent and integrated communications services too, whether at home or at work. We see 2018 as a key migration year for the changes that need to happen for a significant proportion of Australian households to shift to NBN-connected services.



## *Scaling up eCommerce*

The big eCommerce players are chasing hyper growth in AsiaPac, and alongside this we expect a shaking down of retail and logistics in Australia. We are seen as a 'traditional' market to be disrupted given that only 28% of Aussies buy online using a mobile, compared to over 50% in markets such as China and Japan. The speed of change will depend on the Australian customer's propensity to do more on smartphones and the ability of eCommerce players to revolutionise the ease of service. The use of AI will be key to this. We predict 2018 will see the start of a fresh pivot towards mobile-first eCommerce. As foreign disruptors move in, Aussie firms will see new opportunities as well as fresh threats, and will need to adapt their Digital IQ quickly and apply lessons from other markets.



## *Tech smarts*

The telecom sector has a love for 3-letter acronyms, and IoT is today the apple of the industry's eye. During 2018 we expect Australian business, especially manufacturing, agribusiness, SMBs and extractive industries, to push the button on scaling IoT-enabled technology solutions. We also expect Australia's cities to begin mass IoT deployments, for example to facilitate autonomous city car driving. To enable this we would like to see major telecom service providers upping their game in creating innovative models and partnering to go to market. We expect the timing and deployment of 5G to feature high on the agenda, to get the investment push right in differentiating connectivity. 5G's interaction capabilities provides telcos a one-time opportunity to diversify their connectivity role deeper into solutions and other value streams.



## *Warming up to G2C*

'Government to Citizen' or G2C is the two-way relationship that is taking digitisation of social security, health, education and other public services to new levels in many countries. In 2018 we expect to see early moves to digest the G2C agenda in Australia's states. As this develops the opportunities for telcos to engage in 'smart' G2C communications solutions will take clearer shape.

At PwC we are conscious that digitisation of Australia needs a clear government strategy. As an advanced society, this is key to ensuring we stay at the forefront of using technology. We think G2C will be a slow burn, and we see 2018 as a year of uncovering some of the potential of enhanced G2C communications.

*These five trends contribute to our perspective of an “Always On Australia” which underpins a digitally-connected society with the telecom industry playing a key, enabling role. This is a must-have to keep this nation competitive, attracting global investors and talent, and keeping the Aussie way of life enriched, connected and current.*

*This entails a unique opportunity for Australia’s telcos to go more agile, to be able to partner and interact nimbly across the value chain and break out of traditional industry boundaries. This is critical to building new value as the core fixed and mobile businesses commoditise. It also demands a farsighted sector policy and regulation that keeps the market stable, encourages innovation and ensures Australians are guaranteed high quality services and access.*

---

***Please contact your PwC team to have a discussion***



**Mike McGrath**  
*Chief Marketing Officer  
and TMT Partner*  
mike.mcgrath@pwc.com



**Mohammad Chowdhury**  
*TMT Partner, ANZ & SE Asia*  
mohammad.t.chowdhury@pwc.com



**Simon Gillies**  
*Partner, Consulting Lead*  
simon.gillies@pwc.com



**Megan Brownlow**  
*TMT National Industry Leader*  
megan.brownlow@pwc.com

© 2018 PricewaterhouseCoopers Consulting (Australia) Pty Limited. All rights reserved.

PwC refers to PricewaterhouseCoopers Consulting (Australia) Pty Limited, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details. This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors. Liability limited by a scheme approved under Professional Standards Legislation.

At PwC Australia our purpose is to build trust in society and solve important problems. We’re a network of firms in 158 countries with more than 236,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at [www.pwc.com.au](http://www.pwc.com.au).

WLT127057330