

Telecommunications Industry Landscape in 2015 and Trend in 2016

Telecommunications Industry Landscape in 2015

In 2015, Telecommunications market has grown as much as 11% while GDP has increased only 3%. The major telecommunications operators have horizontally expanded their business; for example, AIS, the largest mobile phone operator, has launched broadband Internet service particularly FTTx technology; True Corp has announced allegiance with Amazon, the world largest Cloud service provider; Jasmin, broadband Internet and several telecommunications service provider, has won the 900 MHz frequency auction for mobile license.

The government policy such as Data Center investment promotion measure of Digital Economy policy along with 1,800 MHz and 900 MHz frequency auctions in November and December respectively has shown its impact. NTT Communications opened a new data center at Amata Nakorn, Chonburi. AIS has launched 4G mobile service on 1800 MHz frequency just one month after it got the license to use the frequency.

Telecommunications Industry Trend in 2016

Telecommunication Markets will continually grow and competition will be fiercer. The mobile phone market will emphasize on the mobile data communication market because of the effect from frequency auctions.

1. No longer having spectrum limitation, AIS can concentrate on mobile data service. Thus, other mobile operators have to adapt accordingly
2. Jasmine has won 900 MHz mobile phone license and might become a new mobile phone operator.
3. The 900 MHz and 1,800 MHz frequency licensing fees are a lot higher than expected. Therefore, the operators who won the licenses will try to keep ARPU as high as possible.

As all major mobile operators can offer 4G service, the value-added services (VAS) like cloud storage, media streaming, and e-Payment will be selling points instead of the availability of 4G technology. Contrary to the price war, this strategy utilizes data transmission capability of 4G technology, creates a lock-in effect for mobile communication operator, and sustain ARPU.

Broadband Internet market will offer faster connection speed at the current price point due to the expansion of the FTTx networks and the need of differentiation with the 4G service. However, xDSL will still be the main technology with decreasing price because of technology limitation and competition

For the effect of government policy, the Digital Economy policy will benefit data center and Cloud computing business as it raises public awareness and augments the market size from the network effect. The Telecommunication Infrastructure Development for National Economic Propulsion project, 20 Billion Baht in value, will have little effect in 2016 since the project mainly utilizes bureaucratic mechanism. Lastly, the advent of ASEAN Economic Community (AEC) could only slow down the decline of international telephone service.

The major events that could impact telecommunication market in 2016 are:

1. Cooperation between major operators; for instance, AIS and TOT, AIS and DTAC, as well as CAT Telecom and DTAC, would dramatically intensify the competition if any of these agreements are achieved.
2. JAS Mobile might not be able to get bank guarantee for the 900 MHz frequency licensing fee. Since NBTC does not prepare for this circumstance, there will be a problematic chain-reaction such as the delay of 2,600 MHz frequency auction in 2017 and a possible long-winded litigation.