

Communications

These are nervy times for telecoms operators as they come under increased pressure from internet based organisations who are benefitting from the networks that they (the telecoms companies) built.

Our survey results suggest widespread acceptance that something must be done collaboratively to address this issue. There is a huge cost involved in building and maintaining networks; a cost which simply isn't sustainable in the long run.

What the solution might look like remains open to debate. I feel it will be more a case of evolution, rather than revolution. One option – which I am starting to see discussed now – is the creation of a joint venture model, involving all the existing players, with a view to providing network resources for all. Collaboration seems to be a key word here as it again figures in the second hypothesis. The broad agreement to the hypothesis tells you that the thinking in this area is already well advanced. We have already seen details announced for example about joint venture activity between certain operators and banks to maximise mobile wallet opportunities in the UK and US.

However, inevitably, there is disgruntlement from those who find themselves on the outside of these initial collaborations. You can be assured that the regulators will be keeping a close eye on this. They will be highly sensitive to any perception of reduced competition for the end consumer. The market for innovations such as this must remain flexible and suitably competitive. Looking at the general market themes, it comes as little surprise to see telecoms operators showing a heavy preference for the themes of cost, efficiency and changing customer behaviour.

However, I am bemused by two of the more lowly ranked themes – using technology as a strategic enabler and focusing on sustainability and green issues. The latter is especially surprising, considering how it's supposed to be such an important agenda item for Generation Y.

I can only assume that these survey results are indicative of some sort of time lag – with senior industry executives still coming up to speed on how important some of their key customers believe this to be.

Returning to our third and final hypothesis, placing your bets on what the next big thing will be - in any industry - is always an interesting exercise. In this instance, I've gone for smart grids (although telemedicine would not have been too far behind in second) – and over half the survey respondents agree.

The ten percent who disagree is understandable – as it's all a matter of opinion. The 37 percent of neutral respondents is a touch disconcerting though. To not have a view one way or the other on my proposed pick of smart grids may suggest that a business is not as close to one of the latest industry developments as it should be.

That would imply an over-riding focus on the business of today, to the exclusion or detriment of the business of tomorrow – and I'm not sure that's entirely sensible.

Contacts

Joe Gallagher
Sector Contact

T: +44 (0) 207 311 3044

Jeremy Kay
Theme Contact for
Sustainable Cost Efficiencies
T: +44 (0) 207 694 4540

Andrew Ashby
Theme Contact for
Cash & Working Capital
T: +44 (0) 207 694 3231

John Kelly
Theme Contact for Growth
through Transactions
T: +44 (0) 207 694 3528

Andrew Underwood
Theme Contact for Revisiting
the Organization
T: +44 (0) 121 232 3886

Ian Forbes
Theme contact for Turning
Risk to Advantage
T: +44 (0) 207 311 6465

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Business Leaders Agenda

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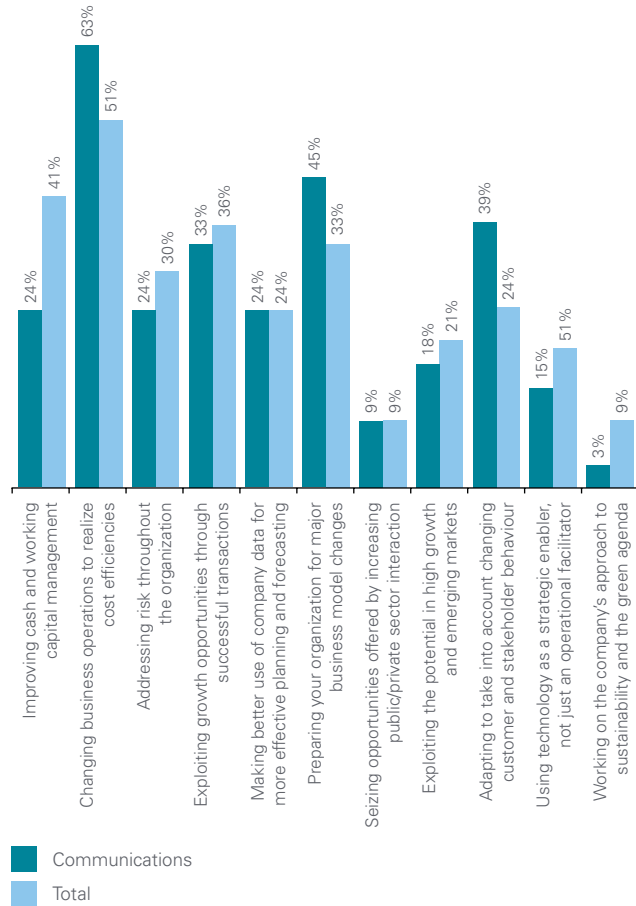
Communications

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Communications – Sector Results

Comparison of top business issues for Communications with total results



Percentage add up to 300 percent as all respondents had three votes.

Hypothesis 1:

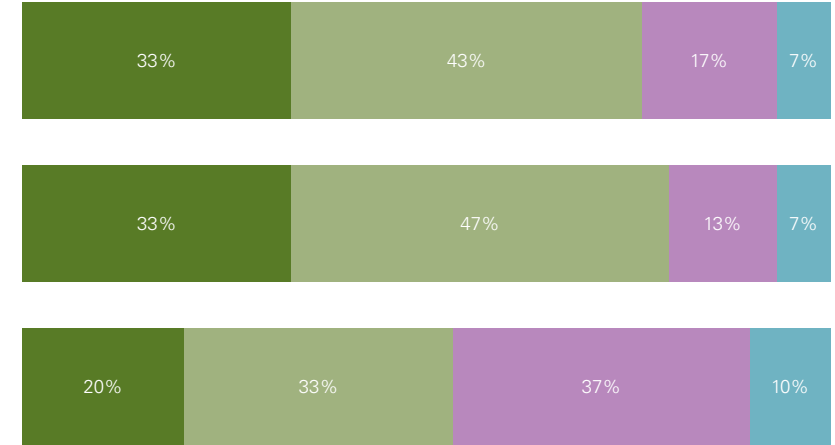
Under pressure from internet-based organisations – who are profiting from selling advertising delivered over the networks built and operated by telecoms operators but without paying a penny for the privilege – these are testing times for telecoms businesses. As a result, such businesses are having to examine new business models with which to share new network investment in fibre to the home and 4G services, whilst cutting network and IT operating costs. Therefore, we shall see more telecoms providers sharing their ‘heavy’ network assets and also combining procurement capabilities to reduce the costs of buying and maintaining network hardware and software.

Hypothesis 2:

Telecoms operators have to develop new ways of exploiting their networks, customer bases, brands and distribution capabilities to earn new revenue streams. The confluence of mobility and transactions means there is huge opportunity to make money from location-specific delivery of advertising and not just from mobile payments.

Hypothesis 3:

Super-fast broadband services will herald an era encompassing (amongst other things) IPTV, telemedicine and smart grids through which management of a home’s energy and water usage can be made more effective. I believe that, of these three things, smart grids are likely to be the first to gain mainstream acceptance.



“Placing your bets on what the next big thing will be - in any industry - is always an interesting exercise. In this instance, I’ve gone for smart grids (although telemedicine would not have been too far behind in second) – and over half the survey respondents agree.”

Joe Gallagher

Further info

The SiCW Business Leaders survey Exec Summary is available at: www.kpmg.eu/businessagenda

A suite of videos and kitcards, on the top themes is available online. This includes Jeremy Kay outlining what the Board is thinking about in terms of changing their business operations to realise cost efficiencies; and Andrew Ashby on how companies can improve cash and working capital management. To view the information please go to: www.kpmg.eu/businessagenda