



Mobile Market Development

Is Network Nationalisation a Credible Threat to MNOs?

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Description: Issue : Is Network Nationalisation a Credible Threat to MNOs? As network operators publicly consider how to secure adequate investment funding for 5G networks and look to regulators for help in sustaining their position, an entirely different model may be the regulators' preference - a nationally owned open and equal access network, with current network owners relegated to service provision. Analysis, Inferences and Implications Aspirations for 5G make the capital cost of the network very high, and with saturation in most developed markets, margins on incremental revenue may be insufficient to repay that capital cost - particularly if multiple networks must be deployed by competing players in each market. Network owners, even before 5G, have been seeking to reduce wasteful duplication through network sharing agreements with competitors. Regulator concerns about levels of competition in the market, arising from collaboration between competitors, could be addressed by having a public service entity own the network, delivering only wholesale services. Efficient deployment without unnecessary duplication will keep the capital cost of providing globally competitive telecoms infrastructure to the minimum, while a strong and diverse service provider community will deliver competition at service level, as well as putting pressure on the national network operator to be effective, efficient and price/value sensitive. For existing network owners, the risk is that such a model places them in direct and head-to-head competition with the digital natives and OTT service providers that are already creating difficulties in terms of revenue and margin protection, without the market advantage of network and/or subscriber ownership. With a national or open wholesale network, differentiation can only be achieved through service innovation or customer experience. Regulators anxious to ensure a competitive network within their geography are known to be examining mechanisms to develop an open network as the basis of 5G service provision - existing network operators must be part of that conversation at least, and be prepared for a future where only differentiation built on a common platform can ensure future customer retention.