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SEARCH

ANALYSIS

Consumer & Entertainment Services

Consumer & Entertainment Services

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Rob Gallagher

Research Director

Consumer & Entertainment Services

“ Change is the only constant in today's consumer telecoms, media and technology market. Over the top (OTT) services are redefining industries, connected “things” are creating new categories, and artificial intelligence promises to upend everything ”

The Market Challenge

WhatsApp, WeChat and other chat apps are fundamentally changing how consumers and businesses communicate with each other. In addition to enabling ever-richer forms of text, voice and video communications, they are evolving into broader platforms for digital media, e-commerce, chatbots and other forms of personified artificial intelligence. The challenge for the providers and their partners is understanding when and where these plans will gain traction.

Telcos face the challenge of remaining relevant as providers of communications services. They must look to maximize assets, such as network ownership, the customer relationship, and billing, to enhance their existing service offerings and to develop new ones. They must also ensure that they work with relevant partners – including chat apps – to insert themselves into the new value chains and ecosystems emerging around the provision of next-generation communications.



Pamela Clark-Dickson
Practice Leader

How Ovum helps you

Evaluate the size and positioning of the OTT communications market, to understand the impact of chat apps on traditional telco services, and the evolution of consumer communications services.

Understand how to transition existing communications services, and develop new value-added services, to remain relevant in a fast-moving marketplace

Assess the role that key social networking and media companies play in the development of new services, technologies and business models.

Evaluate the progress and development of the supplier ecosystem underpinning the communications market.

Key Deliverables

OTT Communications Tracker – historical KPIs and projections for players including WhatsApp, Facebook Messenger and WeChat.

Digital Consumer Insights – survey covering China, Japan, the UK and the US.

OTT Messaging Forecast – provides global, regional and country-level

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Just under half of the world's population will regularly use a chat app by 2020, when unique global mobile monthly active users will reach 3.18 Billion
”

market sizing of mobile and fixed OTT communications users and messaging traffic.

OTT VoIP Forecasts – provides global, regional and country-level market sizing of mobile and fixed VoIP users and traffic.

Social Media Tracker – historical KPIs and projections for key players including Facebook, Twitter, QQ and Sina Weibo.

Themes for 2018

Monetizing the next generation of digital communications

The way in which consumers communicate has changed, driving developments in the type of messaging, voice and video services they expect to be able to access from telcos and chat apps. Ovum will assess how telcos and chat apps are evolving their communications offerings, with an emphasis on the identification and quantification of new business models. In addition, Ovum will evaluate strategies for new value-added services, including location.

Harnessing the potential of AI and chat bots

Artificial intelligence and chat bots are the next frontier for consumer communications, with both telcos and chat apps exploring the potential of adding these technologies to their networks and platforms. Ovum will assess the role of AI and chat bots in communications, examining the strategies of operators and chat apps as they move their customers and users towards a more automated, contextual communications experience.

Identifying new opportunities in social media

Social networks are dominant in consumers' online lives; they are also making significant investments in product development, advertising, media and infrastructure, while facing challenges around regulation, data security and privacy, and consumer protections. In 2018, Ovum will track and analyse developments across key social media players.

Unpacking the communications technology ecosystem

The way in which enterprises communicate with consumers is changing in line with the way in which consumers' own communications behaviour is evolving. Legacy equipment suppliers and service providers have had to become more agile in order to compete with nimbler start-ups, and to keep pace with emerging technologies such as chat bots. In 2018, Ovum will analyse the application to person (A2P) communications market, evaluate the



continuing dominant role of A2P SMS, examine the impact of the growing penetration of chat apps, and assess the strategies of various players in the value chain, including telcos, aggregators and vendors.

What's new

Chat app revenue forecasts – sizing the global chat app market, by segments such as advertising, commerce and content

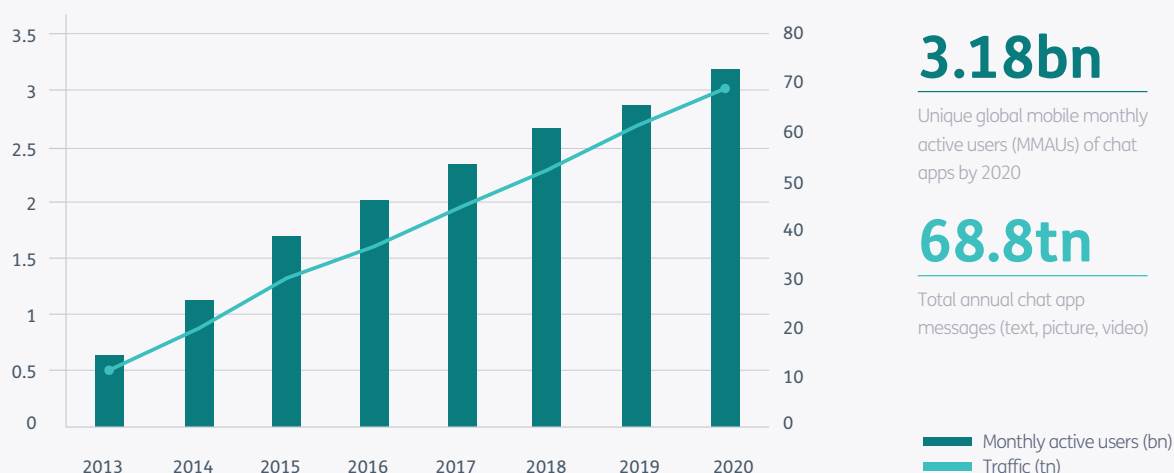
Social media forecasts – sizing the global social media market

RCS user and traffic forecasts – sizing the global RCS market

Chat bot platform index – evaluate the chat bot strategies and platform capabilities of the key chat app players

Chat apps have already disrupted traditional communications services and content distribution models; commerce and business-to-consumer interactions are next.

Global, chat app unique mobile monthly active users and total annual messaging traffic, 2013-2020



The Market Challenge

Entertainment has never been more in demand – yet its future has never seemed so uncertain.

Great content's ability to attract customers, boost loyalty and drive spend is leading players from across the telecoms, media and technology (TMT) market to make ever-greater investments in the business – including mega-mergers of the industry's biggest names. But therein lies the rub: each has different – and often disruptive – visions for the role of entertainment in tomorrow's digital economy, depending on their diverse aims.

Finding a clear path will require a nuanced understanding of the multiple motives, methods, and market opportunities in play.



Ed Barton
Practice Leader

How Ovum helps you

Discover which entertainment segments, geographies, and partners to prioritize using data and forecasts of unrivalled depth and breadth.

Develop compelling products and services based on data on consumer behaviour, market trackers, and services provider benchmark.

Optimise your go-to-market strategies by identifying the best feature-set, pricing, bundling and partnership options for your organization.

Key Deliverables

Digital consumer insights – discover how audiences are changing in developed and developing markets, based on surveys of thousands of consumers

Hot topic trackers and benchmarks – filter the signal from the noise with tools to help monitor and analyse the most disruptive trends and players in entertainment

Entertainment innovation reports – understand how new and existing service providers, content owners and vendors are evolving and reinventing the sector

Comprehensive entertainment forecasts – quantify opportunities across key established and emerging entertainment segments, geographies and service providers

“Subscriptions to skinny bundles and other subscription-based linear ott tv (slin) services in North America and Western Europe will total 115 Million by the end-2017”

TMT country landscapes – underpin your geographical strategy with detailed profiles of digital consumer dynamics in an unrivalled number of countries

Themes for 2018

Total video monetisation

Internet innovation and economics means that TV & video services will increasingly take new and surprising forms. Ovum will provide an integrated data-driven view of existing and emerging opportunities to help stakeholders understand where, when and why audiences and revenues will move and plan accordingly.

Making advertising work

Concerns are growing over traditional TV advertising's reach and relevance, while digital's credibility is suffering problems with fraud, measurement, and just plain bad ads. Ovum will identify the winners and losers in the battle to make advertising a better proposition for all involved.

Living with the mega-platforms

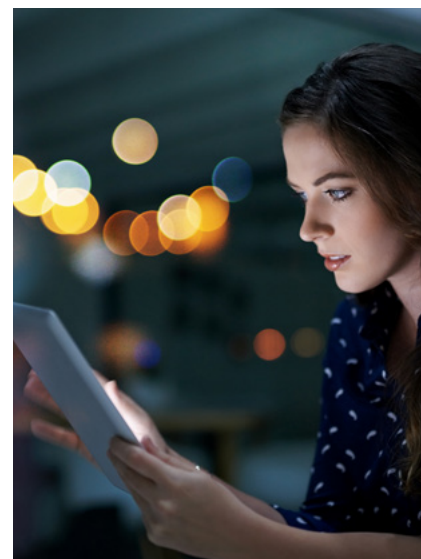
The influence of Amazon, Apple, Facebook, and Google will only grow as they continue to invest and innovate in ever more aspects of entertainment. Ovum will predict what's next for the global mega-platforms and the opportunities and challenges for players across the value chain.

Entertaining the augmented customer

Advances in the smart home, mixed reality and artificial intelligence are part of an ongoing step-change in consumer technologies that will “augment” people's lives in an ever-growing number of ways. Ovum will examine how this shift will change how content is created, discovered, consumed and monetised.

New roles for network operators

As broadband providers, telcos and cablecos occupy a crucial role in digital consumers' lives. Ovum will forecast the potential of an array of further opportunities for operators, including telco TV, mobile video, OTT partnerships, big data, and carrier billing.



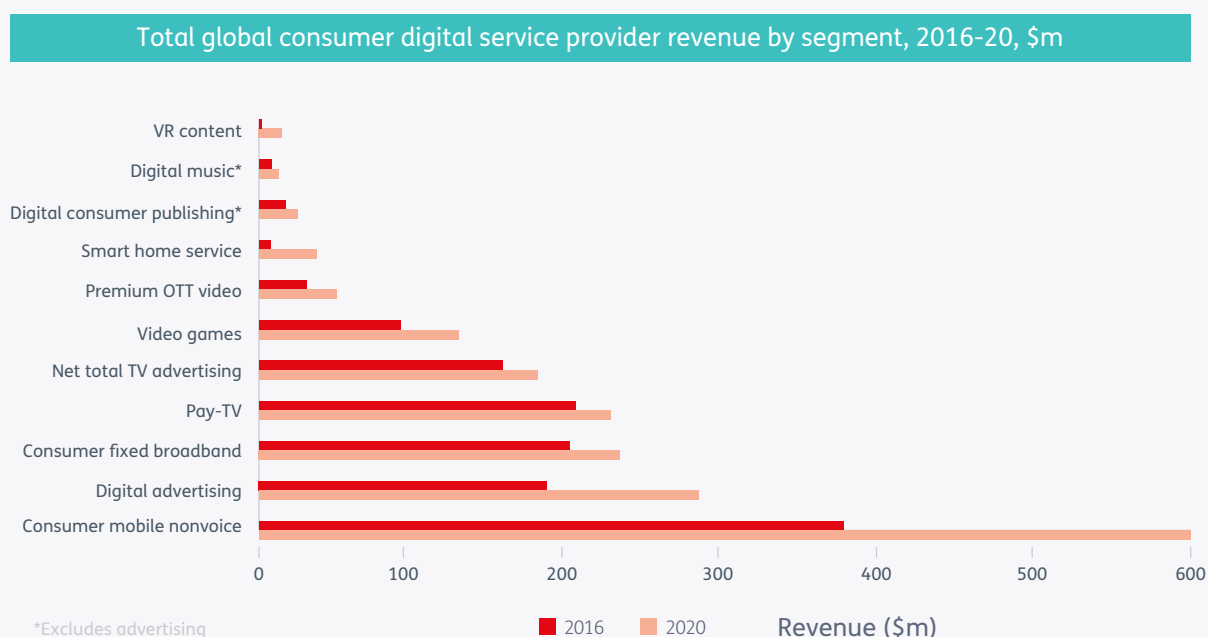
What's new

Total TV & video forecasts – an integrated view of opportunities across all business models, geographies and service providers

Enhanced TMT country landscapes – added data and analysis to provide a more complete view of TMT markets worldwide

The Augmented Customer series – the implications of AI, mixed reality, 5G and other emerging technologies on entertainment

Digital advertising will overtake pay TV and fixed broadband to become the second largest source of digital consumer revenue after mobile broadband.



The Market Challenge

Smart home is not a single market, but a concept that encapsulates a multitude of different technologies, services and applications across a number of industrial verticals from commerce to healthcare.

Solutions are therefore varied, but must work together if they are to provide optimum value to the consumer. This makes the smart home complex and everchanging as new players enter, evolve and diversify. Consumer demand also differs significantly, not just within different consumer segments, but from country to country, due to differences in demographics and cultural trends.

To succeed in the smart home, players of all types therefore must have a detailed understanding of the markets they wish to target, with a sound and up-to-date knowledge of the various stakeholders involved and adjacent to each market.

How Ovum helps you

Gauge the size and potential of key smart home market segments on a country-by-country basis.

Track the offerings, developments and partnerships of key service providers, equipment vendors and tech companies.

Learn about emerging business models and go-to-market strategies based on in-depth case studies.

Understand the impact of key announcements and trends on the smart home market.

Key Deliverables

Smart home forecasts – quantifying the size of the opportunity in each market

Smart home trackers – tracking of the offerings and ecosystems of top smart home players

Smart home opportunity index – detailing the key drivers on a country by country basis



Michael Philpott
Senior Practice Leader

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By 2021, 21% of households worldwide will have use at least one smart home device, with advanced markets such as North America reaching 60%

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Digital consumer insights – providing the voice of the consumer

Best-of-breed case studies – providing a detailed understanding of the business models driving key market players

Making money strategic reports – understanding complex smart home business models and value-chains

Themes for 2018

Sizing the smart home opportunity

Quantifying the smart home is extremely complex. Markets can differ wildly from country to country, and identifying the right consumer segments, developing the right product, and finally crafting the right marketing strategy, are essential to success for all players. Ovum helps its customers by providing a range of data tools that cover markets from a 360 degrees perspective, on a country by country basis.

Making money from smart home

Smart home will require businesses to invest in new technology and business models that will eventually change entire markets. Return on investment can take many years so the risk for any business is significant. But companies that are not willing to invest and adapt could find themselves left behind. Ovum's analysis will help clients understand new business models, how to successfully market smart home technologies and services, and how to implement a successful and efficient service delivery strategy.

Developing the optimum smart hub strategy

The smart hub will form the gateway of the home, efficiently connecting every room with high-speed broadband for high-definition media consumption, and every device to enable a new level of home automation. What this hub will look like from the technology capability point of view, who will control it, and how in itself it can be monetised is still unclear. Ovum's research will provide in-depth qualitative and quantitative research to help equipment vendors and service providers develop a road map for the smart home hub of the future.

Serving the smarter consumer

The future will be defined by a smarter consumer, where products are not only connected but are also delivered automatically and personalised. This will create new opportunities for e-commerce companies, as well as those organisations that control the consumer data. Through in-depth reports and case studies, Ovum will provide



a best-practice guide for AI enhanced digital commerce, as well as how service providers should position themselves to maximise their prospects in this increasingly complex data economy.

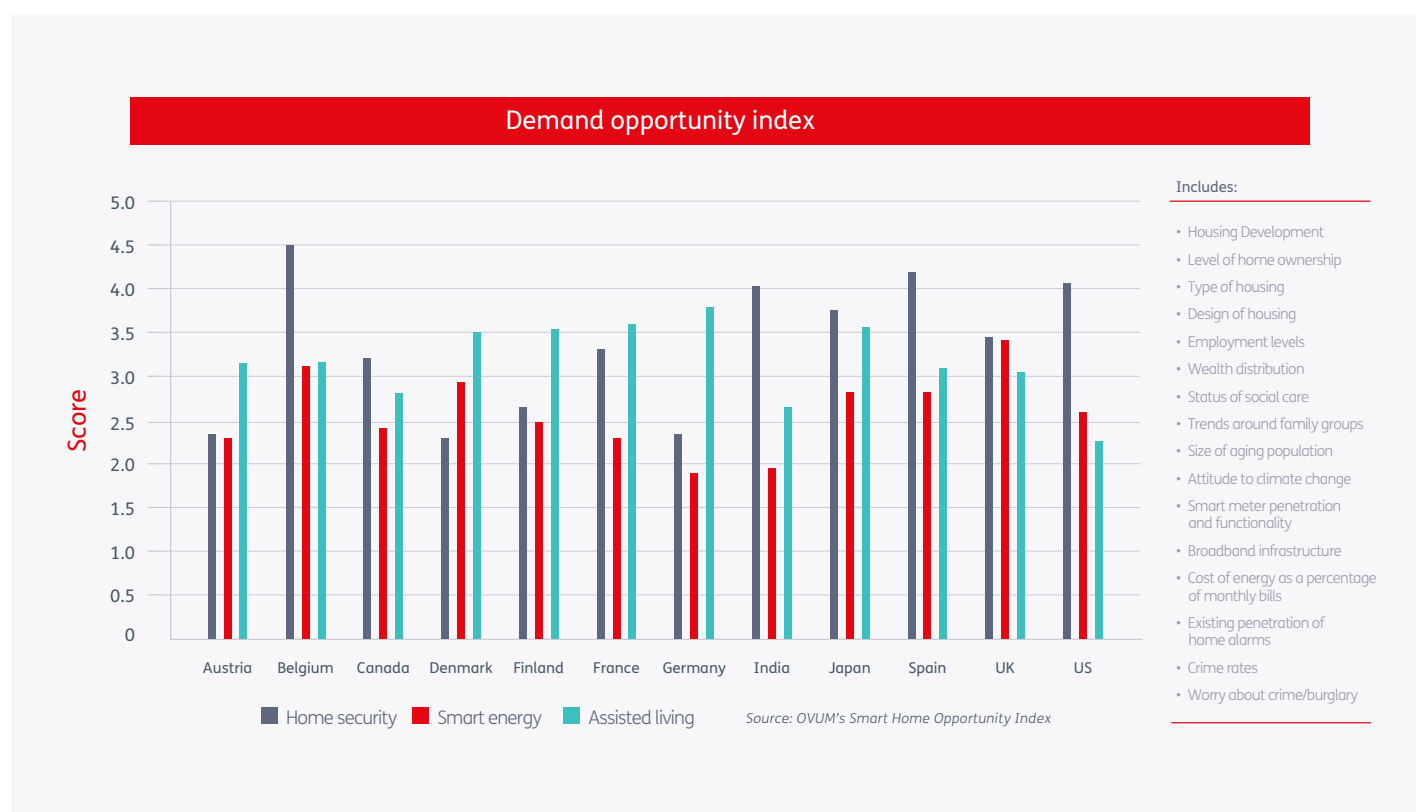
What's new

Smart hub report series – the home hub is an increasingly important part of the connected home. Ovum's research will provide a detailed understanding of the future road map of this important device

Smart home consumer segmentation – traditional segmentation models don't apply to the smart home market. Ovum's analysis will shed light on the segments that matter and what they care about

"Marketing the smart home" case studies – lack of consumer understanding is a major barrier for smart home devices and services. Better marketing holds the key to unlocking this market

The demand drivers for smart home



The Market Challenge

The new digital consumer wants to buy broadband, mobile and TV services differently. Who is this new consumer, and how should communication service providers (CSPs) evolve to meet the changing market place?

CSPs will need to know their customer bases more intimately than before and how to price and package services in new ways for them. These two facets – bundling and pricing – remain central the telco monetisation story.

Understanding best bundling and pricing strategies will be key to unlocking new growth opportunities, whilst addressing new threats such as the rise of the mobile-only customer.



Nicole McCormick
Practice Leader

How Ovum helps you

Understand which broadband and multiplay bundles will drive subscriber and revenues growth based on robust forecasts for developed and developing markets worldwide.

Develop compelling bundles and services based on data on consumer behavior and analysis of leading operator strategies that are changing how broadband, mobile and TV are being bought and sold.

Optimise your go-to-market strategy by identifying the best feature-set, pricing, bundling and partnership options for your organization.

Key Deliverables

Digital consumer insights – discover how consumer attitudes and intentions towards existing and emerging broadband and multiplay packages are changing.

Multiplay bundle forecasts – quantify the potential and impact of different bundling strategies in developed and developing markets worldwide.

Broadband pricing interactive tool – inform your marketing strategy with detailed information on innovative tariffs from leading operators in major markets.

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Next-generation bundles that include ott tv, mobile or both will have 184 million subscribers by the end of 2022

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Themes for 2018

Evolving the bundle for modern audiences

Consumer expectations are changing faster than ever. Understanding the impact that OTT video will have on multiplay bundle buying behaviour will be a key focus in 2018. Ovum will quantify how revenue will shift between new and emerging bundle types, as consumers upgrade, downgrade, swop services and cut cords. Our analysis will be underpinned by segmentation analysis of the new digital consumer, examining the purchasing behaviours and usage profiles of various groups, including millennials, students and 50+ year olds.

The mobile-only broadband customer uncovered

The potential of 4.5G and 5G to offer gigabit broadband has re-ignited the debate about whether fixed broadband's days are numbered. But mobile-only subscribers are a reality here and now and they're using their connections as more than just a substitute for fixed broadband. Ovum will profile the new mobile-only market and how it will evolve over the next five years. We will also explore the impact on the fixed broadband industry, and what it means for operators targeting the converged offerings.

Standout mobile pricing and loyalty strategies

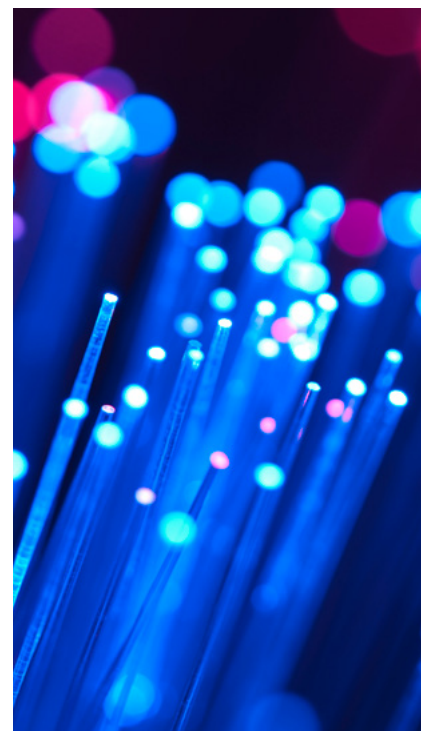
Incumbent operators need to make 2018 the year of keeping the customer happy, as MVNOs and challenger operators seek to undermine their positions. Ovum will focus on innovative pricing and loyalty schemes to help mobile operators really stand out from the crowd in the endless battle to win and keep customers.

What's new

Expanded multiplay forecasts – to include revenue splits showing the financial impact of next-generation bundling strategies

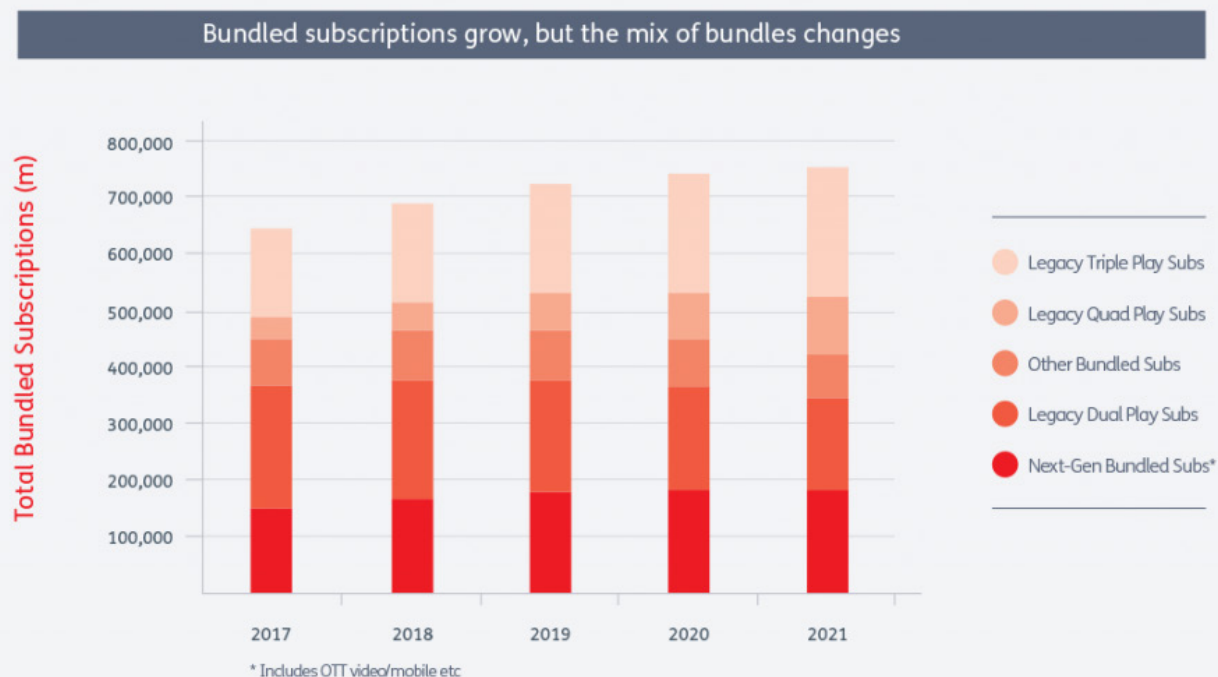
Customer segmentation analysis – dissecting multiplay buying behaviour of millennials, 50+ consumers and other age groups

The mobile-only consumer series – analysing the opportunities and challenges presented by this new breed of customer



Steady Growth Path For Bundles, But Consumers Like Mobile And Netflix In The Bundle

Steady demand for bundles continues, but legacy bundles are losing relevance with consumers that want next-gen bundles with mobile and OTT video.



The Market Challenge

The golden era of the smartphone is coming to an end and wearables and virtual reality (VR) headsets are not providing enough new growth. How can device vendors and platform providers sustain value and brand loyalty in a commoditised consumer electronics market?

Artificial Intelligence (AI) is portrayed as the solution with vendors marketing digital assistants as the number one feature across multiple new products. But its impact will extend far beyond device sales, fundamentally disrupting digital service market as it changes how consumers interact with content and services, especially in the home.



Ronan de Renesse
Practice Leader

How Ovum helps you

Evaluate the size of the AI-capable device market including handsets, tablets, wearables, VR, smart TVs, smart home devices, set-top boxes and media streamers.

Plan for the next technology revolution in the home across your footprint via realistic predictions and insights on what role to take and which opportunities to go after.

Get quarterly insights on potential market disruptions coming from new technology and device launches, consumer behaviour shifts and company strategy changes.

Get an holistic market view of key competitors or/and partners in consumer technology such as Apple, Amazon, Google, Microsoft, Samsung and many others.

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Global annual sales of devices with built-in voice-controlled ai will reach 3 billion units in 2021, with 7.5 Billion in use

”

Key Deliverables

Connected-device forecasts – size your addressable market with installed base and unit sales forecasts for handsets, tablets, wearables, VR, smart TVs, smart home devices, set-top boxes and media streamers.

AI-capable device forecasts – support your consumer-facing AI product strategy using our AI-capable devices forecasts by segment, by digital assistant and by country/region

Consumer-tech trackers and reports – Monitor new technology launches in anticipation for market disruptions with our set of consumer technology trackers and “Tech Watch” report series.

Digital consumer insights – understand consumer adoption, usage towards new technology through our surveys and benchmark from across the world.

Themes for 2018

Object smartification and the consumer IoT

The evolution of consumer electronics is shifting from the creation of new gadgetry to the “smartification” of existing objects. Each segment obeys to its own set of rules from replacement cycles to retail and maintenance demands, driving or inhibiting smart living adoption. We provide a unique converged perspective on the smart living device ecosystem by delivering all-in-one device forecast intelligence.

On-Device Artificial Intelligence

Consumer devices deliver AI-powered experiences in many different ways. Benchmarking AI-capabilities is particularly challenging as it is constantly evolving and new use cases emerge all the time. Our trackers, case study reports and AI-capable devices forecast helps focus on the AI features that matter most and how they are implemented on-device.

The future of the home

The next technological revolution will be in the home. As it becomes more connected and gains the ability to see, hear, identify people and their location, the home will come to life as a virtual entity. Our research helps track that evolution and prepare for technology changes to come.

Disruptive innovation that matters

The pace of innovation continues to accelerate as barriers to entry for tech development and funding are lowered. The resulting countless number of start-ups focusing on AI, IoT, AR/VR and wearables makes it difficult to track impactful innovation. Our research helps filter through the noise and provides targeted partnership/acquisition recommendations.

New roles for service providers in consumer tech

Service providers have a critical influence on device purchase intentions and are best positioned to evangelise new technology to consumers,



particularly in the home. Our research tracks the device distribution channels of service providers and analyses the emergence of “device-as-a-service” business models, such as Amazon Echo and Snapchat Spectacles.

What's new

Investment and start-up tracker – monitoring key acquisitions, investments and startups in consumer tech

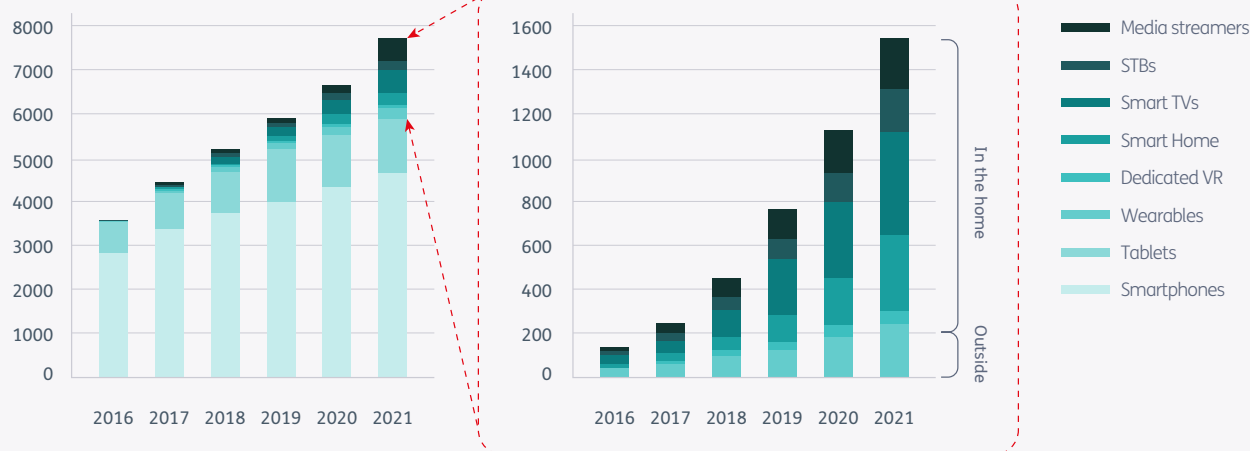
Home hub report series – analysing operator and vendor strategies for next-generation customer premise equipment (CPE)

Expanded forecasts – including smart audio speakers in smart home, country-level data for wearables and virtual reality headsets

In order to showcase some of our data or a conceptual diagram exploring a critical market dynamic. This needs to include:

Voice-AI capable devices offer a large untapped opportunity for digital assistance

Voice AI capable device installed base forecast (millions*)



The Market Challenge

The payments industry is in the midst of huge change, driving considerable acceleration in IT investment. The need to deliver on growing customer expectations and regulatory-driven infrastructure and competition initiatives is driving institutions to create the capabilities for rapid innovation in their offerings for corporate, retail, and SME customers.

Open banking and immediate payments, are the most important catalysts for change, with many institutions now looking to develop significant new capabilities across the middle and back office to support the future of their customer facing offering. Distributed ledger technology and blockchain continues to prove its worth in niche areas, and will become a more important part of serious discussions about the future of certain areas of market infrastructure in particular. However, it is the opportunities that open APIs present to deliver entirely new products, services, and business models is the area that will dominate investment priorities in 2018.



Kieran Hines
Head of Industries

How Ovum helps you

Maximise your market impact, by using Ovum's independent research to understand exactly what is driving payments IT investment agendas at a country and regional level.

Benchmark against your competition, with independent verification of the market leaders, challengers and followers in Ovum's Decision Matrix series.

Stay ahead of the competition, by understanding where and how new entrants, digital service providers and established vendors are bringing new products and services to market.

Key Deliverables

ICT Enterprise Insights – Global survey of payment provider pain points and IT buying intentions for 2018-19

ICT Spending Forecasts – Global 5 year projections for payments IT spending, segmented by country, source and line of business

Ovum Decision Matrix – Analysis of the leading vendors solutions in

“
Total IT spending on payments-related software and services will reach \$56 billion in 2021
”

key areas, including card management platforms, white label digital wallets, and payment switch

Themes for 2018

Payments and Open Banking: Gateway to the future value chain

With institutions in all territories now actively formulating their open API strategies (the majority regulator-driven), the focus is turning to what this will mean for industry. In the short term, implementation strategy, service innovation (both in retail and corporate), security, data protection and standards are key issues, and will drive the majority of investment decisions. However more essential questions remain, most critically around what open banking really means for revenues, the value chain and future role of banks within it.

Infrastructure to Innovation: Investing to deliver the next generation of payment services

Growing complexity in the payments industry will increasingly require modern, flexible underlying systems and architecture to support growth. In addition to the investment needed to deliver against customer expectations for real-time and digital first services, major initiatives such as immediate/real-time payments and steady growth in the development of blockchain/distributed ledger technology across correspondent banking and trade finance in particular will be key drivers of activity.

Identity, security and payment fraud threat: Finding opportunities in risk mitigation

Managing the risks around fraud and financial crime are core to the business model, but the evolving nature of the threat and growing challenge of cyber-security put these high on the industry agenda. In retail payments, the need to balance risk against the customer experience means that biometric authentication, artificial intelligence, predictive analytics, and the technologies like 3D Secure 2.0 will prove critical. At the same time, interest in supporting digital identity assurance will provide clear opportunities to provide new solutions to customers.

Reducing frictions and driving transactions: The changing role of payments in an omnichannel world

With the customer experience now the focal point for innovation, if not outright survival in many merchant segments, payments has a key role to play in how businesses of all types interact with their customers. Merchants will increasingly demand payment services that can be



seamlessly embedded within any number of commerce experiences, devices and contexts. For the industry, the need to support this diversity of options will require new thinking and particularly around security. Developments in high growth markets such as China and India will provide important lessons for the rest of the world.

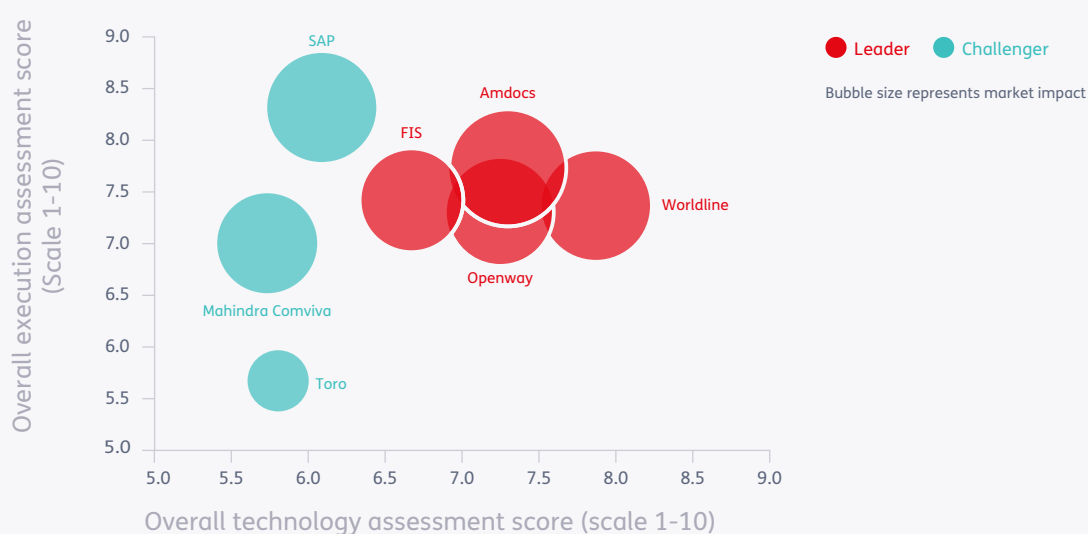
Analyzing global services contracts

We track the evolution of ICT managed services as these expand to include applications services and performance management, and cloud-based service delivery. Ovum maintains an IT services contracts database (ITSCA) as well as uniquely monitoring global services deals from telcos. Together, these provide the most comprehensive picture of the changing shape of the deal in enterprise managed services, in region and globally.

What's new

Payments Software Contracts Analytics – Global analysis of packaged software deals, segmented by institution, vendor and solution area

White-label mobile wallet solutions, 2016-17





Ovum *Forecaster*

Better strategic
decision-making with
a complete view of
the converging
TMT market

Introducing **Forecaster**, the industry's most powerful data and forecasting service delivering comprehensive historical market data, company KPIs and more than 130 detailed forecasts across telecoms, media and technology markets.

To learn how your business could benefit from the new **Forecaster** data service visit ovum.informa.com/discover-forecaster

About Ovum



Ovum is a market-leading research and consulting firm focused on helping digital service providers and their technology partners thrive in the connected digital economy.

Through our 150 analysts and consultants worldwide, we offer expert analysis and strategic insight across the telecoms, media and technology industries. Founded in 1985, Ovum has one of the most experienced analyst teams in the industry and is a respected source of guidance for business leaders, CIOs, vendors, service providers, and regulators looking for comprehensive, accurate, and insightful market data, research, and consulting.

With 23 locations across six continents, Ovum offers a truly global perspective and works with organizations on every continent. We can also help you create business advantage by supporting your business planning, product development and go-to-market initiatives.

Ovum is part of the FTSE 100 Informa Group.

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