

# **Emerging Trends in the Telecommunications Industry and its Impact on Regulation for Small Island States**

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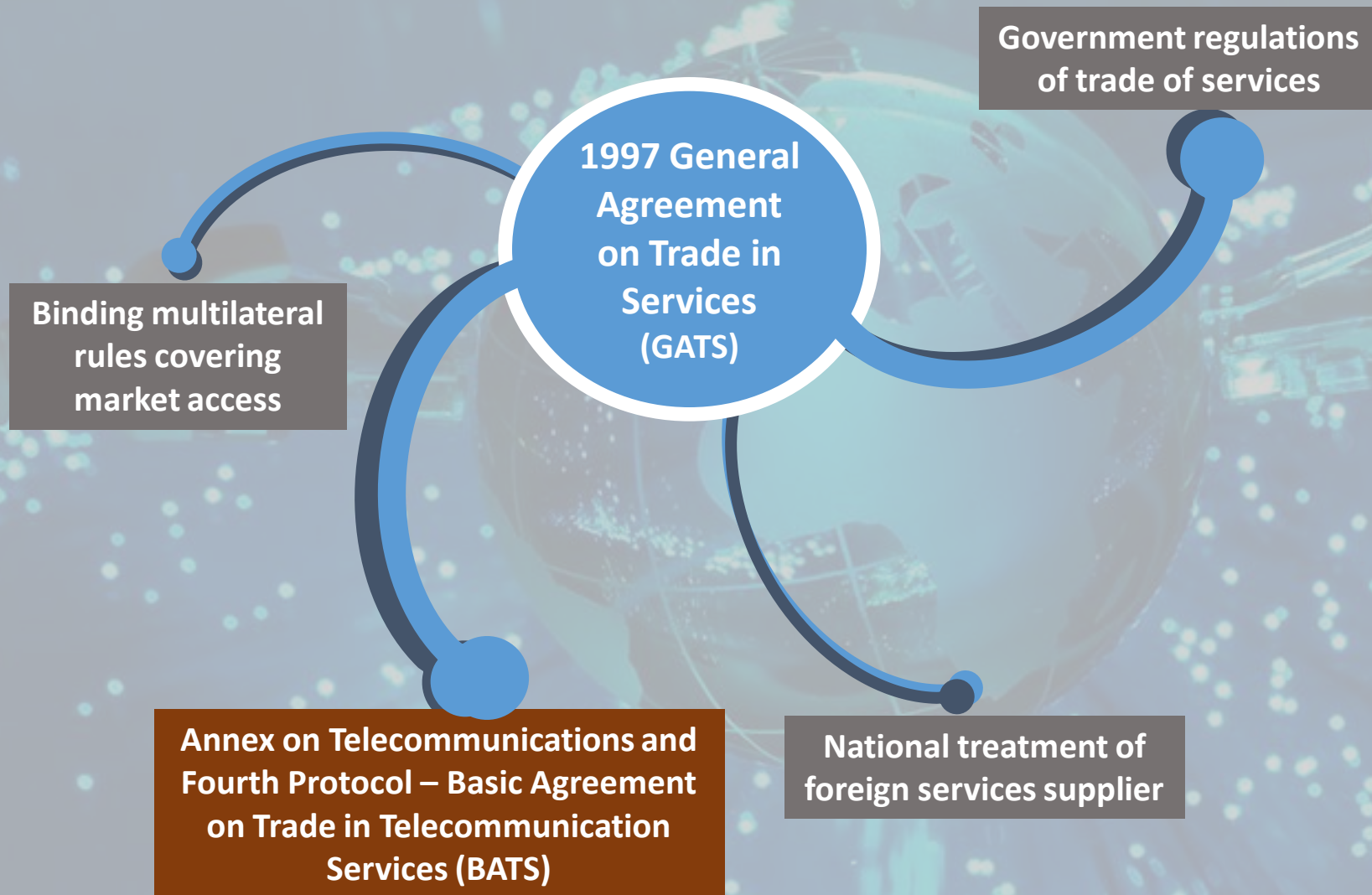
# Overview of Presentation



## Examination of the current dynamics within the regional telecommunications sector and their impact on regulation:

- ☐ Drivers of consolidation and convergence
- ☐ The emergence of new distribution technologies
- ☐ Pressures on margins
- ☐ Consumer preferences for bundles
- ☐ The change in balance of power between content and networks

# Trade in Service in the Global Economy



**GATS** signaled a major shift in international and regional telecommunications sector

**BATS** heralded a new paradigm in telecommunications regulation in the Caribbean region





**Technology's relentless advances and new market dynamics are disrupting the telecommunications sector and are consequently threatening the role and function of regional telecommunications regulators.**

# Market Trends

The **greatest forces** for changes in the communications world are:

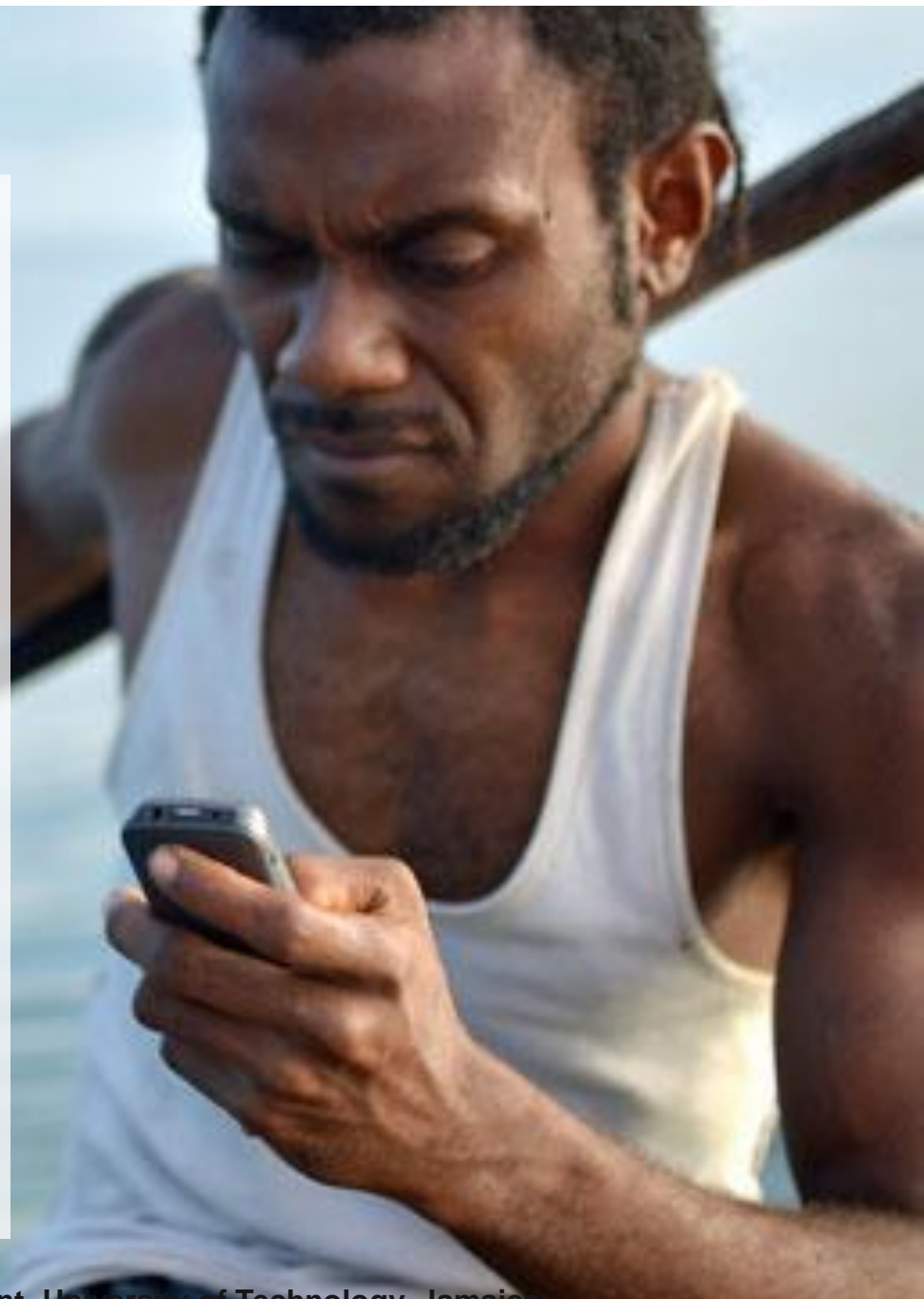
- ☐ **Convergence of media**
- ☐ **Increasing ubiquity of connections**
- ☐ **The interactive, user-generated nature of the new paradigm**
- ☐ **Internet of things: E-SIM**
- ☐ **Smart cities**
- ☐ **Cryptocurrencies**
- ☐ **Industry 4.0**

**On July 2016, UN resolved that access to internet is to be considered a basic human right.**



# Market Trends

- ❑ **Pressure on margins (ARPU):** Cost of call in Jamaica is US\$0.01
- ❑ **Roaming revenue's steep decline:**  
Apple FaceTime, Whatsapp, Skype, WeChat
- ❑ **Preference for bundles:**  
Digital ubiquity - Any Time, Any Where, Any Device (ATAWAD)

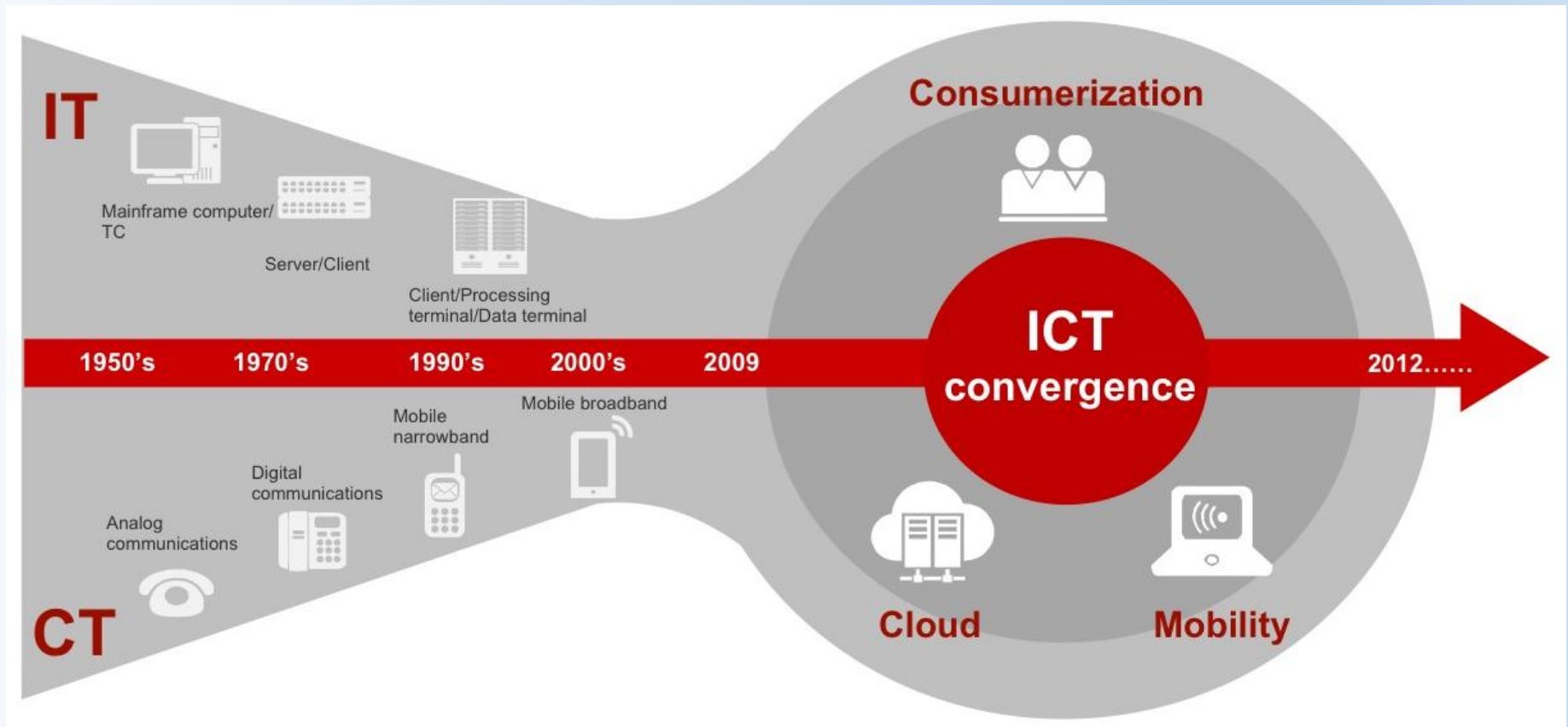




# Market Trends

- **Convergence:**

- ☐ The traditionally distinct realms of media, technologies and networks will ultimately blend into a seamless and interchangeable whole.





# Market Trends

- **Convergence: Media and Network Ownership**

- ☐ **Globally:**

- 2016 US\$224B on M&A
- 136% increase over previous year



Deutsche  
Telekom



**vodafone**



Microsoft



**SONY**

- ☐ **Regionally:**

**Digicel**

The Bigger, Better Network.

**FLOW**

# Market Trends

- Consolidations

- Horizontal

- ✓ CWC acquires Flow and Liberty Global acquires CWC
    - ✓ Digicel acquired SAT Telecommunications in Dominica, TCI in Turks and Caicos, Telstar Cable in Jamaica, TRES Networks in Curacao

- Vertical:

- ✓ Digicel: International Media Content Ltd (SportsMax, CEEN-TV)

- Acquisition of adjacent industries

- Digicel acquires Paymaster



# Market Trends

- **Content - the new source of power:**

- ☐ **Flow** creates sports channel and acquires rights to Barclays Premier League, NFL, Rio 2016 Olympics, Boys and Girls Champs, Indian Premier League
- ☐ **Digicel**: NBA, Spanish Premier League, IAAF Diamond League
- ☐ **RJR communications Group**
- ☐ **DirecTV**: Exclusive Caribbean media rights to FIFA events across all platforms from 2015-2022





# Market Trends

- OTT: Netflix to enter 130 new countries.
- KOBI
- MOBDRO

Is this the passing of linear TV?



# Market Trends

- Privacy and hacking





# Market Trends

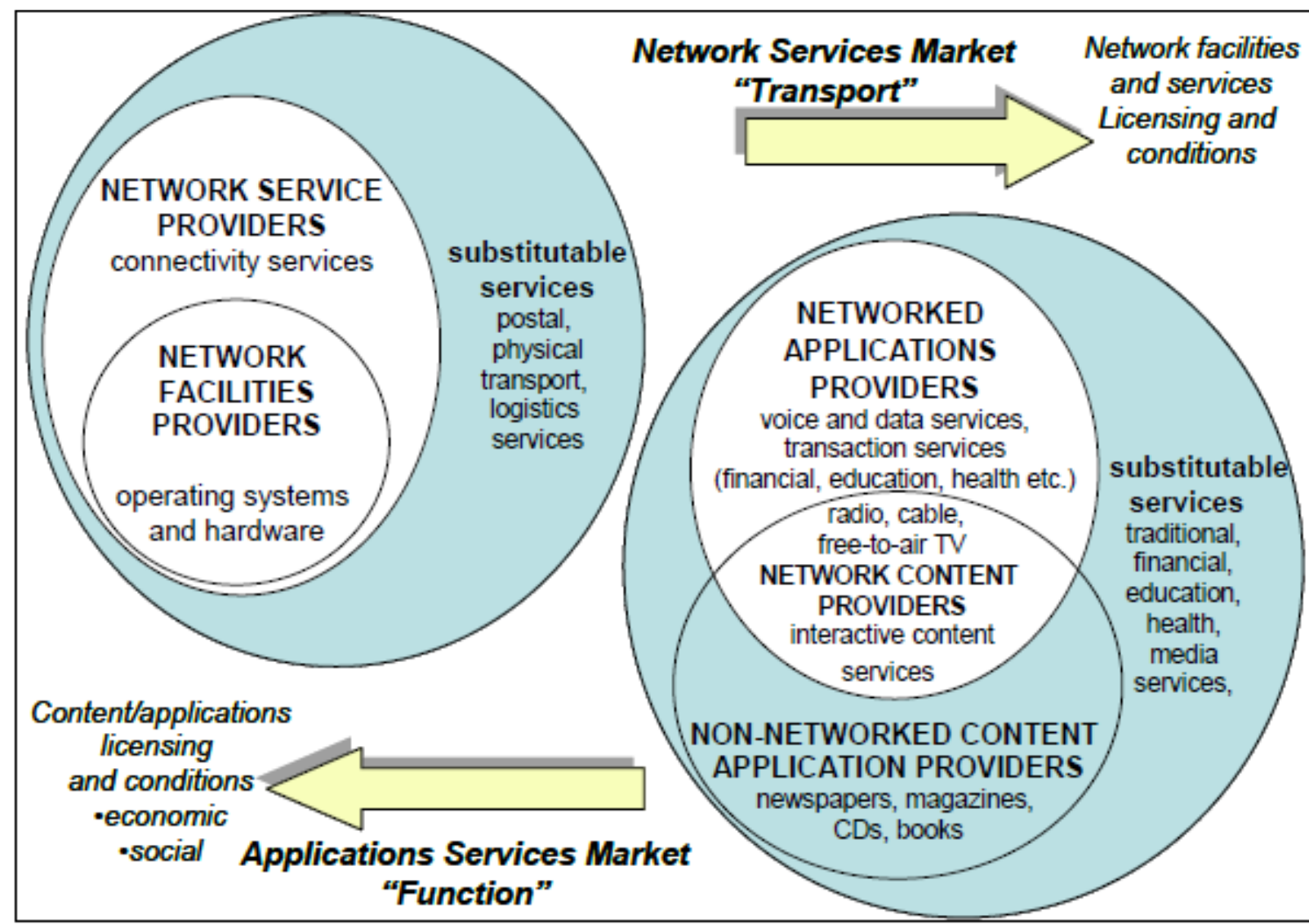
- **Net Neutrality:** FCC rules that broadband service to be treated like public utility and prevents providers from offering preferential fast lanes.





# Market Trends

- New Regulatory Model: Market Diversification



# ISSUES

- Size of the regional economy: CARICOM

Name of Country	Estimated Population in 1000s	GDP Per Capita
Antigua and Barbuda	91	13,539
Bahamas	393	25,557
Barbados	290	14765
Dominica	73	6,998
Grenada	110	7,617
Guyana	736	4,272
Haiti	9,997	892
Jamaica	2,930	8,287
Montserrat	5	11,290
St. Lucia	163	8,233
St. Vincent and the Grenadines	103	7,239
Suriname	573	9,197
Trinidad and Tobago	1,224	24,209
<u>Total</u>	<u>16688</u>	

# ISSUES

- Size of the regional economy: CARICOM





# ISSUES

- Cost of regulation and institutional design
  - ❑ Multi sector versus single ICT sector
  - ❑ Inclusive Regulation: including the disabled
  - ❑ Balance: Safeguard incumbents rights and support innovation
  - ❑ Light touch regulation



# ISSUES

- **Competition and Regulation**

- ☐ Network externalities and winner take all markets (duopoly, oligopoly, monopoly)

## ***Compete or Regulate?***

- ☐ Defining market using layered regulatory model
- ☐ Defining market power and dominance

**Digicel**  
The Bigger, Better Network.



# ISSUES

- Regulations to focus on:

- ☐ Coverage and performance obligations

- ☐ Privacy

- ☐ Transparent access to new entrants

- ☐ Infrastructure sharing

- ☐ IPv6



# ISSUES

- Mergers and Acquisition

## Digicel turns major content provider following cable TV acquisitions

Friday, September 19, 2014 4 Comments

Like Share 23 Tweet



Digicel Group COO, Andy Thorburn (seated, left), and Patrick Rousseau (seated, right), Chairman of IMC and SportsMax celebrate the acquisition deal with Phillip Martin, Deputy Chairman of IMC and Sportsmax (standing left) and Oliver McIntosh, CEO of Sportsmax.

## News

## Cable & Wireless seeks to ease anxiety among Flow staff

Acquisition will make companies stronger, says Columbus

Friday, November 07, 2014 20 Comments

Like Share 50 Tweet



# ISSUES

- **Hindering New Technologies**

Can vertically integrated operators foreclose on OTT, and is this addressed by net neutrality addresses this?



# CHANGE IN BUSINESS MODEL

## •Is Telecoms Dead?

- Demise is exaggerated
- Greatest asset:  
Infrastructure – Network Speed & Throughput
- Last mile  
FTTH
- Interconnect; interoperate



# **Should legislation be harmonized and authorities merged?**



# Thank you.



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