

HERBERT SMITH FREEHILLS PUBLISHES REPORT ON CHALLENGES AND OPPORTUNITIES FOR THE COMMUNICATIONS INDUSTRY

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Firm news

Global law firm Herbert Smith Freehills has published a report on the challenges and opportunities for the communications industry titled "Digitalisation: Reshaping the Industry Landscape".

The increasing availability of technologies such as 5G wireless, virtual reality, artificial intelligence, robotics, cloud, big data analytics and the Internet of Things is dramatically transforming the way people work and live.

Telecom companies are experiencing significant disruption as digitalisation reshapes the industry landscape. The critical role that these companies have played in accelerating digital businesses has yet to be translated into incremental revenue for themselves.

In March 2018, Herbert Smith Freehills hosted a series of panel discussions with key industry leaders and decision makers to discuss the opportunities presented by the digital revolution, as well as some of the challenges for telecom companies in delivering the essential infrastructure and capturing a fair share of the value created by it.

The [Herbert Smith Freehills' report](#) summarises the discussions including results of polling questions raised with the audience.

Key themes include:

- New services and applications: Telecom companies can create new revenue opportunities by moving into new verticals such as financial services, IT, video, healthcare, utilities, automotive and e-commerce, for example through partnerships with third parties or other strategies such as M&A/corporate venture investing.
- Big data analytics: Telecom companies should leverage the huge amount of raw data at their fingertips. Using a variety of analytics technologies and tools, they can collect, structure, analyse and monetise data to reduce customer churn, make better marketing-spend decisions, improve collections, and optimise network design.
- Digitising the customer experience: Telecom companies should shift to digital customer service to satisfy consumers' expectations of a digital, largely self-service, acquisition and support experience.
- Rethinking networks: Telecom companies should transform their networks with virtualised infrastructure which is self-optimising and secure, enabling them to create real service differentiation at lower cost.
- A digital workforce: Telecom companies should develop new strategies for a digital workforce by eg establishing organisational structures that foster innovation; developing proprietary knowledge through partnerships and efficient, targeted M&A to enhance product portfolio and capabilities; and leveraging the global talent pool and investing in expertise so that they can compete with their new competitors.

Key findings from the polling:

- All respondents are positive that diversification and collaboration will drive future growth for the communications industry
- Over half of the respondents think monetising the network in new ways (eg, smart metering, IoT and connected vehicles) presents the richest opportunity for the telecom industry over the next few years; and one-fifth of the respondents consider the biggest opportunity is to use data, AI and other highly advanced methodologies to generate cost savings and to enhance customer relationship
- Over half of the respondents consider state-of-the-art infrastructure is the most critical area of focus for digital/wireless to successfully drive the industrial revolution; a quarter of the respondents regards monetisation of data and utilisation of new technologies as the most important; and only less than one-fifth of the respondents think that future-proofed regulation is the most critical.

Aaron White, a Counsel who specialises in digital infrastructure transactions in EMEA said:

"The communications industry is at the heart of digital transformation – providing the fundamental building blocks in the form of digital infrastructure such as full fibre and next generation mobile networks. The very clear view of people who attended the conference was however that, in order for these networks to be deployed quickly and at scale, UK policy makers must act now to address the supply-side challenges and promote the right competitive structures and a stable environment for investment."

Veronica Roberts, a competition partner who has a lot of experience in the TMT sector, added:

"It's important that competition authorities adopt the right balance when reviewing the collaboration arrangements that are being and will be set up to bring these digital businesses to market. This is an area where co-operation between competitors can provide real benefits to customers, as it should enable new technologies to be rolled out more quickly and efficiently, and should therefore be permitted in principle, subject to the usual safeguards."

About Herbert Smith Freehills

Operating from 27 offices across Asia Pacific, EMEA and North America, Herbert Smith Freehills is at the heart of the new global business landscape providing premium quality, full-service legal advice. The firm provides many of the world's most important organisations with access to market-leading dispute resolution, projects and transactional legal advice, combined with expertise in a number of global industry sectors, including Banks, Consumer products, Energy, Financial buyers, Infrastructure & Transport, Mining, Pharmaceuticals & Healthcare, Real estate, TMT and Manufacturing & Industrials.

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