
ERICSSON

# TELECOM TRENDS REACH BEYOND

Keynote for SIICE 2014 Costa Rica
Hosted by ICE

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Dec 5th 2014

- ¿En total cuántos puntos hay en 2 dados?

- Dos amigos se encontraron y charlaron, uno pregunto al otro cuanto duró su carrera universitaria, el amigo contesto... hace 2 años faltaba la mitad del tiempo que duró. ¿cuánto tiempo duró su carrera?

- Un sastre tienen 10 metros de tela de la cual cada día cortara una porción de 2m ¿cuántos días le tomará terminar la tela completa?

- ¿En qué país se desarrolló el mundial de futbol con la mayor cantidad de visitantes?

# LIFE BEFORE SMARTPHONES

Peder Severin
Kroyer,1881

*“ Same behavior at the coffee table is nothing new, only the means to perform it...“*

Same, same, ...but different

# PEOPLE LOVE TO COMMUNICATE

# TRENDS

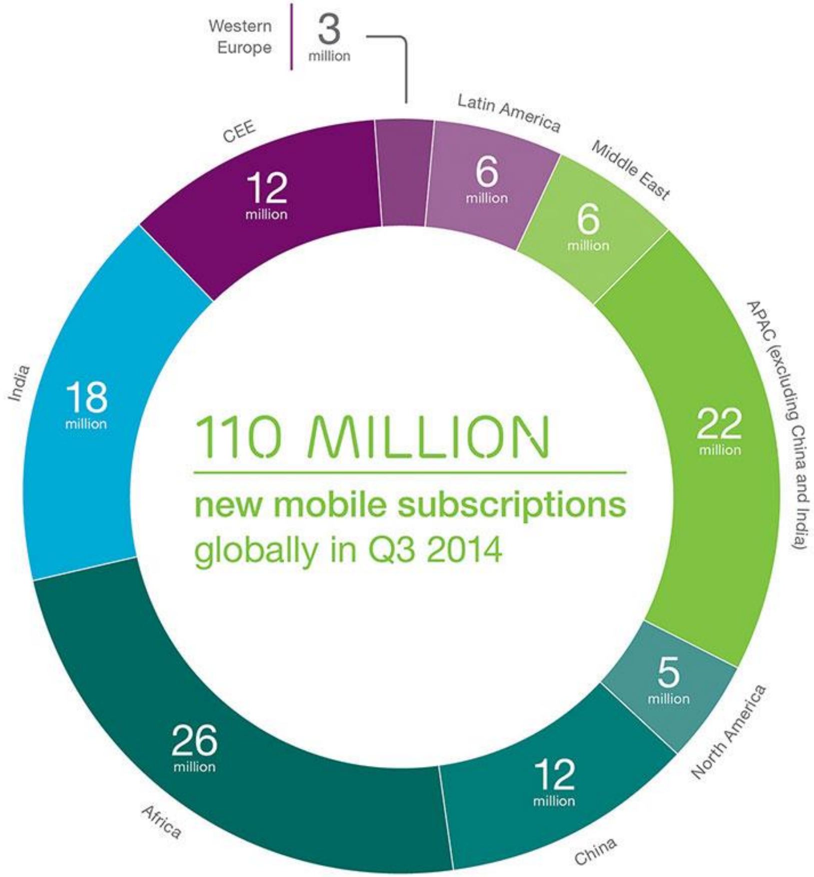

ERICSSON CONSUMERLAB
ANNUAL RESEARCH
REPRESENTING
1.1 BILLION
PEOPLE
100,000
RESPONDENTS
MORE THAN
40
COUNTRIES
15
MEGACITIES
STUDIED

# ERICSSON MOBILITY REPORT


# MOBILE SUBSCRIPTIONS
## APAC, INDIA, AFRICA DRIVE NET ADDITIONS

- Similar YoY growth rate (6%) we have seen now for the last 2 years
  - Top 5: India (+18 million), China (+12 million), Indonesia (+5 million), Russia (+4 million), USA (+ 4 million)

- Smartphone subscription uptake is strong
  - 800 million smartphone subscriptions added in 2014
  - 65-70 % of all mobile phones sold in Q3 2014,
  - Considerable additional room for uptake as currently only 37% of total mobile subscriptions are for smartphones



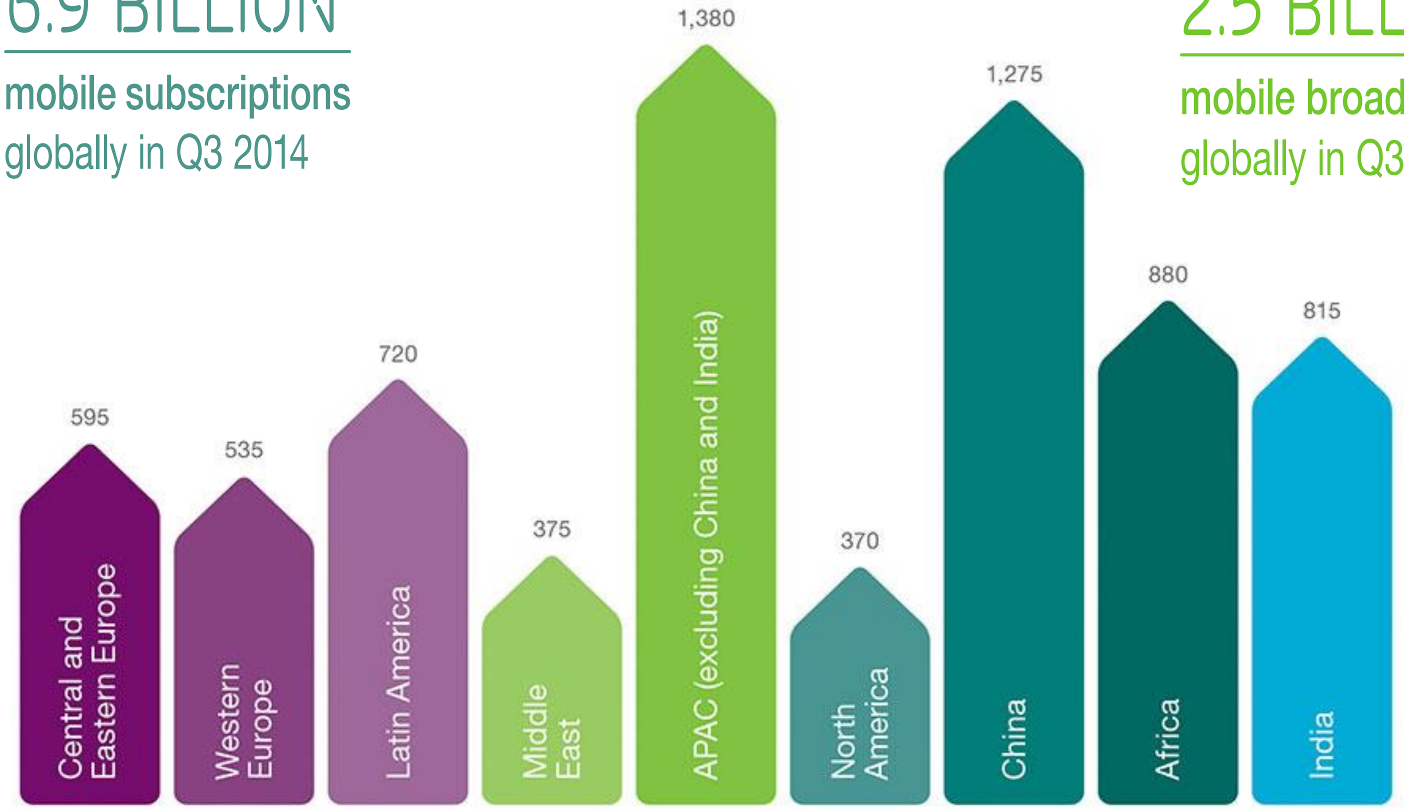
# MOBILE SUBSCRIPTIONS Q3 2014

## 6.9 BILLION

**mobile subscriptions**
globally in Q3 2014

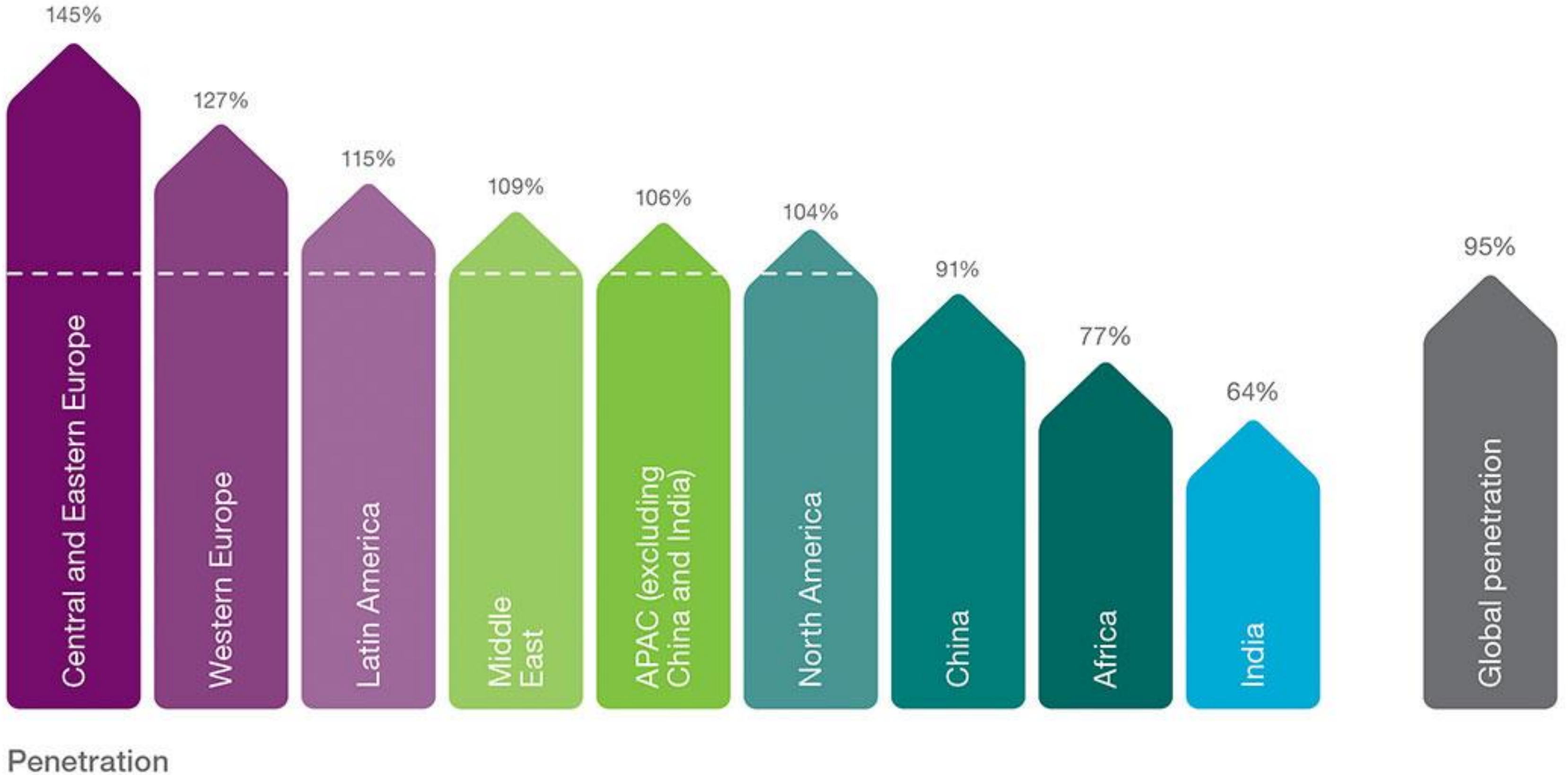
## 2.5 BILLION

**mobile broadband subscriptions**
globally in Q3 2014




Mobile subscriptions (million)

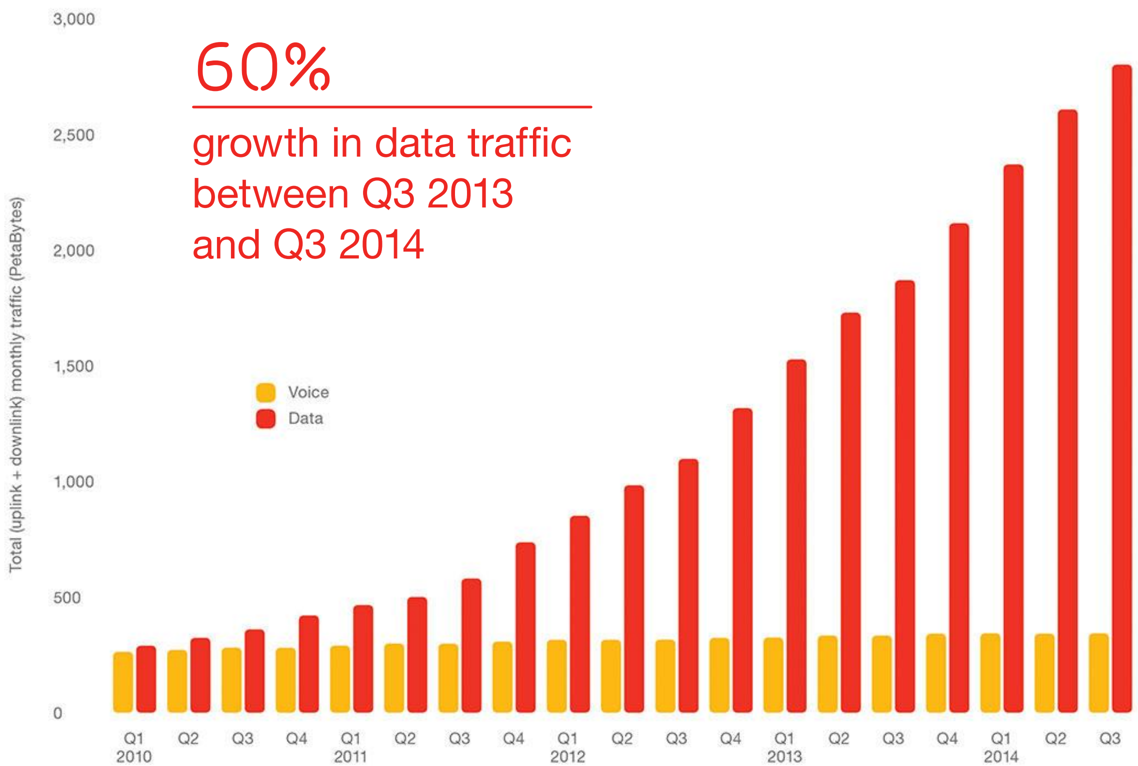
# MOBILE PENETRATION Q3 2014 - REGIONAL



# MOBILE TRAFFIC UPDATE

- YoY: 60% growth in mobile data traffic
- QoQ: 10% growth in mobile data traffic

**Global total monthly traffic in mobile networks, 2010-Q3 2014**



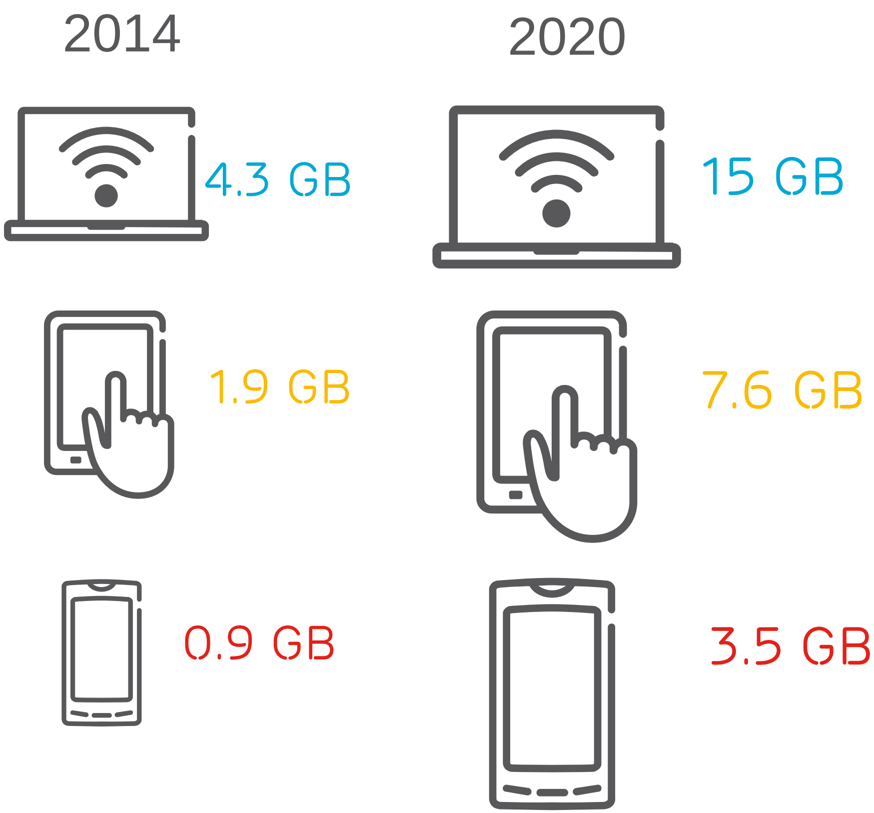

Note: Based on actual measurements

Traffic does not include DVB-H, Wi-Fi, or Mobile WiMax.

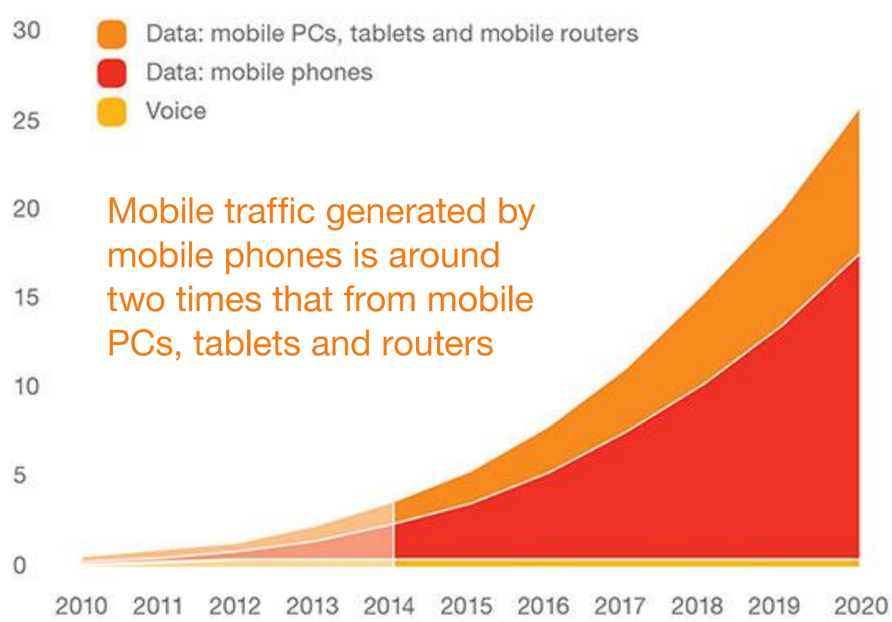
Voice does not include VoIP.

# 8 TIMES MOBILE DATA TRAFFIC BY END OF 2020

Monthly consumption per device type




Global mobile traffic (monthly ExaBytes)

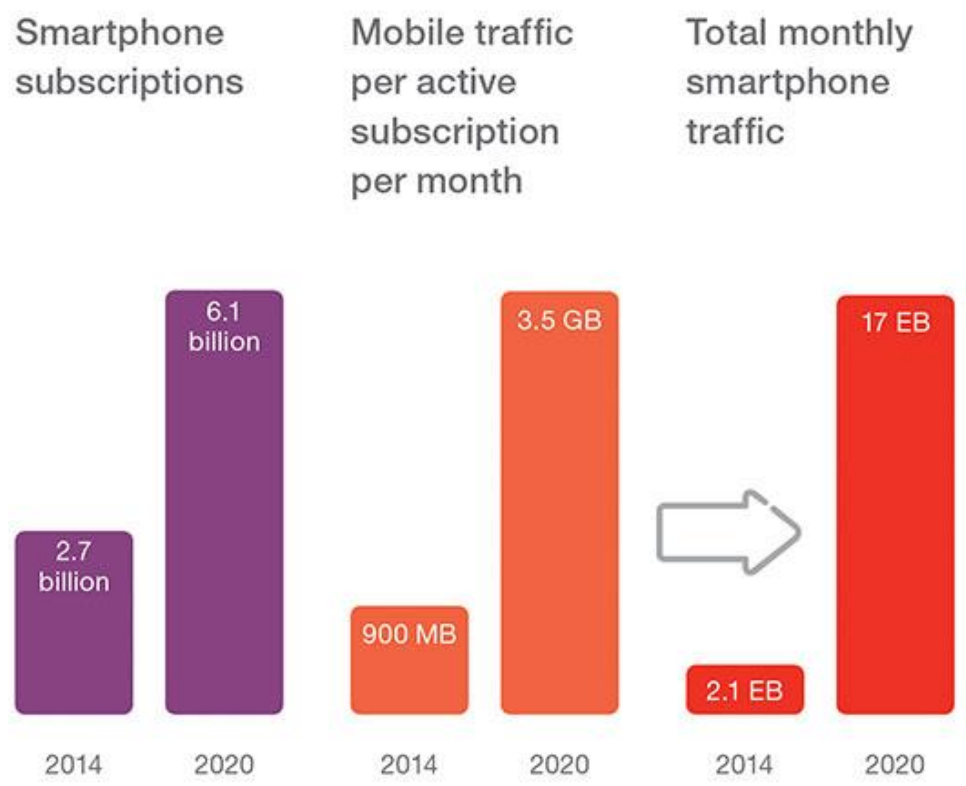


# DRIVER: SMARTPHONE TRAFFIC

8X

growth in **smartphone traffic** between 2014 and 2020

- › More smartphone subscriptions
- › More traffic per smartphone
- › Video continues to be main driver



# HIGHER SPEED, LARGER SCREENS

| 300 Mbps | 150 Mbps |
|---|---|
|  |  |
| 5,7” screen | 4,7/5.5” screen |
| LTE Advanced<br>HSPA42 | LTE Advanced<br>HSPA42 |

# RACE TO THE NEXT BILLION

## Operator branded LTE


5” screen

Quad core

LTE/HSPA+

## Android One


4,5” screen

Quad core

HSPA21

## Entry HSPA+

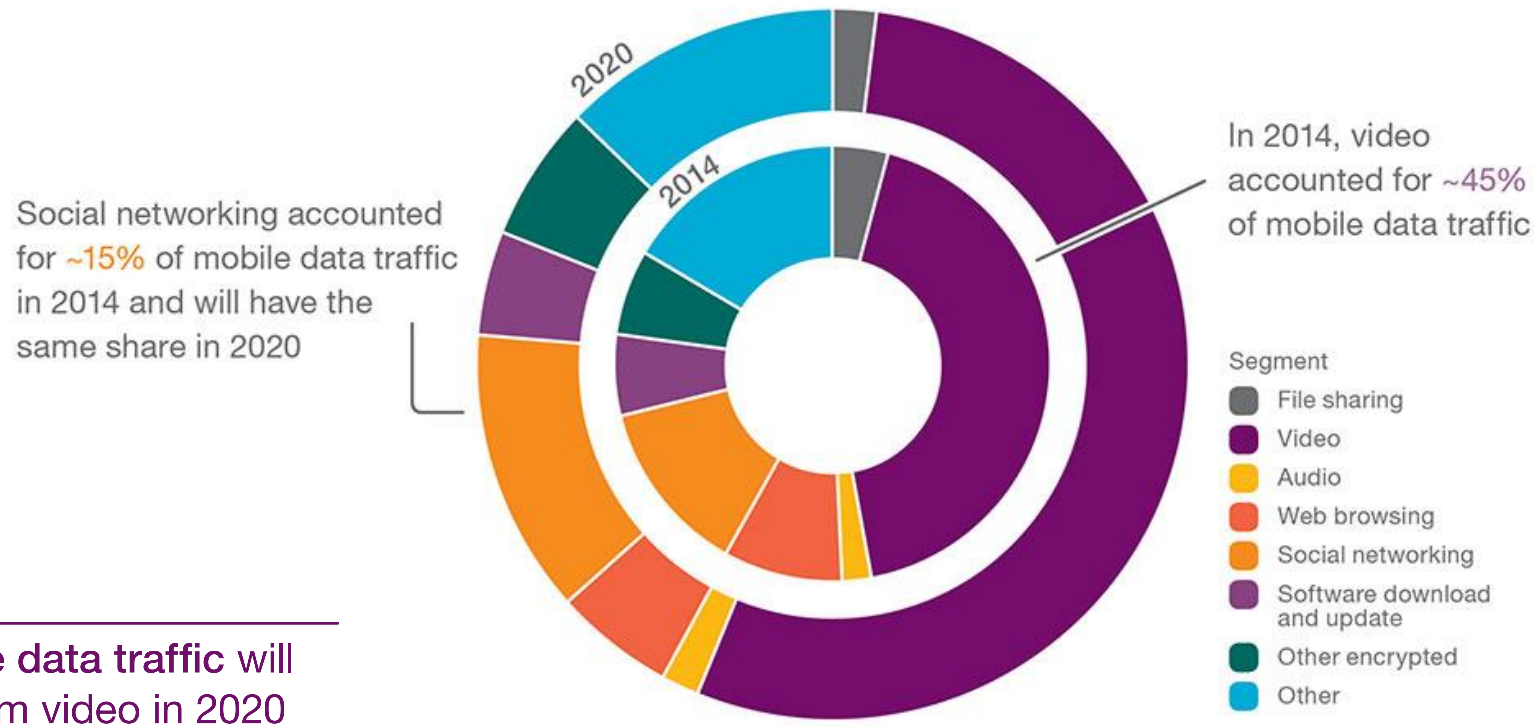

4” screen

Dual core

HSPA21

# MOBILE APPLICATION TRAFFIC OUTLOOK, 2014 AND 2020

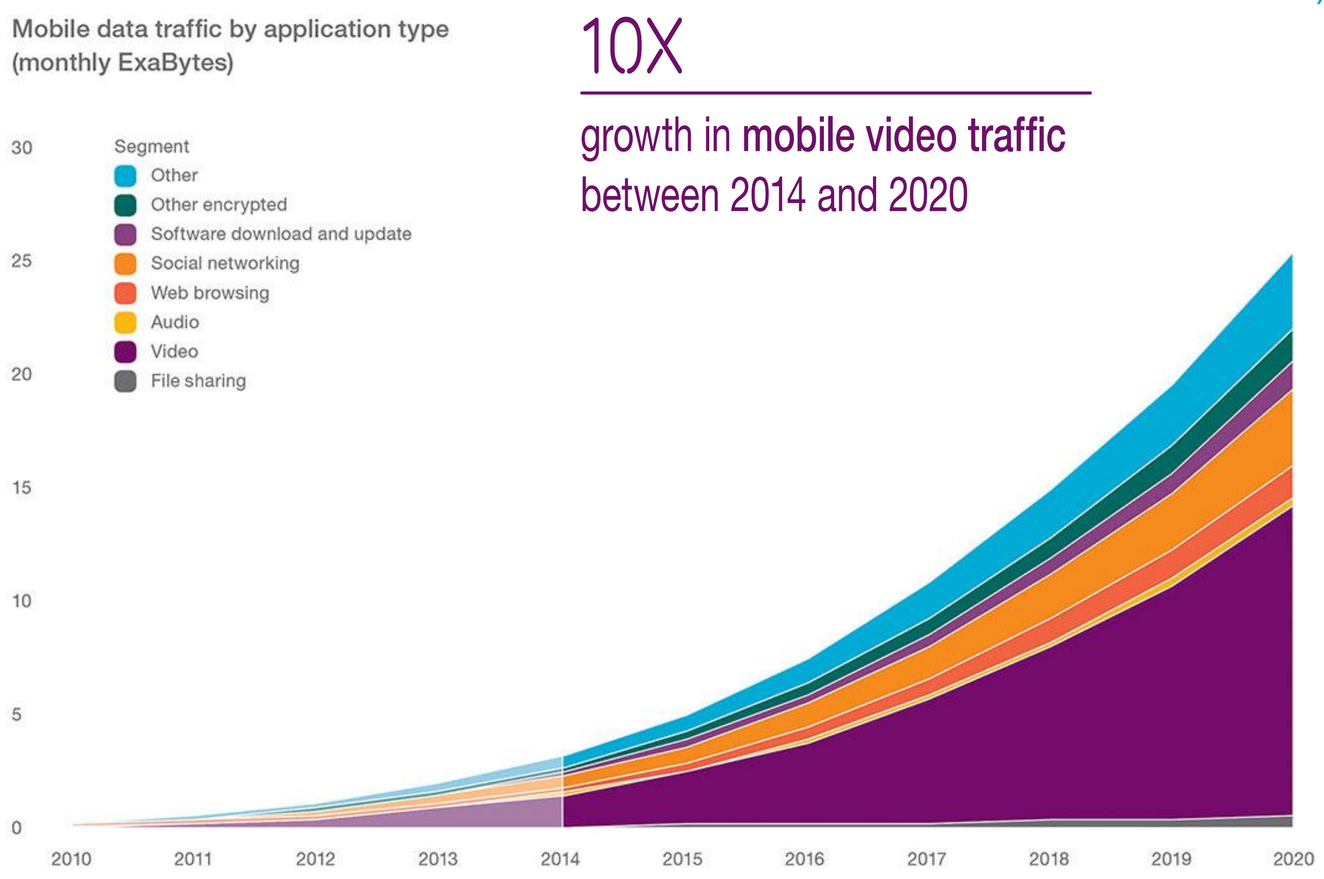
Share of mobile data traffic by application type (percentage)




~55%

of **mobile data traffic** will come from video in 2020

# 10X MORE VIDEO TRAFFIC IN 2020




- Video is largest and fastest growing segment
  - Video everywhere; news, advertisements, social media.
  - Streaming video is growing strongly, primarily driven by OTT providers
  - Devices with larger screens, resolutions and 4G deployment drive traffic
  - Multi-screen behavior in mature markets

# TV&MEDIA REPORT 2014

- Streaming is closing in on linear TV
- Increased willingness to pay for anywhere access
- Digital Video Recorders (DVRs) are disassembling linear TV channels
- Time to change the structure of TV services
- Consumers want 4K
- Subscription-based Video-On-Demand (S-VOD) accelerates binge watching


UN CAPÍTULO MÁS Y SALIMOS...
NO, MEJOR DOS.
BUENO, CUATRO.
FREDDY MERKÉN

# BINGE WATCHING

- Physical media boxes enabled binging of whole TV series seasons, but the rather high cost limited the behavior
- With the introduction of OTT services, people began binge watching like never before
- Easy access, as well as absence of additional cost, has broken down the barriers

**57%**

want all episodes to be released at once, enabling them to binge watch

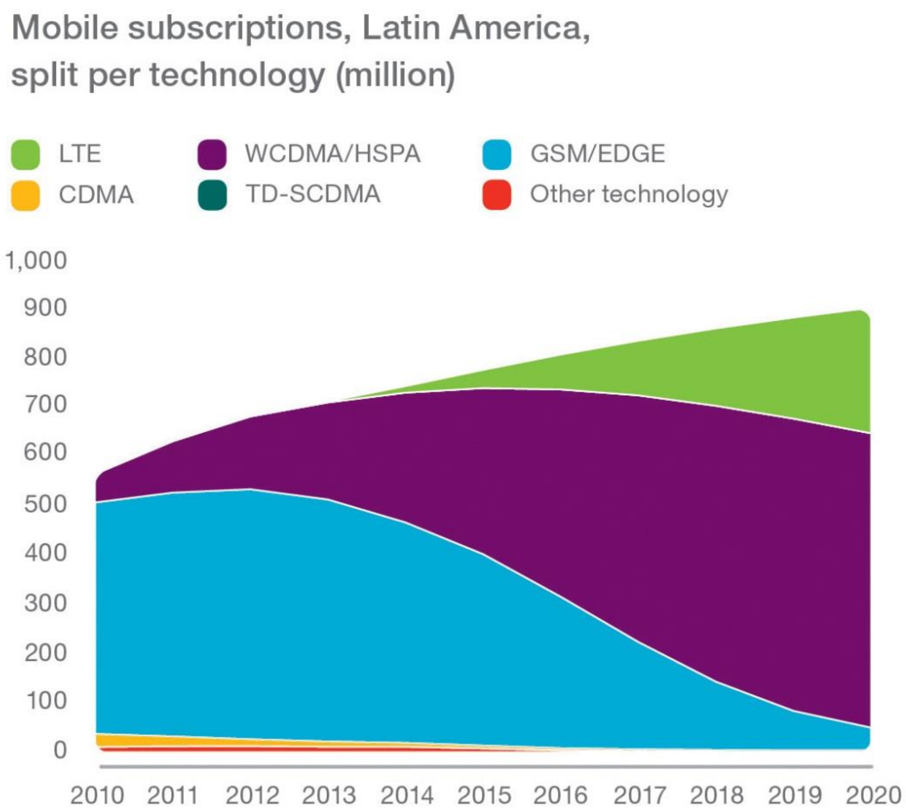
**Workday nights**
Less binging
Max 2-3 episodes

**Weekend nights**
More binging
Several episodes

**Holidays**
More binging
Several episodes / Whole seasons

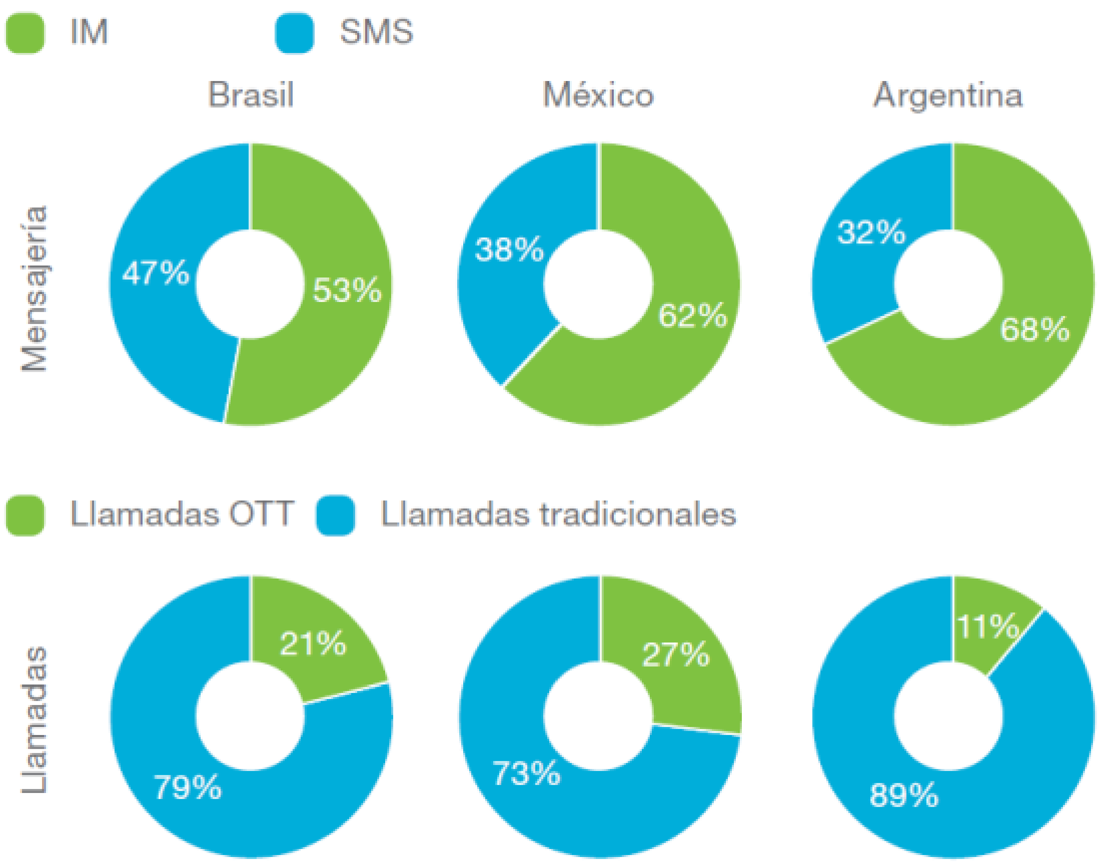
BASE: Base Latam Markets (Brazil, Chile, Mexico) Top 2 in a 7 points scale
Source: Ericsson ConsumerLab TV & Media 2014 Study

# LATIN AMERICA




- Voice is the biggest share of **operators' incomes**, but data is rapidly gaining relevance as a revenue stream.
- Usage of **OTT services is high** with 57% of mobile phone users taking advantage of them.
- Although median values of UL and DL throughput has improved, **network performance** satisfaction levels show there is room for improvement.

# OPCIÓN PREFERIDA ENTRE SMS/LLAMADAS Y OTT EN TELÉFONOS MÓVILES (PORCENTAJE DIARIO)




Fuente: Ericsson ConsumerLab (2014)
Base: Usuarios de internet con teléfonosmóviles

# EL SALVADOR - INFOCOM 2014

## SAMPLE AND METHODOLOGY

***1549*** *Face-to-Face Interviews* *Total population:* ***6 million***

| Representativity | |
|---|---|
| Age: 15-69 | 4 Million |
| SEC A to D- Metropolitan areas | 3 Million |

**Languages: Spanish**

**Fieldwork period:** Feb 6th to April 3rd

For respondent recruitment, each city was divided into multiple geographical units. Each geographical unit had equal number of interviewer starting points with unique paths, ensuring complete sample alignment with the centres. For each starting point equal number of interviews and interviewers were allotted. Area and starting point list was pre-fixed.

| Methodology | |
|---|---|
| Mode | Face-to-Face |
| Areas covered | San Salvadore, Santa Ana, San Miguel, Santa Tecla, Ursulatan |
| Sampling Technique | Simple Random Sampling |

**Quota and weighting parameters**

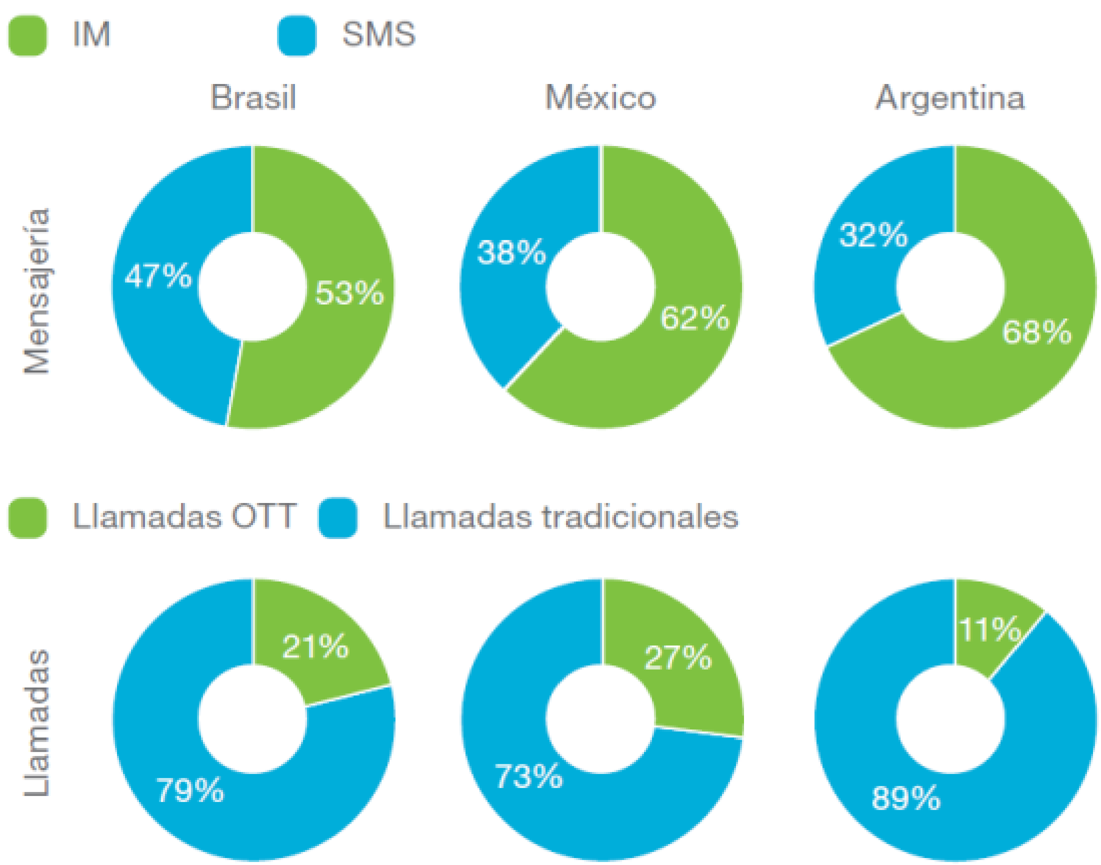
| Quota | Weighting |
|---|---|
| City<br>Age<br>Gender<br>Working status | Age<br>Gender<br>Working status<br>Social Class |

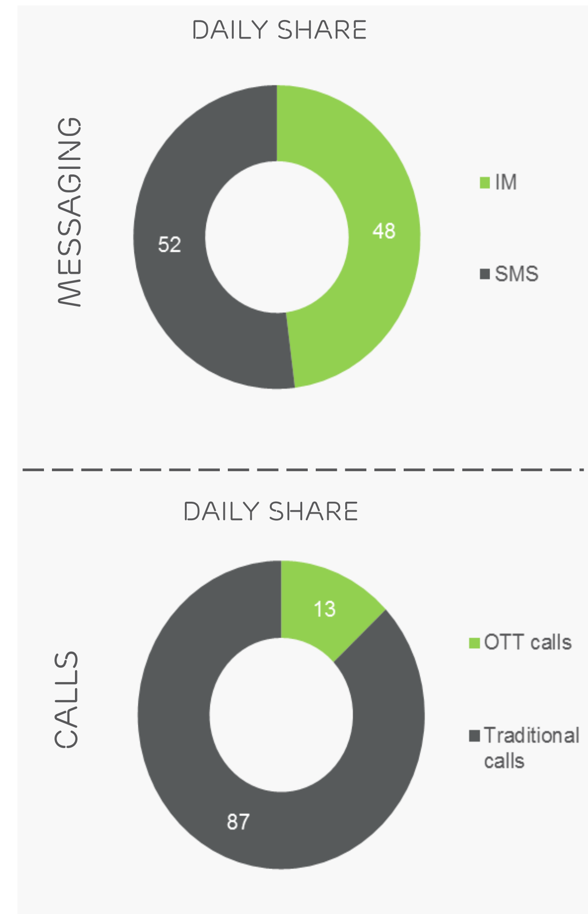
**Field Providers**

| Country | Method | Main provider | Supporting provider 1 | Supporting provider 2 |
|---|---|---|---|---|
| **El Salvador** | F2F | Nielsen | | |

Source: Consumer Lab Analytical Platform, Infocom El Salvador 2014

# OPCIÓN PREFERIDA ENTRE SMS/LLAMADAS Y OTT EN TELÉFONOS MÓVILES (PORCENTAJE DIARIO)



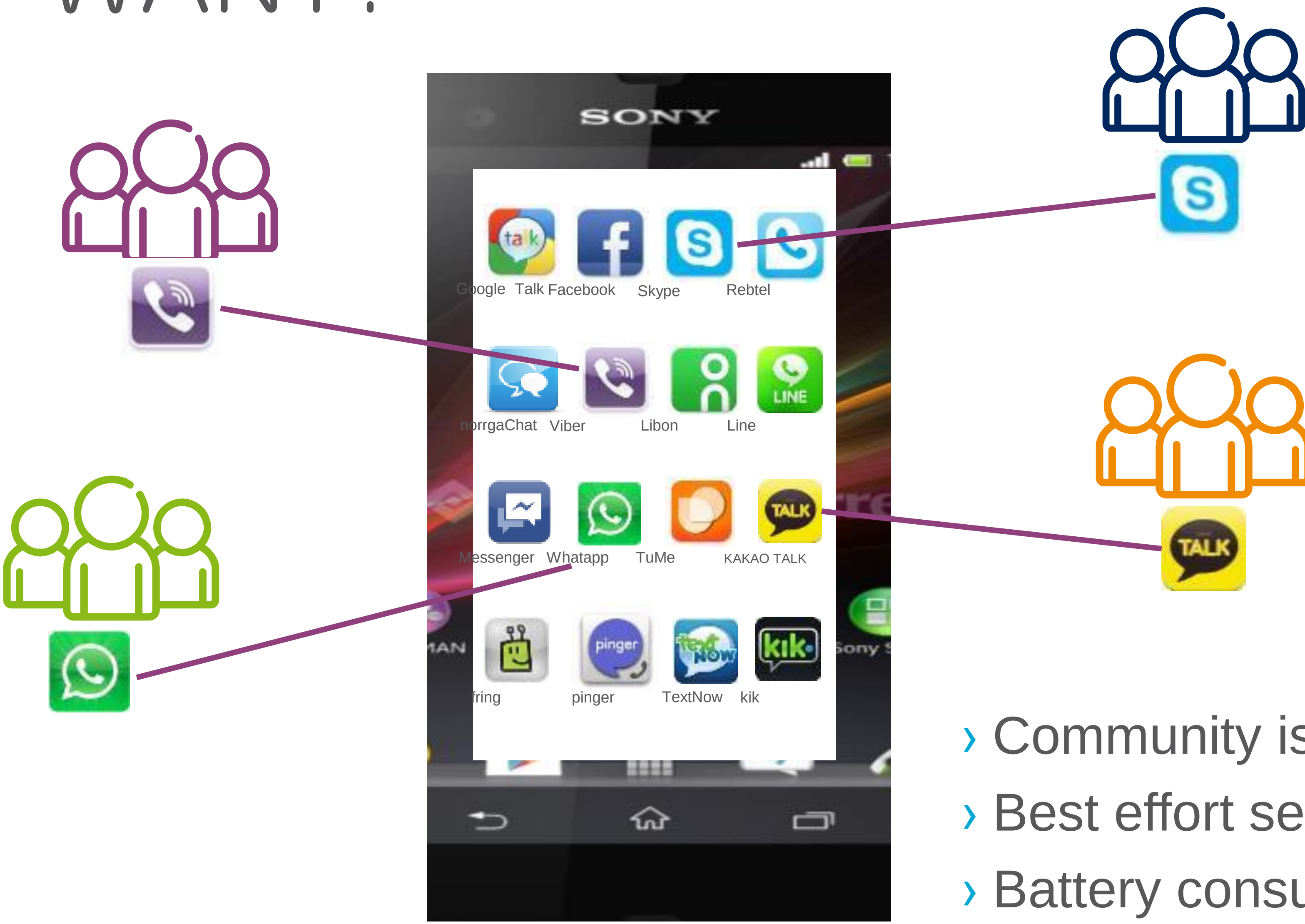

Fuente: Ericsson ConsumerLab (2014)
Base: Usuarios de internet con teléfonosmóviles

Base: OTT Users

# GROWING, BUT…

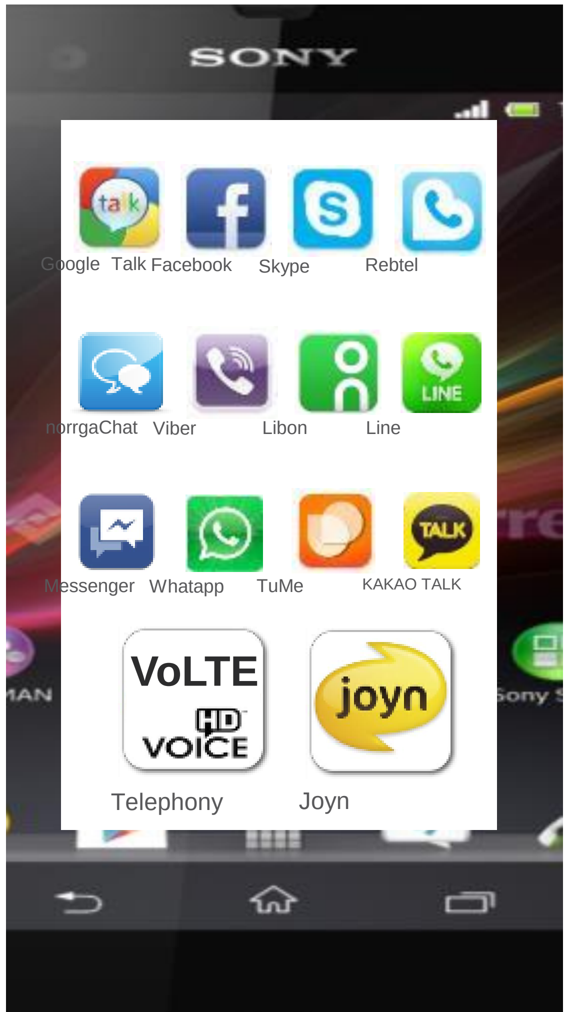

1B U
joyn
Launch
Fetion
200 M Users
China Mobile
TU Me
Telefonica OTT
Lync
Rich Communication Suite
iPad
iMessage
Facetime
iMessage
Mobile Broadband
iPhone
Android phone
Skype+Microsoft
500M U
Sametime
Sametime Meeting
Cisco Webex
Facetime
Google +
663M U
skype
Messenger
Rebtel
ooVoo
Android
Adobe connect
500M U
10M Users
56M Users
VoLte
facebook
Google talk
Twitter
Facebook
App store
Viber
1B M/D
2B M/D
10B M/D
2002
2007
2008
2009
2010
2011
2012
2013
2014

# BUT IS THIS WHAT USERS WANT?




- Community islands
- Best effort service
- Battery consuming

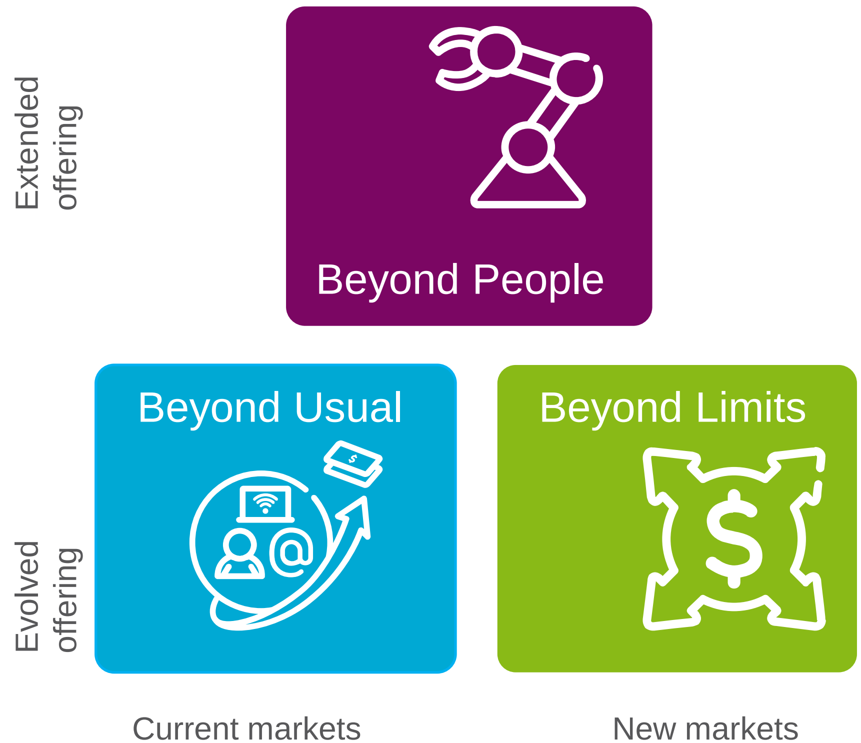
# POWER OF INTEROPERABILITY



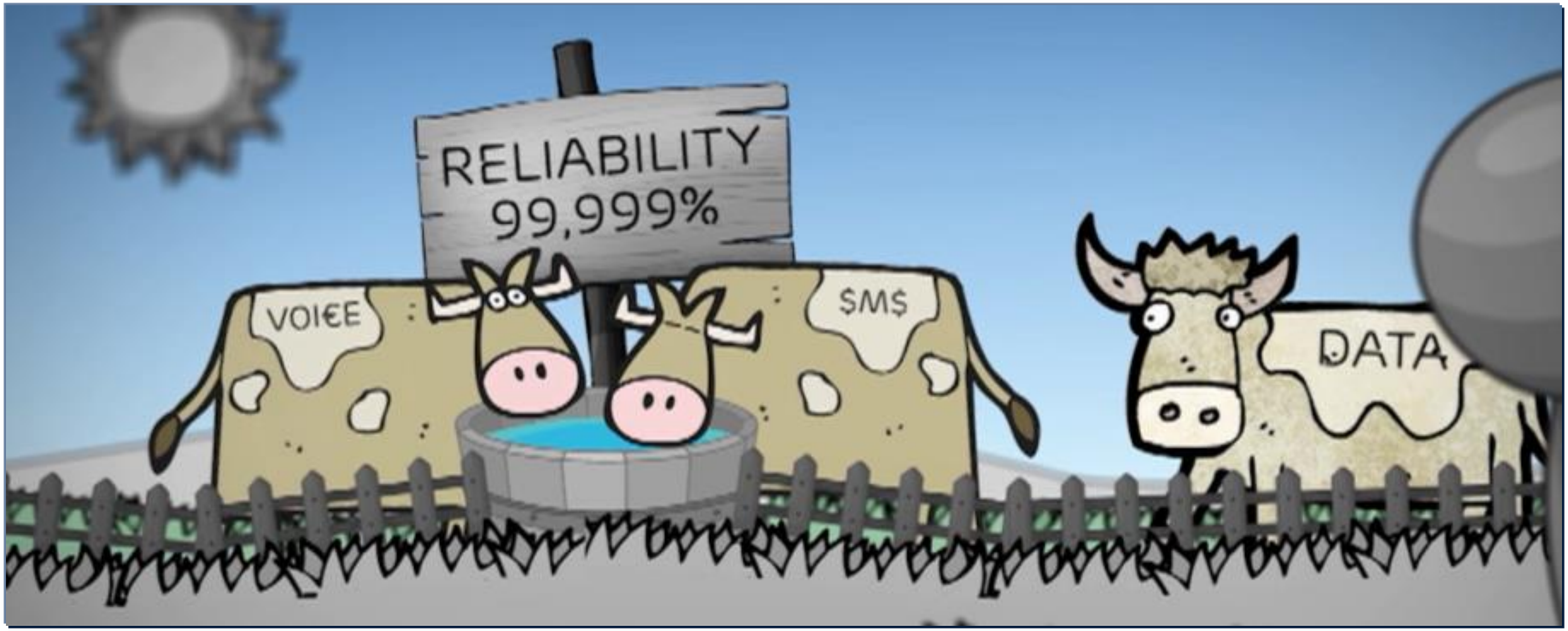

- Full interoperability
- Quality of Services
- Simplicity

# COMMUNICATION SERVICES THREE GROWTH AREAS

## REACH BEYOND



# TRENDS AFFECTING US

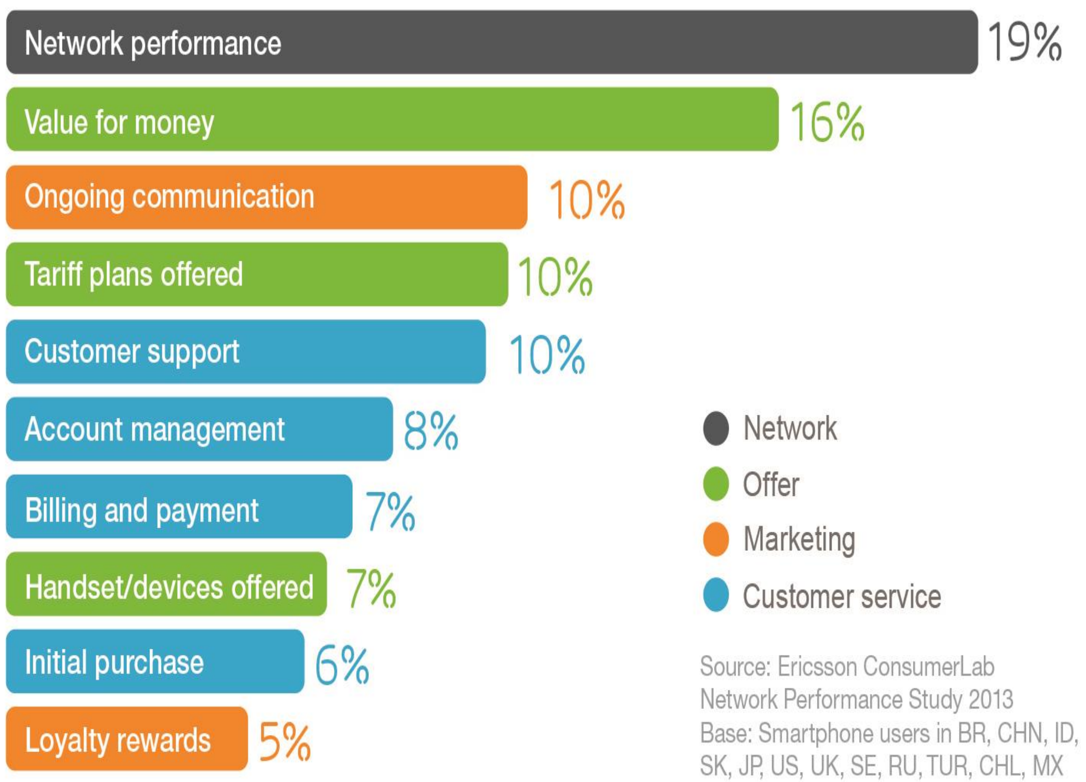



## Where are our revenues?

# CONSUMER BEHAVIORS

- People's behavior and communication needs do not change, just **evolve**.
- Overall people are communicating more than ever.
- Communication providers shall adapt rapidly, "It is not the big that eats the small it is the fast that eats the slow."

# PERFORMANCE DRIVES LOYALTY




Network performance is a key selling point

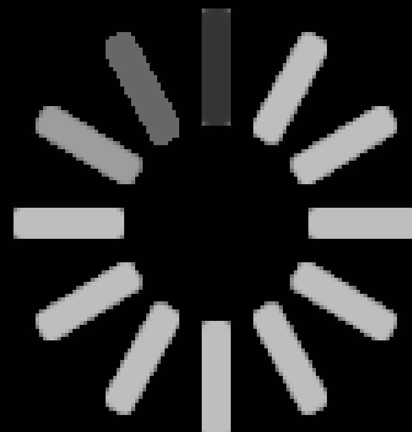
*Shapley regression analysis, showing the relative impact between each driver and loyalty to the operator brand (Net Promoter Score).*

# TIME TO CONTENT
## CRITICAL FOR USER EXPERIENCE

**25%**

OF MOBILE USERS

ABANDON WEB PAGE
AFTER 4 SECONDS



**50%**

OF MOBILE USERS
ABANDON WEB PAGE
AFTER 10 SECONDS

*”Just a second please”*


WHEN ALL THINGS ARE EQUAL,
CUSTOMER EXPERIENCE
WILL STEER THE CHOICE

# BRAZIL 2014

Brasil 2014
FIFA
WORLD CUP

# BRAZIL 2014


Brasil 2014 FIFA WORLD CUP

# FACEBOOK INTERACTIONS

280 million
Argentina vs. Germany (The final match)

245 million
2013 Super Bowl

120 million
2012 Summer Olympics

25 million
2014 Oscars

Source: ConsumerLab Ericsson 2014

FIFA WORLD CUP Brasil

# SOCIAL MEDIA FIGURES

Brasil 2014

**3 billion**
Facebook interactions between June 12 and July 11, 2014

**35.6 million**
The semi-final was the most discussed sports game ever on Twitter, with 35.6 million tweets

**2.2 billion**
There were more than 2.2 billion event-related Google searches

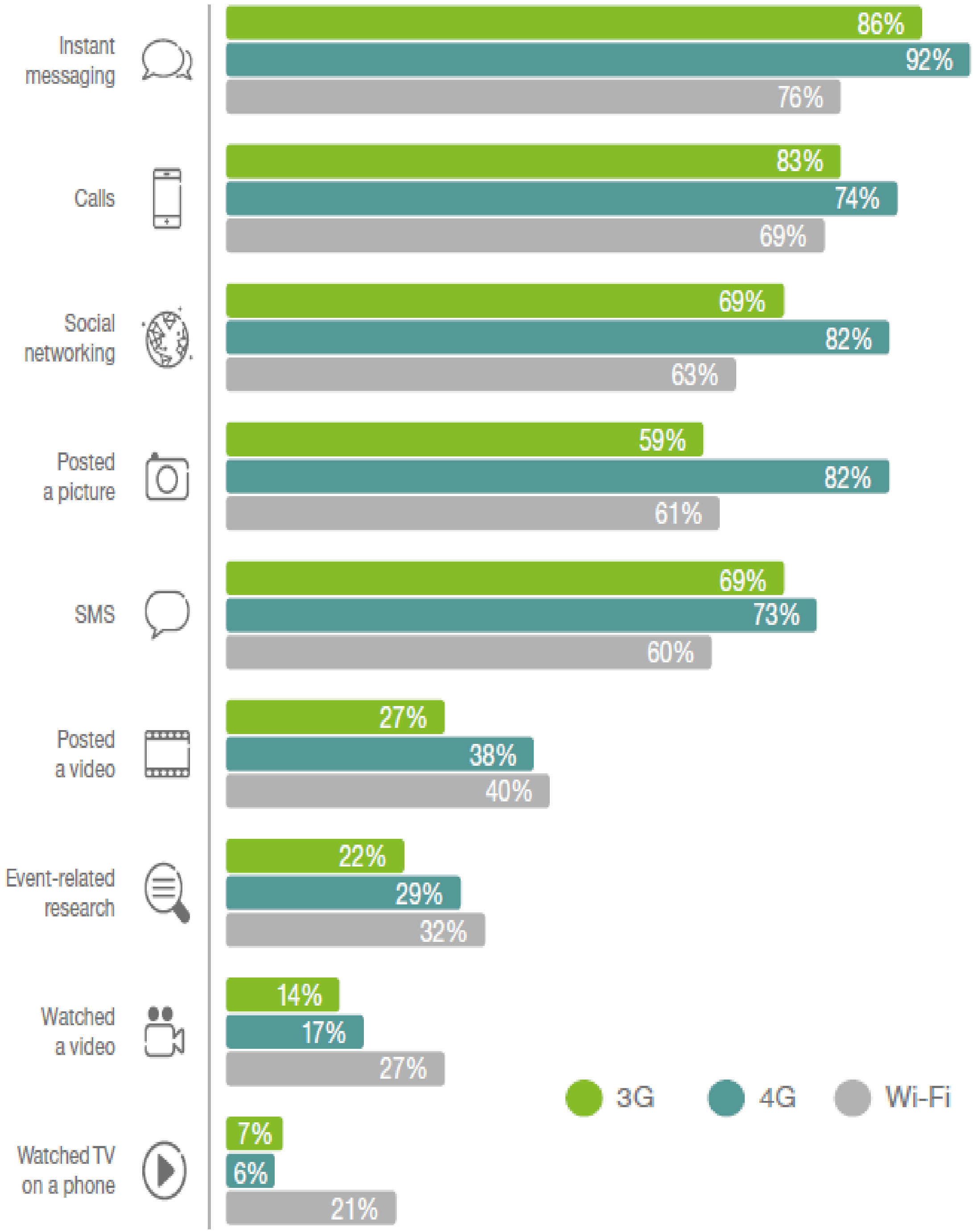
**350 million**
people joined the conversation on Facebook

**88 million**
people generated 280 million interactions during the final

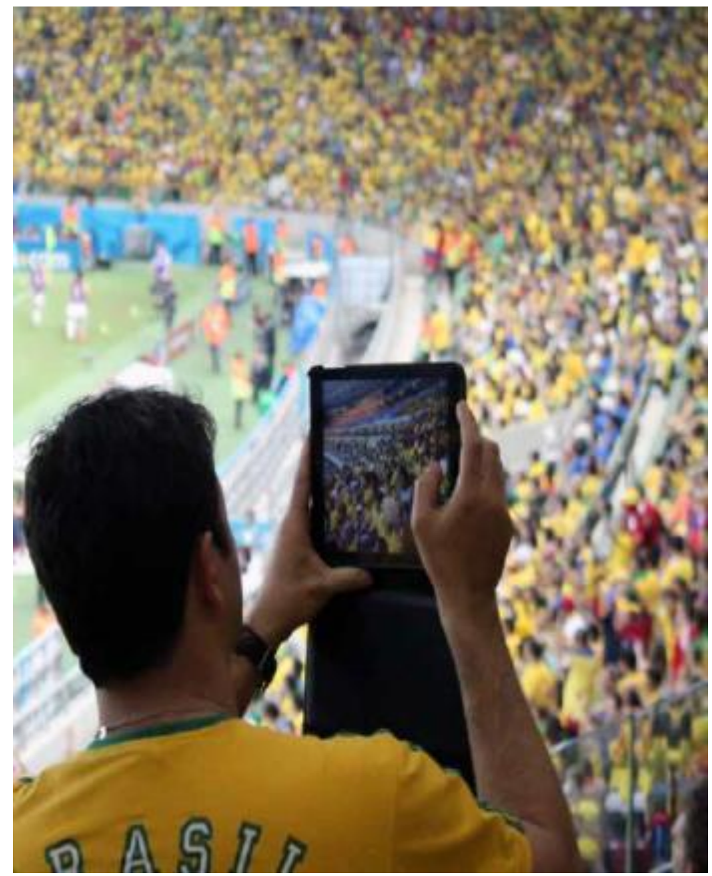
**618,000**
The record for most tweets per minute came during the final, reaching 618,000



Source: ConsumerLab Ericsson 201




# BEFORE, DURING OR AFTER THE MATCH.



Source: ConsumerLab Ericsson 2014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