

Telecommunications

The Telecommunications sector includes media companies who are becoming increasingly allied with traditional telecommunications companies.

Telecommunications is one of the largest industry sectors analysed both in terms of value and the number of participating players. As one would expect, the main telecommunication providers Telstra, Optus, and Vodafone operate as both clients and providers in the market. IBM, Microsoft, Oracle, Verizon, and Cisco are major providers to the industry. Interestingly, the key clients other than the telecommunications companies themselves are media companies like AAPT, Fairfax, Seven Network, and Southern Cross Broadcasting. Of all the industry sectors studied it is the Telecommunications sector that is most connected and polarised around the major providers. The “second-tier” market in this sector is the least significant, suggesting that clients of all sizes still have few options when engaging with a telecommunications provider.

The A\$43 billion National Broadband Network investment will drive market behaviour in this sector over the coming years. The decision by the government to not award the contract for building NBN to a major provider will ensure that NBN will become the largest multisourcing IT&T contract undertaken in Australasia to date. The lead-up to the NBN decision has virtually assured that the NBN project will not be devoid of political influences from the major players. It is also likely to require that the investment be used to also enhance the development of the Australian SME industry, rather than to simply “fill the coffers” of the major multinationals. Without doubt the NBN project implementation will be complex. The financing and procurement process will virtually assure a dynamic alliance and partnering environment both in its construction and eventual use. The media players have been included in this sector in recognition of the closer relationships that have been built between media firms and telecommunications providers over the past decade or more. However, once the NBN is implemented, virtually all other sectors will be active users of this infrastructure.

So how can Visual Markets be used to help market players take advantage of the NBN initiatives? At the time of writing, the NBN board of directors has been formed and lead advisors appointed to complete the initial NBN implementation study by early 2010. No doubt this will be the first of many follow-up studies that will shape the way the project is implemented. Each study will generate a need for market players to adjust or perhaps even rewrite their market strategies to enable them to be best placed to take advantage of the opportunities as they develop. Rapid alliance formation and bidding consortia will become the norm. Being able to rapidly assess the competitive landscape prior

to embarking on a partnering activity will become critical. Figure 11 provides a map of the competitive environment at the time of writing. However, the market landscape identified by Visual Markets will be updated as alliances and joint ventures are announced, providing an up-to-date visual map of how the competitive environment is changing over time. Potential conflicts of interests can be quickly identified and addressed as new partnerships are sought. The size of the NBN will ensure that significant market players will not be restricted to the traditional Telecommunications sector. The Financing and Investment sector as well as the Business Services sector containing the major construction firms will also come into play. Visual Markets will provide a facility for market players to explore their strategic options through testing potential partnerships and their impact on the marketplace. An example of this use is provided with the Vodafone–Hutchison 3G merger in chapter 6, “Market analysis scenarios”.

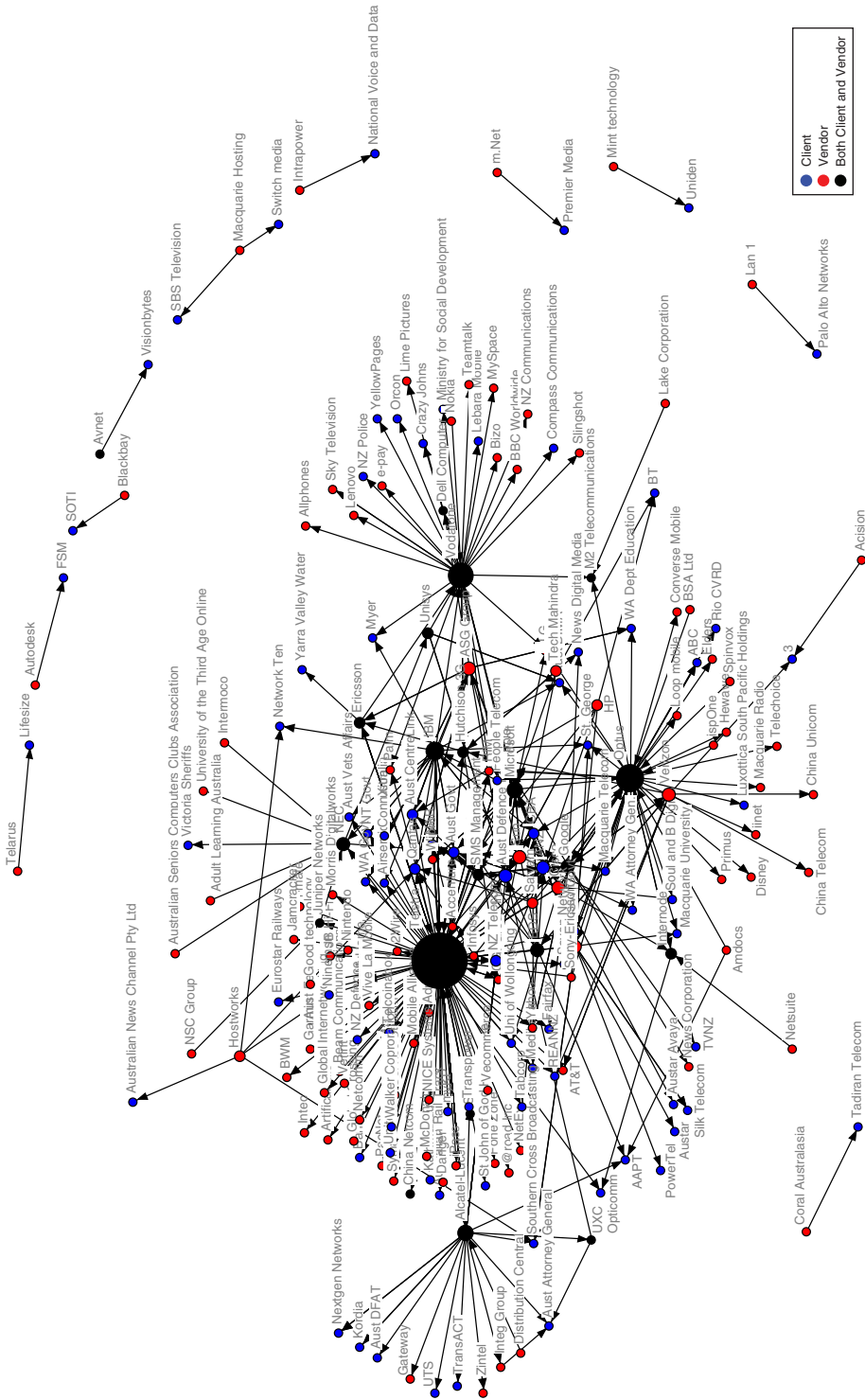


Figure 11. Telecommunications sector industry map