

## Mobile communications - a key European industry and a driver for digital growth

by Tom Phillips, Chief Regulatory Officer, GSMA

Recovery from Europe's current economic and financial crisis will be enabled through digital technologies and services. Investment and innovation from players across the mobile ecosystem will be pivotal. Investments in new technologies and infrastructure will act as an economic stimulus, helping regenerate growth and promote economic recovery.



*Tom Phillips is the Chief Government and Regulatory Affairs Officer at the GSM Association. Previously he has held senior management positions at British Aerospace, Orange, PA Consulting Group and Cable & Wireless.*

*Tom Phillips graduated from Manchester University in 1981 with a degree in Physics. In 1988, he graduated with MBA degrees from Cranfield in the UK and the University of Washington in the USA.*

In just 20 years the mobile industry has transformed the way that Europeans live, work and play by continuously improving and introducing new products and services that help create a more 'connected' life and economy. The growth and the benefits have been phenomenal with the European mobile industry now comparable in size to the aerospace industry, and larger than pharmaceuticals: in 2010 it contributed 174 billion euros to the region's GDP and now supports around 1.7 million jobs in the region.

Innovative data services have changed the dynamics of the industry and the way that consumers use their handsets. The explosion in mobile data use that Europe is witnessing will continue to be driven by investment and innovation from players across the mobile ecosystem. With mobile broadband forecast to continue growing at over 90 per cent for the next five years, this explosion can only get bigger!

This innovation and investment will be critical to supporting Europe's efforts to recover from its current economic and financial crisis. The recovery will be enabled through digital technologies and services and the role of mobile will be pivotal in achieving it. The European Commission-sponsored Digital Agenda for Europe recognises the key role for ICTs in driving growth, and provides a valuable focus for all stakeholders, public and private, as we work together to fully harness the potential of ICT to drive forward our economies and improve our societies. Governments can play an important role by encouraging balanced, proportionate and predictable regulation to provide more certainty as mobile network operators reach critical phases in their investment cycles.

It is these investments in new technologies and infrastructure that can act as an economic stimulus, helping regenerate growth and promote economic recovery. The GSMA's

recent European Mobile Industry Observatory estimates that by matching US levels of ICT investment, European countries could add an incremental €760 billion to their collective GDP by 2020, which represents a five per cent increase over forecasts.

Despite the current difficult macro-economic environment, our industry remains committed to investing in new technologies and new services. In Europe, future innovation is likely to come from the roll out of Long Term Evolution (*LTE*) network upgrades and advanced devices to satisfy future requirements for bandwidth-hungry mobile services. Twenty operators have already launched commercial *LTE* networks, and widespread deployment of *LTE* is expected throughout Europe by 2014.

### The three waves of mobile innovation

The rise of mobile apps with which we are all familiar is one of the ways in which

**“According to data from the GSMA and Machina Research, the number of total connected devices will grow from more than nine billion today to 24 billion in 2020. This explosive growth will support an additional revenue opportunity for mobile operators of nearly US\$1.2 trillion by 2020, through collaboration with adjacent industries such as consumer electronics, automotive, utilities and healthcare.”**

Innovation in mobile is changing our work and leisure time, and the ways we spend and interact. This latest wave of mobile innovation is not just about the devices we hold in our hands. Increasingly mobile networks and SIM-based solutions are being used to enable machines to talk to one another, driving economic efficiency and consumer convenience. The first wave of innovation was simply enabling people around the world to speak with one another and or send text messages; one of the core strengths of GSM has been its ubiquity and interoperability, where services work with all operators.

The second wave of mobile is enabling the world's population to access the Internet. By 2013, more people will access the Internet via mobile than PCs, and key to this is the deployment of mobile broadband technology, including LTE, and the broad availability of harmonised spectrum. The third wave of mobile will bring all of this together, connecting people and things around the world, across business and personal lives. Only mobile operators, with their global scale and focus on interoperability, can build the ecosystems to deliver this 'connected life' for the benefit of businesses and consumers and deliver affordable Internet and broadband access to the world.

#### Near field communications

Two developing areas that are central to this third wave and that show particular promise for our industry, for Europe's Digital Agenda, and for Europe's digital growth prospects, are Near Field Communications (NFC) and Embedded Mobile.

NFC can facilitate the daily life of consumers across the region, enabling them to use their mobile phones to board public transportation, to exchange information and content, to secure access to cars, homes, hotels, offices, and car parks, and of course, to make mobile payments. This is one of the areas where Europe can take the lead, leveraging projects led by operators, SIM card providers and the whole ecosystem.

The market potential for NFC is significant - nearly 1.5 billion SIM-based handsets will have been sold worldwide between 2010 and 2016, supporting transactions of more than US\$50 billion globally over the same period according to Strategy Analytics, and momentum is growing. The operator community is focused on driving an open standards based deployment of mobile NFC, using the SIM as the secure element. The role of the SIM card is essential in providing authentication, security and portability and operators are well placed to provide the necessary customer support.

#### Embedded mobile

Another area, embedded mobile, is about connecting anything and everything. Embedded mobile promises to revolutionise sectors such as healthcare, with remote patient monitoring; transport, with smart destination management; utilities, with smart metering and smart grids; and consumer electronics, where every device can benefit from a mobile connection.

According to data from the GSMA and Machina Research, the number of total connected devices will grow from more than nine billion today to 24 billion in 2020. This explosive growth will support an additional revenue opportunity for mobile operators of nearly US\$1.2 trillion by 2020, through collaboration with adjacent industries such as consumer electronics, automotive, utilities and healthcare.

According to research in the GSMA European Mobile Industry Observatory 2011, mobile services have a population coverage rate of nearly 100 per cent and a mobile penetration rate of 128 per cent in Europe (versus 100 per cent in Japan and 104 per cent in the USA). This represents 656 million individual subscriptions held by an estimated 456 million Europeans (89 per cent of the population), many of whom have more than one subscription. The third wave of mobile innovation based on developments like NFC and embedded will be a critical enabler in driving Europe's digital recovery. The 'connected economy' created by mobile

can spur growth in a broad-based fashion: creating jobs, increasing GDP and providing societal benefit. ●



**Connect-World now on Facebook & Twitter**

*Connect-World*, the world's foremost discussion forum for leaders in the ICT industry, is now available on Facebook and Twitter.

The world's top ICT decision makers express their opinions in *Connect-World*. They use clear, non-technical, English to discuss how ICT helps shape regional and global development. The articles essentially examine the influence that ICT products and services have on the way people live and do business. With separate editions for each of the world's regions, the reports highlight the most important ICT trends and issues influencing socio-economic growth.

*Connect-World* is now available to follow on Twitter (<http://twitter.com/#!/ConnectWorldICT>) and Facebook (<http://www.facebook.com/connectworld.ict>)

Also, it is still possible, for FREE, to directly access all past and present *Connect-World* articles, ICT Industry press releases, eLetters, ICT News and more at [www.connect-world.com](http://www.connect-world.com).