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“OTT Services: A wake up call for Telecom”

To understand the impact of over-the-top services on calls and messaging of telecom operators



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Abstract

This thesis focuses on the identification of threat that over-the-top (OTT) services pose to the voice and messaging revenues of Telecommunication operators. This thesis may serve as a wakeup call for telecom operators to recognize this growing trend of adopting OTT services and take actions to survive in this rapidly evolving ecosystem.

These OTT services such as WhatsApp, Skype, Facebook Messenger, IMO, Viber, Line, WeChat etc. are changing the experience of voice and messaging for customers. On the contrary, telecom operators are still in competition for the piece of pie through orthodox and traditional strategies.

The developed countries across the globe are hit by this tsunami and the tides have now turned towards the developing economies such as Pakistan. Globally, the voice and SMS revenues are declined significantly because these services provide evolved features with better voice and messaging experience to customers. Cherry on the topping for these services is that voice and messaging is completely free of cost. There is no subscriptions fee, no per minute charge and no hidden charges. Due to no cost and variety of features these services are taking over the revenues of telecom operators.

Even though the call and messaging revenue of operators are declining rapidly, their data revenues are growing. The reason behind this is the introduction of high speed mobile broadband such as 3G and 4G. This advancement in technology is itself serving the purpose of increasing revenues for OTT services, since these apps are operational on internet only. Boom in 3G and 4G has provided a perfect platform to grow and can be used on the go.

Releasing this threat posed by OTT services, now old and traditional strategies of operators are no longer helpful for survival. In order to survive and compete with these technological visionaries (such as Google, Facebook, Apple and Microsoft), telecommunication operators need to come up with new business model. This paper will explain the threat of OTT services and what these telecom providers need to do in order to stay alive.

Keywords: OTT services, communication apps, digital services, telecommunication operators, Mobile internet, Big Data, Analytics

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