



New Accounting Rules to Affect the Growth of the Worldwide Telecommunications Services and Pay TV Spending in 2018, According to IDC

FRAMINGHAM, Mass. November 9, 2018 – Worldwide spending on Telecom Services and Pay TV Services will increase by 0.6% in 2018 (in constant dollar terms), according to a new update to the [Worldwide Telecom Services Database](#) from International Data Corporation (IDC).

A notable decrease in the growth rate compared to the rate recorded in 2017 (1.2%) is mostly the consequence of new accounting rules introduced since the start of this year: mobile operators are now obliged to completely exclude their handset sales revenues from service revenues, which has had a negative impact on service revenues although the overall effect is neutral as handset sales would have gone up. "This is, of course, just a momentary effect," said [Kresimir Alic](#), senior program manager, IDC Worldwide Telecom Services Database. "We believe that the growth rate will recover as soon as next year." Over the 2017-2022 forecast period, the market is expected to remain in a positive mood, growing at a compound annual growth rate (CAGR) of 0.8%.

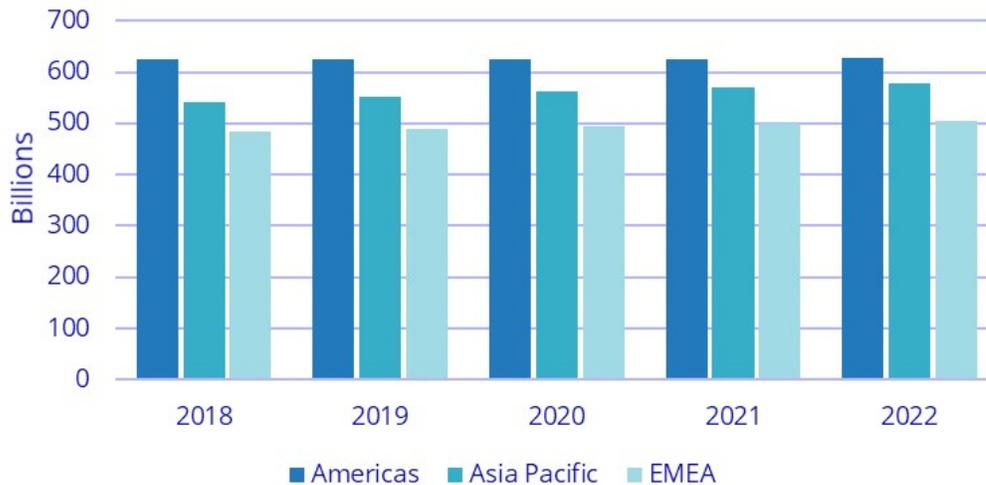
Despite this negative effect, mobile will remain the largest market segment and its share is expected to reach 52% of the total market in 2018. The mobile market is set to grow at five-year CAGR of 1.2%, driven by increased mobile data usage and expanding M2M applications, which is offsetting declines in spending on mobile voice and messaging services. The fixed data services segment is another positive contributor: it is expected to represent 22% of total spending in 2018 and is set to grow at a 4% CAGR through 2022, largely driven by the need for higher bandwidth services. Spending on fixed voice services will decline at a -5% CAGR over the forecast period and will represent less than 9% of the total market by 2022.

From a geographic perspective, IDC expects the Americas to remain the largest services market with revenues of \$624 billion in 2018. Asia/Pacific will follow in second place and EMEA in third with revenues of \$541 billion and \$483 billion respectively. However, the latter two regions will grow much faster than the Americas, mainly driven by the emerging country markets of South Asia and Africa.

Figure 1



Worldwide Telecoms Services by Region, 2018H1



Source: IDC 2018

While there is still growth in some emerging markets the overall market for telecom services worldwide is now relatively mature as the latest forecasts show. "Developed and mature markets will only show marginal gains now, driven by technology migration and bandwidth needs," said [Eric Owen](#), group vice president, [EMEA Telecommunications & Networking](#). "Most operators are now looking to invest in 5G and are struggling with the return on investment given the mature nature of the markets. Success will demand innovative and agile thinking from the operators coupled with some help from regulators in highly competitive markets such as Europe."

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For more information about IDC's Worldwide Semiannual Services Tracker, please contact Kathy Nagamine at 650-350-6423 or knagamine@idc.com.

About IDC

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