

# The Value of Voice

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- › Voice revenues eroding (5-10% a year) and will continue to do so
- › Commoditization, competition, wireless substitution, bundling and VoIP the accelerators of the erosion
- › Voice still (!) 75% of Global telco revenues (line rental increasing proportion of it..)
- › Incumbents finally joined the VoIP market, however making only calculated steps backwards on switched voice
- › How do you deal with a product with falling revenues which is going to zero in price?

# % of revenue derived from voice:

- > VF: >80%
- > TI: 78%
- > Verizon: 78%
- > AT&T: 62%
- > DT 60%
- > FT: 60%
- > BT: 20%

Source: Westhall Capital

# Fixed Line: Sailing Safe?

- › Booming broadband access revenues (set to double in next 5 years) can deal with vanishing voice revenues?
- › VoIP can be a tool to accelerate bundling and drives down costs as well
- › Manage the transition biggest challenge!

# Wireless: The Squeeze..

- › Wireless data access encourages VoIP..
- › Cutting voice prices to fend off attractiveness of VoIP decimates revenues.. (higher dependency)
- › Raising data prices erects barrier to new service take-up..
- › Convergence means convergence of price as well..
- › VoIP on handsets too complex for now. Not likely in the future
- › VoIP is threat and opportunity at the same time!

# Will Voice Be Free?

- › Is Email free?
- › In the long run voice will cost as much or as little as any other broadband service/application or service in a bundle
- › Nothing is free. In a service bundle it is difficult to allocate cost to one service or the other!
- › Will it happen soon: NO. Universal nature of service, access and ease of use key 3 prohibitors

# No Rocket Science

- › End Customers that feed the industry will be paying less for more
- › That can mean only one thing further down the value chain: Efficiencies, consolidation