



### Aussie Telco's Face 40% Decline

Gartner has warned Australian carriers they face a steep decline in fixed-line telephony revenues as VoIP and mobile phones take hold.



The combined trend toward mobile phone usage and VoIP will have a devastating impact on the future revenue of a privately owned Telstra if and when the Governments plans for T3 are realised.

Gartner predicts fixed-line voice services revenues will fall from \$10.6 billion in 2004 to approximately \$6 billion in 2009, a decline of 10 percent a year on average.

“As both Telstra and Optus have large mobile businesses, fixed-to-mobile substitution may not impact their overall revenues initially. The bigger threat in the long term, especially to Telstra, is VoIP over broadband. It has the ability to push down fixed-voice prices dramatically, as experienced in North America, where some customers enjoy rates more than 50 percent lower than those they had previously been paying,” says Puneeth Punja, principal telecom analyst at Gartner.

The researcher is predicting that mobile voice revenues will overtake fixed-line revenues next year as the impact of price- capped mobile calling plans are steadily eroding the cost difference between fixed-line and mobile services.

It is this change that poses the greatest threat to fixed-line in the near term, says Gartner. With mobile voice services to grow from \$8.9 billion in 2004 to \$10.7 billion to 2009 the rate of growth is predicted at only 1.7 percent a year on average.

“The fixed-to-mobile substitution is only part of the story. In another three to four years, the pressure on the fixed-line voice market will intensify as VoIP over broadband services introduce new and potentially radically cheaper pricing into the market place. At that point, the decline in the fixed-voice revenues will speed-up sharply,” says Punja.

“VoIP over broadband will make a significant impact in Australia due to soaring broadband access and a large voice market. But the full effects of this won’t be felt until 2008 as there remain significant hurdles to mass market adoption,” he said.