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Will operators miss the 5G mobile video gold rush? (Reality Check)

By [John Giere, President and CEO, Openwave Mobility](#) on DECEMBER 14, 2018

On October 18, a group of operators including BT, EE, Deutsche Telekom, Telefonica, MTS, Telus, KPN, Orange and Vodafone gathered in London for the Mobile Video Industry Council (MVC) to debate the future of mobile video and 5G. ABI Research, Strategy Analytics and Analysys Mason provided insight and held roundtables to debate different aspects of the technologies – from RAN to NFV. One of the major findings that has provoked the formation of the MVC is that 90% of 5G traffic could be mobile video. In theory, that should be a gold rush for operators. However, there are storm clouds already gathering on the horizon for carriers and it might not bode well for a 5G future.

4G: Was it a disappointment?

5G is within touching distance for many operators. According to some folks, it is a trillion Dollar opportunity. Not sure if all operators believe that rather ambitious forecast – especially given that some network providers have not yet effectively monetized their 4G investment.

Operators waited eagerly for 4G. It was meant to usher in an era of almost-seamless connectivity, especially for services such as mobile video (yes- just like 3G was supposed to do!). Of course mobile video continues to grow in the era of 4G but the reasons for this growth are not well understood. During the MVC meeting these became clearer. Network providers experienced growth in mobile video from 2010 to 2015 mainly due to increased video watch times. However since around 2015, mobile video growth came significantly with the subscriber shift to HD content – rather than increased watch times only. Why? Thanks to 4G, the likes of Netflix, YouTube, and Facebook

leveraged the streaming technology and perfected their businesses models – on the back of mobile operator networks. Put simply, OTTs ate the operator’s lunch.

And that’s just the tip of the iceberg.

OTTs sugar-coated their data with obfuscated encryption protocols such as Google’s QUIC and Facebook and Instagram’s 0-RTT. Encryption has “darkened” networks and severely impeded Quality of Experience (QoE) because operators do not have the technology to give them visibility of the data that’s travelling on their very own networks. Why is this significant? You can’t manage what you can’t see and operators are all too aware that, despite this, subscribers will blame them for poor mobile video QoE – not the OTT. Poor quality leads to churn. So you could say that the OTTs not only feasted on the operators’ 4G lunch – but stung them for the bill as well!

This time, however, operators are determined to make 5G different.

5G: Rethinking strategy

There is a sure-fire certainty with 5G. If you thought 4G applications were bandwidth hungry – you ain’t seen nothing yet! 5G will have applications that will gorge bandwidth with low-latency requirements. For example, AR (Augmented Reality) is 33x more data intensive than 480p video. Content providers at the MVC forecast that during 5G, cord cutting will peak and cable pay TV services could dwindle and – OTT videos services could reign supreme over cable. In fact it was stated that subscriptions to OTT services such as Netflix will overtake traditional forms of TV subscriptions. Given that OTTs are already teeing up for 5G with new services – operators will need to play their cards right – or end up on the 5G side lines.

Operators and the industry analysts at the MVC believed that despite the plethora of 5G use cases being hyped, 5G initially will be used primarily for mobile broadband. Some OTTs may take a “look and see” approach and then applications and use cases will start to multiply fast. 5G will create the foundation for new services – and operators will need to have a strategy and the technology in place to manage this.

Here are three ways of re-thinking 5G that progressive operators are adopting for mobile video:

1. **Learn from 4G:** 4G has democratized mobile video, in that consumers are able to access it wherever there is an internet signal – in theory at least – anytime, anyplace, anywhere. Many operators treated it like any other service and gave it on no preferential quality treatment. There’s no ability to discriminate different levels of QoE for different types of services. Many failed to recognize its monetizable potential – although a few such as T-Mobile US and a handful of other carriers broke away from the pack with ground-breaking services such as Binge On. 5G offers operators the chance for granular network optimization and QoE to take back control of mobile video quality from OTTs and turn mobile video into a network operator’s gold rush.
2. **Go to the edge:** Many operators themselves confess that their businesses move at a snail’s pace, compared to the lighting-fast speeds at which OTTs operate and innovate. Follow one of Sun Tzu’s mantras – acquire and mimic the skills of your enemy if you want to defeat them. With 5G, progressive operators are fully embracing cloud technology – like cloud-native OTTs- and utilizing technologies such as edge-computing and cloud data management to secure new revenue streams, ensure quality and service consistency. 5G’s service-based architecture is a both a challenge and an opportunity for operators.
3. **Step into the unknown:** It sounds very clichéd, but operators must take risks and innovate with new services such as AR and VR – if not, OTTs will yet again come to dominate the delivery of such services to subscribers – and operators will once again lose control. One way operators could do this is with 6DOF (six degrees of freedom) – that’s when headsets can track the location and complete movement to provide an immersive experience. Operators

will have the 5G infrastructure and the networks that will be capable of managing the launch of such services.

Power of now

The MVC also identified a potentially near-term monetization possibility. Consumers are likely to rush and purchase 5G handsets when they become available. However, given the limited number of 5G networks – 5G handsets will get connected on existing networks and require more data. This is a monetization opportunity for operators they can capitalize sooner rather than later.

So, could operators miss the 5G gold rush? Possibly – but they don't need to. The encroachment of OTTs was hotly debated at the MVC, especially as Hulu and BT Sport provided their own unique content provider's perspective. Most often OTTs have just steamrolled new protocols and "mobile-ready" content – and mobile operators have had to play catch up. No one doubts the OTT assault.

In three years OTTs wiped out voice revenues, in two years they ended text monies – data is next. And history can have a way of repeating itself. 5G promises much more than 4G, and that's why operators stand to lose – or gain – more. Unless operators fortify their networks now, they could miss the coming 5G gold rush – and the Silicon Valley behemoths will be all too happy to swoop in.