

The Impact of Convergence on The Market for Telecommunication Services in the Region

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presentation by

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Presentation outline

- The era of convergence! Transforming the global communication market
- Pace and patterns of convergence: Caribbean
- Pace and pattern of convergence: Jamaica
- Convergence as a tool for market growth: policy imperatives

The Era of Convergence!

Convergence is changing the nature of the information we have, the way we receive it, who we receive it from and what we do with it.

The Era of Convergence!

Three separate communication sectors: information technology, telecommunications and broadcasting merging to become a single communication service sector.



CONVERGENCE

IT TELECOMS Broadcasting

The graphic features the word 'CONVERGENCE' in large, pink-outlined, uppercase letters. Below it, the words 'IT', 'TELECOMS', and 'Broadcasting' are written in a bold, orange-to-yellow gradient font with a slight shadow effect. 'IT' is on the left, 'TELECOMS' is in the middle, and 'Broadcasting' is on the right, all positioned directly under their respective letters in 'CONVERGENCE'.

4 basic areas of convergence

- Technological convergence
- Market/industry convergence
- Regulatory convergence
- Institutional convergence

Technological convergence

What technological occurrences triggered the movement towards technological convergence?

- Digitization
- Improvements in transport media and transmission
- The internet and IP technology

Market/Industry convergence

CONTENT

INFRASTRUCTURE

SERVICES

EQUIPMENT

CONVERGENCE OF THE VALUE CHAIN

	IT	TELECOM	BROADCASTING	OTHER MEDIA
CONTENT	Software Based	Telecom based voice data etc.	Broadcast programs	Film music newspapers etc.
TRANSPORT	Generic software	Network services	Transmission	Cinemas, video rentals
EQUIPMENT	Hardware	Telecom equipment	Broadcast equipment	

INSTITUTIONAL CONVERGENCE

THREE MODELS

1. Leave structures separate
2. Merge existing entities into one
e.g. UK
3. Create a new entity
e.g. Malaysia

Pace and patterns of convergence - Caribbean

Opportunities for social and economic growth

- New sources of employment
- New ways of working and organizing the production of manufacturing and services

Pace and patterns of convergence - Caribbean

Possibilities for market growth

- New markets + New products and services = New sources of revenue
- Cost advantage of alternative locations
- International capital mobility
- International outsourcing of particular activities

Pace and patterns of convergence: Jamaica Background

- Telecom law reform –2000
- Three year transition to full liberalization
- Competition triggered growth in telecom providers, but mainly voice based products
- VOIP existed as an “underground” activity
- ICT Policy directive to develop industries which both create and contribute to growth.

Pace and patterns of convergence -Jamaica

“Although there has been rapid growth in bandwidth capacity, growth in fixed and mobile telephones, extensive computerization within the financial sector, moves toward liberalization of the ICT sector and its recent growth from a low base, the sector’s contribution to the GDP and impact on the economy is somewhat marginal”

- 2002 Jamaica’s E – Readiness Report

Pace and patterns of convergence -Jamaica

“ Diversity in convergence suppliers has been limited. The data shows that many convergent services now offered, were in fact introduced by the incumbent. Therefore significant diversity in suppliers has not occurred for two reasons: legal/regulatory constraints and to a lesser degree technological/infrastructure requirements”

- 2003 research by Donna Thompson

2003 ICT policy Jamaica-Supporting convergence

Strengths

- Continuous and accelerated roll out of the communications infrastructure
- Full liberalization in the IT sector
- Increased training opportunities
- Government's commitment to ICT
- Increasing cooperation in Caribbean IT initiatives
- Increasing awareness of trade in services
- A National IT Strategic Plan and coordinating organization

Summary

Convergence for market growth: policy imperatives

- Regulatory adjustments
- Infrastructure development
- Investment reform policy - promoting and financing investment in ICTs
- Support for business and particularly small and medium sized enterprises
- Human resource development