Executive summary

The voice business is showing signs of slowdown. Data is promising.

The Indian telecom sector witnessed rapid growth over the last decade mainly due to regulatory liberalisation, structural reforms and competition, making telecom one of the major catalysts in India's growth story.

Sound government policies were one of the most important reasons for the turnaround. The government of India formulated the National Telecom Policy (NTP) 1994 that was primarily about liberalisation and the introduction of competition to break the state-owned monopoly in the telecommunications sector. NTP 1999 was related to second-generation reforms that involved assessing the sector's viability, enhancing competition via increased number of operators, technology neutrality and transforming licence fee structures to a revenue-sharing structure. Both policies were centred on voice and basic services with a focus on individual users as the need of the hour. Even the national long distance (NLD) and international long distance (ILD) licences were framed primarily for switched voice services.

With this background, NTP 2011 should address next-generation reforms and introduce a significant shift in focus from voice telephony to the emergence of data at the enterprise level. Several changes have taken place in the telecom sector since 1999 and it is of utmost importance that a new policy framework be formed to take into account the new realities. This needs to be done keeping following factors in mind- revenue for the exchequer, affordable services to users, resilient connectivity and robust growth of the sector.

Data is promising, as compared to voice, due to several reasons. Data can render itself very well to the different segments created to target specific customer groups. While voice revenues may not grow much, data revenues could still maintain a high growth and help operators maintain stable and healthy revenues.

Enterprise consumer is different from a retail consumer and has different and specific needs. Enterprise segment is fuelling the demand for data and connectivity throughout the country and abroad. This segment is an early adopter of new technologies, and thereby promotes a culture of innovation in the country. To unleash the data revolution in India, the telecom enterprise sector will have to be the flag-bearers of change and come up with a suite of new services that can propel demand for data to the next level. A sound regulatory policy with focus on data services is obviously a prerequisite to start the data revolution and propel the Indian telecom industry's competitiveness on a global scale.

Although the Indian enterprise market has seen a strong growth of 20 to 25% CAGR over the last 3 years, India still lags in % spend on data compared to % spend on data by other nations. This is due to the low penetration of digital connectivity in enterprise segment, a segment who is a heavy user of data. Some of the issues that enterprise segment is facing and their recommendations for the policy framework is as shown in the table.

The purpose of this report is to highlight the needs of the enterprise customer and the importance of enterprise data services sector in India. It will also showcase how enterprise data services can help sunshine industries such as IT, BPOs, KPOs, Financial services, Banking, Consultancy where India has global rankings. These industries urgently need expansion in the enterprise service delivery to ensure lower costs and higher competitiveness.