

BRIEF: ANZ enterprise mobility market has growth potential

13 September 2024



DAVID KENNEDY

david.kennedy@ventureinsights.com.au

ANZ enterprise mobility market still has growth potential

Abstract: Venture Insights has now published its 2024 forecasts for the [Australian](#) and [New Zealand](#) business mobility markets. The ANZ mobility market for businesses is a relative bright spot in a competitive segment. Venture Insights forecasts that Australian total business mobility revenues will grow at a CAGR of +2.3% over FY23/28. In New Zealand, we forecast +2.0% CAGR. Competitive pressure remains strong in the market for fixed connectivity and value-added services for business, making mobility an increasingly important category for incumbent telcos.

Positive ANZ business mobility forecast

Low economic growth in FY24 has been reflected in lower-than-expected FY24 business mobility ARPU and hence lower revenues than we expected last year. As the market returns to growth following a slower than expected FY24, revenue is expected to grow across most mobile product lines, but with the strongest percentage growth performance in mobile handheld services and IoT connectivity.

In Australia, the total B2B mobile services and hardware revenue (small and medium business and enterprise) will grow at a CAGR of +2.3% over FY23/28 to reach A\$5.124bn. In New Zealand, the total B2B mobile services retail market will grow at +2.0% CAGR over FY23/28 to reach NZ\$998 million.

The market is divided into mobile carriage (mobile handheld, mobile broadband, and hardware), IoT connectivity, and related mobility services.

Mobile carriage dominates. Mobile carriage growth (+1.4% in Australia and +1.9% CAGR in New Zealand) will be primarily driven by mobile handheld services, driven in turn by higher connection numbers and some ARPU uplift from migration to higher-value plans. In contrast, we expect a long-term decline in mobile hardware revenue due to lengthening handset replacement cycles and the growth of BYOD.

IoT connectivity revenue will grow faster, but off a much lower base (+7.3% CAGR in Australia and +9.2% in New Zealand), driven by customers' digital transformation and the productivity benefits the technologies can deliver in many industry verticals. Most of the opportunity is still in larger transformative projects in the enterprise segment, which has greater maturity in adjacent technologies such as AI and data analytics. There will also be some growth in the medium segment (20-199 employees in Australia, 20-99 in New Zealand) as some IoT solutions scale up and become affordable to organisations with more limited budgets.

Managed mobility services will also grow fast (+7.2% CAGR in Australia, +4.0% in New Zealand). Growth is driven by the adoption of BYOD policies across industries as organisations seek greater flexibility and productivity while maintaining security and privacy in the workplace.

Why does this matter?

The enterprise market is becoming increasingly competitive, especially in markets "higher up the stack". Telcos now face competitive pressure from both small, nimble challengers like managed service providers (MSPs) and from global competitors in the systems integration and cloud businesses.

To add to the pressure, the NBN Co's and the LFC's entry into wholesale business access fibre has introduced a new industry dynamic, allowing MSPs to use wholesale fibre to compete with large telcos in the enterprise and mid-market. This has disrupted business fibre pricing and led to falling ARPU's eroding the telcos' fixed connectivity revenues in the business market.

These pressures have had obvious impacts on the incumbent telcos. Telstra has embarked on a cost-cutting program in its enterprise division, while Optus was forced to write down the value of enterprise network assets to reflect the changed market environment. In New Zealand, Spark's total IT revenues fell -1.6% in FY24, driven by a 15% decline in IT services revenues.

It is therefore important that there is still growth potential in enterprise and mid-market segments. This is part of a broader trend in the ANZ telecommunications industries for telcos to generate more value from their mobile assets, which they retain in-house. The contrast with the fixed market, where much fibre access is controlled by wholesale-only operators, is sharp and getting sharper.

About Venture Insights

Venture Insights is an independent company providing research services to companies across the media, telco and tech sectors in Australia, New Zealand, and Europe.

For more information go to ventureinsights.com.au or contact us at contact@ventureinsights.com.au.

Important notice: By accepting this research note, the recipient agrees to be bound by the following terms of use. This research note has been prepared by Venture Insights Pty Ltd and published solely for guidance and general informational purposes to authorised users under the terms of a licence agreement between Venture Insights Pty Ltd and its subscriber. You need to be expressly authorised to use it, and it may only be used for your internal business purposes and no part of this note may be reproduced or distributed in any manner including, but not limited to, via the internet, without the prior permission of Venture Insights Pty Ltd. If you have not received this note directly from Venture Insights Pty Ltd, your receipt is unauthorised. If so, or you have any doubt as to your authority to use it, please return this note to Venture Insights immediately.

This research note may contain the personal opinions of research analysts based on research undertaken. This note has no regard to any specific recipient, including but not limited to any specific investment objectives, and should not be relied on by any recipient for investment or any other purposes. Venture Insights Pty Ltd gives no undertaking to provide the recipient with access to any additional information or to update or keep current any information or opinions contained herein. The information and any opinions contained herein are based on sources believed to be reliable, but the information relied on has not been independently verified. Neither Venture Insights Pty Ltd nor its officers, employees and agents make any warranties or representations, express or implied, as to the accuracy or completeness of information and opinions contained herein and exclude all liability to the fullest extent permitted by law for any direct or indirect loss or damage or any other costs or expenses of any kind which may arise directly or indirectly out of the use of this note, including but not limited to anything caused by any viruses or any failures in computer transmission.

Any trade marks, copyright works, logos or devices used in this report are the property of their respective owners and are used for illustrative purposes only. Unless otherwise disclosed, Venture Insights has no affiliation or connection with any organisations mentioned in this report. However, the information contained in this report has been obtained from a variety of sources, including in some cases the organisations themselves. In addition, organisations mentioned in this report may be clients of Venture Insights.

The recipient hereby indemnifies Venture Insights Pty Ltd and its officers, employees and agents and their related entities against any direct or indirect loss or damage or any other costs or expenses of any kind which they may incur directly or indirectly as a result of the recipient's use of this note.

© 2024 Venture Insights Pty Ltd. All rights reserved.

David Kennedy, Managing Director
david.kennedy@ventureinsights.com.au

Venture Insights
Level 3, 461 Bourke Street, Melbourne, VIC 3000