

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

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presentation by

Ms. Donna Thompson

Principal Director Office of the Prime Minister

Jamaica

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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.



IT CONVERGENCE TELECOMS Broadcasting

# 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

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



# 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