

Deloitte Global releases TMT Predictions for 2019

Deloitte Global's annual TMT Predictions provide an outlook on key trends in the technology, media, and telecommunications industry sectors worldwide.



Paul Lee, head of Global TMT Research at Deloitte

Deloitte Global forecasts smart speakers will be worth US\$7bn in 2019, becoming the fastest-growing connected device category.

This is according to Deloitte's 18th edition of Technology, Media & Telecommunications Predictions. Smart speakers are continuing to fly off shelves, selling 164 million units at an average selling price of US\$43 per unit.

Total industry revenues will be up 63%, compared to \$4.3bn in 2018. However, the industry will have to overcome looming obstacles to reach its full growth potential. Speech recognition technologies continue to improve, but wider language support will need to be developed for the technology to be inclusive and experience global adoption.

The democratisation of AI

Deloitte also predicts that in 2019 companies will further accelerate usage of cloud-based artificial intelligence (AI) software

and services. Among companies using AI, 70% will obtain AI capabilities through cloud-based enterprise software, 65% will create AI applications using cloud-based development services, and by 2020, the penetration rate of enterprise software with AI built in, and cloud-based AI development services will reach an estimated 87 and 83 percent respectively.

“So far, AI’s initial benefits have been predominantly accrued by ‘tech giants’ with extensive financial resources, strong IT infrastructure, and highly-specialised human capital,” says Paul Lee, head of Global TMT Research.

“However, the cloud will power increased efficiencies and better returns on investment, and we expect these benefits to rapidly extend beyond AI’s pioneers to the wider enterprise.”

The new network arrives

Fifth-generation (5G) wireless networks are expected to arrive in scale, providing faster connections for consumers and enterprises, and opening revenue opportunities for telecommunication companies.

Wireless operators have been pouring resources into 5G network development – in fact, 72 operators are currently testing this offering – and Deloitte forecasts that in 2019, 25 wireless operators will launch 5G service, a figure that will likely double by 2020. In total, over one million 5G handsets are expected to be sold in 2019, and that number should expand to 15-20 million units by 2020. A further million 5G pucks/modems are also predicted to sell in 2019.

“Wide-scale adoption of 5G devices will take time, but we believe 2019 will be the starting point for sweeping change for the wireless industry,” says Lee. “5G can provide hundredfold increases in traffic capacity and network efficiency over 4G, and this has transformative potential on the future of connectivity worldwide.”

Additional predictions

Additional topics from Deloitte's 2019 TMT Predictions include:

- **China’s connectivity nurtures new digital business models** – Deloitte predicts China will have world-leading telecommunications networks in 2019 and most likely in the medium term. Its communications infrastructure will provide a foundation for at least three significant new industries, each of which could generate tens of billions of dollars in revenue annually by 2023.
- **Betting on sports broadcasting** – Deloitte predicts that 60% of North American men ages 18-34 who watch sports on TV will also bet on sports. As a result, about 40% of all US-based TV watching by men 25-34 years old will be driven by sports betting.
- **3D printing breaks through** – Sales of enterprise 3D printers, materials, and services from large public companies will surpass \$2.7bn in 2019 and top \$3bn in 2020, growing 12.5% annually each year. The list of possible 3D-printable materials has more than doubled in the last five years, which (along with other improvements) has led to a rebound in the industry’s growth potential.
- **eSports continue to surge** – The North American eSports market will expand by 35% powered by advertising, broadcast licensing, and franchise sales. North American eSports franchise leagues will expand into specific cities, following the professional sports model.
- **Radio remains relevant** – Deloitte predicts that over 85% of the adult population will listen to radio at least weekly in the developed world (the same proportion as in 2018), although reach will vary in the developing world. Combined, nearly 3 billion people worldwide will listen to radio weekly. In the US, Deloitte expects that more than 90% of 18 to 34-year-olds will listen to radio at least weekly in 2019 and will likely spend more time listening to radio than watching traditional TV by 2025.

- **Evaluating quantum computing** – Quantum computing will emerge as one of the largest new technology revenue opportunities over the next decade but is unlikely to replace classical computers. The future quantum computing market is expected to be comparable to that the supercomputer market – around \$50bn per year by the 2030s.
- **China expands technological prowess** – Revenues for Chinese-manufactured semiconductors will grow by 25% to \$120bn, solidifying China as a globally-significant player in manufacturing and AI development. China will also have world-leading telecommunications in 2019, expanding possibilities for enterprise capabilities and interpersonal communication.

“2019 will be defined by how new technologies steadily reshape how we live and work,” says Mark Casey, Deloitte Global Telecommunications, Media & Entertainment sector leader.

“From smart speakers to 5G networks, and everywhere in between, accessibility to advanced technologies is quickly improving. As the barriers continue to fall, the potential for greater connectivity and further innovation will increase exponentially.”

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